



MURCHISON HOLDINGS LIMITED

ACN 004 707 260

To: Company Announcement Office  
Australian Stock Exchange

17<sup>th</sup> July 2007

**Memorandum of Understanding (“MOU”) between Murchison Holdings Limited (“MCH”), Carbosystems GmbH (“CS”) and Huansong Industrial (Group) Co., Ltd. (“HSUN”) for the establishment of a Joint-Venture company in Chongqing, the People’s Republic of China (“PRC”) for the development and marketing of 110cc, 125cc and 175cc motorcycle engines**

1. MCH is pleased to announce that on 12<sup>th</sup> July 2007 it signed a MOU with HSUN of the PRC and Carbosystems GmbH of Germany to establish a Joint Venture to be based in Chongqing, PRC for the development and production of 110cc, 125cc and 175cc motorcycle engines and the marketing and distribution of the same to the Chinese and global markets (“the Huanson Joint Venture”).
2. Equity and profits of the Huanson Joint Venture will be divided as follows:
  - 2.1 HSUN will have a 51% equity interest; and
  - 2.2 A Hong Kong company acting as trustee of a joint venture between MCH and CS will have the remaining 49% equity interest;
  - 2.3 profits shall be equally divided between the 2 joint venture parties
3. The Hong Kong company acting as trustee of the joint venture between MCH and CS (“MCH/CS Joint Venture”) shall be owned as to 50% by a subsidiary of MCH and the remaining 50% by CS.

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**Australia**  
Level 2, 11 Queens Road,  
Melbourne, Victoria 3004  
Australia  
Tel: (613) 9867 7033  
Fax: (613) 9867 7088

**Hong Kong**  
Room 202, 2<sup>nd</sup> Floor, Chinaweal Centre  
414-424 Jaffe Road,  
Wanchai, Hong Kong  
Tel: (852) 2877 6828  
Fax: (852) 2498 1456

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4. Under the terms of the MOU,
- 4.1 the MCH/CS Joint Venture will be responsible for providing the relevant engine technology and design drawings to HSUN;
  - 4.2 HSUN will be responsible for the testing, production and delivery of prototype engines for 110cc, 125cc and 175cc motorcycle engines suitable for mass production.
  - 4.3 the Huanson Joint Venture will receive the completed engines and arrange for the marketing and distribution of the same both in China and globally.
5. HSUN and the MCH/CS Joint Venture will each provide Euro 300,000 as the initial working capital for the Huanson Joint Venture. The both parties agree that future profit-sharing of the JV shall be in equal percentage of 50/50%.
6. It is envisaged that future production of the engines will be carried out by HSUN in a plant to be set up in the Industrial Park presently being developed by MCH and its partners in ChaYuan, Nanan District, in Chongqing, PRC.
7. *“This MOU represents an ideal opportunity for MCH to continue its objective of broadening its automotive businesses. This engine development project is initially focused on the smaller capacity market segment. Plans are in place to develop engines up to and beyond 1000 cc. Our manufacturing partner, HSUN, believes that the PRC market for the identified 110cc to 175cc motorcycle engines is in excess of 10 million pieces yearly. This collaboration with MCH and CS will enable HSUN to move up the technology ladder, and hopefully, be the market leader in the PRC’s motorcycle industry.*”



*For MCH, this development programme complements its recently announced acquisition of MotorwayTyres Pty Ltd in Australia. The development of the industrial park in Chongqing by MCH and its partners will enable land to be provided for large scale production of some of our products in the future.”*

said Chiang Wee Tiong, Chairman, Murchison Holdings Limited.

#### **About Carbosystems GmbH**

Carbosystems GmbH is a technology company incorporated in Germany. Its principal activity is the design of engines for sports cars, race cars and motorcycles. It is also well-known in Europe for its carbon fibre composite technology. CS is owned 51% by Heinz Harald Frenzen (a world-renowned former Formula One driver) and 49% by its management.

The management of CS is headed by Oswald Gerl and Norbert Kreyer.

Oswald Gerl was instrumental in the creation of the “Apollo”, a well-designed sports car presently selling in Europe. Norbert Kreyer has been an engine designer since 1982 and had been involved in a number of engine developments that have won major world Grand-prix championships in Formula 1 racing. He was also the General Manager of the Engine Department, Toyota Motorsports which included it's the Formula One division.

#### **About Huansong Industrial (Group) Co., Ltd.**

HSUN is one of the leading motorcycle manufacturers in the PRC. It has 3 large-scale industrial plants in three major cities in the PRC producing a large range of motorcycles, scooters, All-terrain vehicles and jet-skis for exports to the global markets.



### **About Murchison**

Murchison Holdings Limited (ASX Code: MCH) is an Australian company with extensive business connections in the Asia-Pacific region. It has business interests in automotive, financial services, electronic and telecommunication, 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 large presence in the City of Chongqing in the PRC.

### **For further information contact:**

Chiang Wee Tiong

Chairman

Murchison Holdings Limited

Phone : 852 28776828

Email: [cwt@murchisongroup.com](mailto:cwt@murchisongroup.com)

**By order of the Board of Directors**

**Chiang Wee Tiong**

**Chairman**