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# JACKLEY HOLDINGS LIMITED

## 美吉利國際控股有限公司\*

(Incorporated in the Cayman Islands with limited liability)

### JOINT VENTURE AGREEMENT

Reference is made to the announcement of the Company dated 17 July 2003 and 29 July 2003. Terms used in this Announcement shall have the same meanings as they have in the Previous Announcement.

As mentioned in the Previous Announcement, the Company entered into the Memorandum of Understanding on 11 July 2003. The Memorandum of Understanding was subject to the execution of a Joint Venture Agreement.

The Company and Chricton entered into the Joint Venture Agreement on 31 July 2003. Pursuant to the Joint Venture Agreement, the parties have agreed to form a strategic alliance and cooperate for the purpose of making investments in business and projects identified by the Company.

Reference is made to the announcement of the Company dated 17 July 2003 and 29 July 2003 ("Previous Announcement"). Terms used in this Announcement shall have the same meanings as they have in the Previous Announcement.

As mentioned in the Previous Announcement, the Company entered into the Memorandum of Understanding on 11 July 2003. The Memorandum of Understanding was subject to the execution of a Joint Venture Agreement.

The Company and Chricton Holdings Sdn. Bhd. ("Chricton") entered into the legally binding Joint Venture Agreement on 31 July 2003. Pursuant to the Joint Venture Agreement, the parties have agreed to form a strategic alliance and cooperate for the purpose of making investments in business and projects identified by the Company in Asia and China. It is intended that the Company, acting through Jackley Finance Limited ("JFL"), a Hong Kong incorporated company which is a 100% directly owned subsidiary of the Company, will identify investment opportunities for Chricton (the "Investments") and monitor and manage, in custody, all non-financial aspects (that is to say, overall tracking of the performance of the Investments) of such Investments on behalf of Chricton ("Business"). However, all financial aspects of such Investments (that is to say, detailed financials in the ongoing operation of the Investments) will remain at the control and decision of Chricton, as such Investments are assets of Chricton. No new joint venture company will be established under the Joint venture Agreement and Chricton has informed the Company that it will act through Maguire Assets Management Limited ("Maguire"), a wholly-owned subsidiary of Chricton, for the purpose of performing Chricton's obligation under the Joint Venture Agreement. It is intended that the Company, acting through JFL, will identify, if possible, Investments within the same or synergistic businesses of the Company, notably carpet or building material or related business opportunities.

JFL currently carries on the business of a licensed moneylender. As JFL is not limited by its memorandum of association in the types of business it may carry out, JFL may also conduct other kinds of businesses. It is intended under the Joint Venture Agreement that this money lending business will be allowed to continue. The funds from Chricton, acting through Maguire, will be confined for investing in the Investments and not to be used in the money lending business of JFL. The decision of whether or not to invest in the Investments, or any of them, remains the sole decision of Chricton and at its own risk. It is envisaged under the Joint Venture Agreement that all revenue and expenses, and assets and liabilities, of the Investments are for the account of and remain with Maguire. JFL, in return of its services for the Business, will be entitled to take the net return on all Investments accepted by Chricton in excess of 8% per annum. JFL will remain 100% owned by Jackley Holdings Limited and retain the current board of three directors and no change to this composition is required under the Joint Venture Agreement. JFL has an authorized share capital of HK\$10,000. The net assets value of JFL as at 31 December 2002 is HK\$453,182 and the net profit of JFL for the year ended 31 December 2002 is HK\$521,203.

Chricton is a private company incorporated in Malaysia on 22 May 2002 with limited liability. It is established as an investment company and its activities encompass a variety of international financial services and operation that facilitate the settlement of international financial transactions, equity investments, credit underwriting for payments, and loans to governments and institutions.

The Company will provide management expertise and make available its facilities and resources to manage and operate the Investments invested by Chricton, acting through Maguire, for the purpose of implementing the Joint Venture Agreement, but will not be required to finance the operations of such Investments. All financing for the Investments will be provided by Chricton acting through Maguire. Funds made available under such financing will be allocated as and when suitable investment opportunities are identified and accepted by Chricton. The Directors confirm that neither the Company nor JFL is obliged under the Joint Venture Agreement to provide up-front financing on behalf of Chricton or Maguire for making any Investments.

The Company and Chricton further agreed in the Joint Venture Agreement that Chricton will make available of not less than US\$100,000,000 for all Investments identified by JFL and accepted by Chricton from time to time during the subsistence of the Joint Venture Agreement, of which the initial amount of funding of US\$50,000,000 (the "Initial Funding") should be made available by Chricton within 30 days from the date of the Joint Venture Agreement. The funding will be made available by Chricton for suitable Investments and remain the assets of Chricton (acting through Maguire). The Joint Venture Agreement has no fixed duration and therefore continues until terminated. Either party has the right to terminate the Joint Venture Agreement by mutual consent in writing (without any notice period) or upon occurrence of certain events including, without limitation, failure by Chricton to pay the Initial Funding within the period as aforesaid (subject to such extension of time as parties may agree in writing from time to time), pursuant to terms of the Joint Venture Agreement.

The funds will flow from bank instruments, such as bank guarantee, stand-by letter of credit or any other banking accepted funding instruments issued by third parties with Chricton as the beneficiary.

In sharing profits, Maguire will receive the entire net return on all Investments accepted by Chricton if such return is 8% per annum or below. Any net return on all Investments accepted by Chricton in excess of 8% per annum will go to the Company. In the event that a loss is suffered, the loss shall be for the account of Chricton, acting through Maguire, and not the Company.

The Company believes that it is in its interest to enter into the Joint Venture Agreement, as the Joint Venture Agreement does not require the Group to provide any financing or to bear any investment losses, but gives both parties the potential to share in profits arising from Investments accepted by Chricton. The rights and obligations of each of the joint venture partners in case of cessation of the Joint Venture Agreement for any reason shall not affect hereto including without limitation the rights of either party in respect of antecedent breaches committed by the other.

By Order of the Board of  
**JACKLEY HOLDINGS LIMITED**  
**Chew Kean Eng**  
Executive Director

Hong Kong, 15 August 2003

\* For identification purpose only