



## MURCHISON HOLDINGS LIMITED

ACN 004 707 260

**The Company Announcement Office  
Australian Stock Exchange**

**10 July 2007**

### **ACQUISITION OF MOTORWAY TYRES PTY LTD**

#### **Summary**

1. Murchison Holdings Ltd ("MCH") is pleased to announce that on 29 June 2007 it entered into a Heads of Agreement to acquire all of the issued shares of Motorway Tyres Pty Ltd ("Motorway") from Environinvest Ltd ("ENV") for \$22,400,000.

#### **Reasons for Acquisition**

2. MCH believes that it can add value to Motorway's business, particularly having regard to its association with tyre manufacturers in the People's Republic of China ("PRC") and elsewhere, a revenue centre where significant growth in Motorway's profits is projected to be derived.
3. In addition, the acquisition of Motorway will strengthen the presence of MCH in Australia.

#### **Motorway's Principal Activities**

4. Motorway's principal activities consist of:
  - 4.1 the manufacturing of replacement tyres in Australia by utilizing "remoulding" technology;
  - 4.2 the importation of new tyres manufactured in the PRC; and
  - 4.3 the distribution of replacement and new tyres currently by wholesale and in due course through retail outlets proposed to be operated by Motorway.
5. Motorway is a company registered pursuant to the Corporations Law of the State of Victoria.

#### **Heads of Agreement**

6. The Heads of Agreement provides, amongst other things, as follows:
  - 6.1 MCH agrees to procure a wholly owned subsidiary of MCH to be known as Motorway International Limited ("MIT") (a company to be registered in Hong Kong) to buy from ENV 2 ordinary shares in Motorway (being all the issued shares in Motorway) for \$22,400,000 satisfied by the issue of 11,200,000 "A" class fully paid shares in MCH issued at a \$2.00 per "A" class share;
  - 6.2 a due diligence period for both MCH and ENV to investigate each other including Motorway until 31 October 2007;

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- 6.3 the issue of the "A" class shares in MCH is subject to:
- 6.3.1 each party obtaining the approval of all relevant responsible authorities;
  - 6.3.2 the approval of the shareholders of MCH;
- 6.4 ENV may seek to convert its "A" class shares into the same number of ordinary fully paid shares in MCH at any time until 31 March 2011;
- 6.5 MCH may require ENV to take back the Motorway shares at any time prior to 29 June 2011 whereupon the "A" class shares or ordinary shares (as the case may be) issued to ENV will be cancelled;
- 6.6 on 30 June 2011 and subject to ENV holding on that day all of the issued "A" class shares in MCH, MCH and ENV shall do all such acts matters and things as may be required to convert the "A" class shares into the same number of ordinary fully paid shares in MCH;
- 6.7 until the 29 June 2011 ENV has the day-to-day operational and management control of Motorway;
- 6.8 the "A" class shares shall entitle the holder to, amongst other things:
- 6.8.1 the right to convert all "A" class shares to 11,200,000 ordinary fully paid ordinary share in MCH on or before 31 March 2011;
  - 6.8.2 the right to 50% of any dividends declared by MIT to MCH;
  - 6.8.3 the right to 50% of the voting rights of MIT;
  - 6.8.4 the right to 50% of any net assets on the winding up or capital reduction of MIT; and
  - 6.8.5 the right to participate as to 50% in any capital raising in MIT.
- 6.9 MCH will do all such acts matters and things as will enable it to divest itself of all of its rights title and interest in Quest Investments Limited whether by specie distribution of shares and options or otherwise on or before 31 October 2007 or such other date as the parties may agree upon;
- 6.10 Motorway will seek to raise additional funds (by borrowings and/or equity) to meet its expansion programme.

## 7. Motorway's Business Sites

Motorway's operates its business from the following sites:

- 7.1 manufacturing – Stawell Victoria;
- 7.2 warehouse, distribution, sales and administration – Sunshine Victoria;
- 7.3 warehouse/distribution Castle Hill Sydney;
- 7.4 China liaison office: Hong Kong

## 8. Motorway's Products

- 8.1 Motorway manufactures pre-cure treads, remoulded tyres and retreaded tyres.
- 8.2 Motorway has advised MCH that:
  - 8.2.1 Motorway's brand of remanufactured tyres has a strong level of brand recognition within the market and offers relatively good value for money; and

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8.2.2 Motorway's product range and manufacturing process give Motorway a significant competitive advantage in the market segment.

8.3 The sale by wholesale and in due course retail new tyres imported from China.

**9. Motorway's Remanufacturing Process**

9.1 Motorway has highly developed the "remould" process of remanufacturing passenger, light truck/commercial tyres and 4-wheel drive tyres.

9.2 All remaining tread rubber and sidewall is removed from the donor casing, before a new layer of tread and sidewall rubber is applied.

9.3 Following the curing process the tyre has a totally "new" appearance, from bead to bead.

**10. Further Information on Motorway**

For further information on Motorway we invite you to visit the Motorway website at [www.Motorwaytyres.com.au](http://www.Motorwaytyres.com.au).

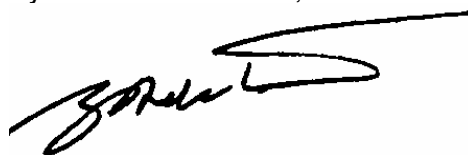
**11. About Murchison**

MCH (ASX Code: MCH) is an Australian company with extensive business connection in the Asia-Pacific region. It has business interests in financial services, electronics and telecommunications, and marine resources. MCH has been instrumental in assisting international companies in their investment activities in the PRC over the past 15 years. MCH has a large presence in the City of Chongqing in the PRC. It is presently involved in the development of a 3 sq km industrial park known as the "Deutsche Industrial Park Chongqing" and the development of a modern automobile and engine plant.

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By Order of the Board,



Grant Robertson  
Director

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