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## **LUNG KEE (BERMUDA) HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 255)**

### **CONNECTED TRANSACTION PROVISION OF FINANCIAL ASSISTANCE**

On 15 June 2006, the Company and Mr. Helldin as guarantors provided the Cross Guarantee in favour of the Bank in order to obtain the Banking Facility for LKM Heatlock.

LKM Heatlock is an indirect non wholly-owned subsidiary of the Company which is owned as to 70% by LKM (BVI), a wholly-owned subsidiary of the Company and 30% by Dynamic Allied, a company which is wholly-owned by Mr. Helldin, a director of LKM Heatlock and Dynamic Allied, and his spouse. Since Mr. Helldin is a director of LKM Heatlock and Dynamic Allied and a controlling shareholder of Dynamic Allied, LKM Heatlock is an associate of Mr. Helldin and is thus a connected person of the Company within the meaning of the Listing Rules by virtue of the above. Accordingly, the financial assistance provided by the Company and Mr. Helldin to LKM Heatlock by way of provision of the Cross Guarantee in respect of the Banking Facility to LKM Heatlock constitutes a connected transaction for the Company under Rule 14A.13(2)(a) of the Listing Rules.

As the relevant percentage ratios represented by such amount of the Cross Guarantee exceed 0.1% but are less than 2.5% as determined in accordance with Rule 14A.66(2)(a) of the Listing Rules, the provision of financial assistance is exempt from the independent shareholders' approval requirements but is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

### **PROVISION OF FINANCIAL ASSISTANCE**

On 15 June 2006, the Company and Mr. Helldin (a director of LKM Heatlock) as guarantors provided the Cross Guarantee in favour of the Bank in order to obtain the Banking Facility for LKM Heatlock.

#### **The Cross Guarantee**

Date : 15 June 2006

Borrower: LKM Heatlock, an indirect non wholly-owned subsidiary of the Company

Lender : the Bank

Guarantors :  
(1) the Company  
(2) Mr. Helldin

Banking HK\$7,000,000 revolving credit facility to be made available by the Bank for use by LKM  
Facility: Heatlock

The Banking Facility is available for use by LKM Heatlock upon execution of the Cross Guarantee by the Company and Mr. Helldin. The Company and Mr. Helldin are required to provide the Cross Guarantee on a joint and several basis in favour of the Bank as security for the Banking Facility. The maximum liability of the Company and Mr. Helldin in respect of the Banking Facility under the Cross Guarantee is limited to HK\$7,000,000 and no division of such liability between the Company and Mr. Helldin is provided for thereunder.

## **REASONS FOR THE TRANSACTION**

The Cross Guarantee is provided as security to enable LKM Heatlock to obtain the Banking Facility in order to support its normal commercial operations.

The Directors are of the view that the rates and terms of the Banking Facility are similar to those provided by other banks and are on normal commercial terms.

It is common for banks to require a joint and several guarantee to be given by the ultimate listed holding company as they are more confident in the financial position of the listed company and therefore consider its guarantee to be better security for their banking facilities. Furthermore, a guarantee given on a joint and several basis is preferred by the banks.

As the Cross Guarantee is provided on normal commercial terms and in the circumstances mentioned above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Cross Guarantee to be in the interests of the Company and its subsidiaries, on normal commercial terms and fair and reasonable so far as the Company and its shareholders are concerned.

## **CONNECTED TRANSACTION**

LKM Heatlock is an indirect non wholly-owned subsidiary of the Company which is owned as to 70% by LKM (BVI), a wholly-owned subsidiary of the Company, and 30% by Dynamic Allied, a company wholly-owned by Mr. Helldin, a director of LKM Heatlock and Dynamic Allied, and his spouse. Since Mr. Helldin is a director of LKM Heatlock and Dynamic Allied and a controlling shareholder of Dynamic Allied, LKM Heatlock is an associate of Mr. Helldin and is thus a connected person of the Company within the meaning of the Listing Rules by virtue of the above. Accordingly, the financial assistance provided by the Company and Mr. Helldin to LKM Heatlock by way of provision of the Cross Guarantee in respect of the Banking Facility to LKM Heatlock constitutes a connected transaction for the Company under Rule 14A.13(2)(a) of the Listing Rules.

As the relevant percentage ratios represented by such amount of the Cross Guarantee exceed 0.1% but are less than 2.5% as determined in accordance with Rule 14A.66(2)(a) of the Listing Rules, the provision of financial assistance is exempt from the independent shareholders' approval requirements but is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

## **GENERAL**

The Company is an investment holding company and provides corporate management services. The Company's subsidiaries are principally engaged in the manufacturing and marketing of mould bases, metal and parts.

Mr. Helldin is a director of LKM Heatlock and Dynamic Allied, which is wholly-owned by Mr. Helldin and his spouse.

LKM Heatlock, being an indirect non wholly-owned subsidiary of the Company, is principally engaged in the trading of hot runner systems for moulds.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meaning:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Bank”	an independent financial institution
“Banking Facility”	the HK\$7,000,000 revolving credit facility to be made available by the Bank for use by LKM Heatlock
“Company”	Lung Kee (Bermuda) Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are primarily listed on Stock Exchange and secondarily listed on The Singapore Exchange Securities Trading Limited
“connected person”	has the meaning ascribed to it under the Listing Rules
“Cross Guarantee”	the cross guarantee provided by the Company and Mr. Helldin to the Bank in respect of the Banking Facility as more particularly described under the paragraph headed “The Cross Guarantee” above
“Director(s)”	the director(s) of the Company
“Dynamic Allied”	Dynamic Allied Investments Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by Mr. Helldin and his spouse
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LKM Heatlock”	LKM Heatlock Company Limited, a company incorporated in Hong Kong with limited liability and an indirect non wholly-owned subsidiary of the Company which is owned as to 70% and 30% by LKM (BVI) and Dynamic Allied respectively
“LKM (BVI)”	LKM (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Mr. Helldin”	Mr. Karl Erik Helldin, a director of LKM Heatlock and Dynamic Allied and a controlling shareholder of Dynamic Allied
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Lung Kee (Bermuda) Holdings Limited**  
**Wai Lung Shing**  
*Director and Company Secretary*

Hong Kong, 15 June 2006

*As at the date of this announcement, the executive directors of the Company are Mr. Siu Tit Lung (Chairman), Mr. Siu Yuk Lung, Mr. Mak Koon Chi, Mr. Wai Lung Shing and Mr. Fung Wai Hing, the non-executive director of the Company is Mr. Chan Chun Sing, Colin and the independent non-executive directors of the Company are Mr. Liu Wing Ting, Stephen, Dr. Lee Tat Yee and Mr. Lee Joo Hai.*

*Please also refer to the published version of this announcement in **South China Morning Post**.*