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## **CHINA HAIDIAN HOLDINGS LIMITED**

**中國海澱集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 256)**

### **CONNECTED TRANSACTION – PROVISION OF GUARANTEE**

**Financial Adviser to China Haidian Holdings Limited**



On 17 December 2013, the Company entered into the Guarantee in favour of the Bank, pursuant to which the Company agreed to provide guarantee in respect of the repayment obligations of a revolving loan facility of up to HK\$120 million under the Loan Facilities granted to Fair Future by the Bank.

As at the date of this announcement, Fair Future is owned as to 51% in aggregate by Mr. Chan and his wife, 25% by Sure Best Management Limited, a wholly-owned subsidiary of the Company and 24% by a third party independent of the Company and its connected persons. Mr. Chan is a connected person of the Company by virtue of his 49% interest in Gold Vantage Industrial Limited, a non-wholly owned subsidiary of the Company. Accordingly, Fair Future is also a connected person of the Company. Therefore, the Guarantee constitutes a connected transaction of the Company and is subject to announcement requirement under Chapter 14A of the Listing Rules.

On 17 December 2013, Fair Future, an associated company of the Company, entered into the Facility Agreement with the Bank. On 17 December 2013, the Guarantee was entered into by the Company at the request and in favour of the Bank to guarantee the repayment obligations of Fair Future of a revolving loan facility of up to HK\$120 million under the Facility Agreement.

## THE GUARANTEE

Summarised below are the principal terms of the Guarantee:

- Date: 17 December 2013
- Parties: (1) The Company, as guarantor for the Guarantee; and  
(2) the Bank, as lender for the Facility Agreement

The Bank is a licensed bank in Hong Kong. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Bank and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Term: Commencing from the date of the Guarantee and ending on the expiry of the term of the Facility Agreement. The Loan Facilities are subject to review at any time and in any event by 30 June 2014 and also subject to the Bank's overriding right of repayment on demand.

Consideration: The Company shall not receive any fee or commission for providing the Guarantee.

Scope of Guarantee: The repayment of a revolving loan facility of up to HK\$120 million together with any interest, penalties, liquidated damages and other relevant expenses for the realisation of the Bank's rights incurred.

The aggregate principal amount of the Loan Facilities is HK\$335,200,000 plus US\$24,770,000.

The subsidiary of Fair Future, Mr. Chan and his wife have provided guarantees in favour of the Bank in respect of the Loan Facilities. The Guarantee covers a revolving loan facility under the Loan Facilities of up to HK\$120 million. The revolving loan is repayable on the maturity date of such loan drawdown unless the Bank allows for a rollover.

In consideration of the provision of the Guarantee by the Company, on 17 December 2013, Fair Future provided a back-to-back guarantee in favour of the Company agreeing to indemnify the Company in full for any losses so incurred in relation to providing the Guarantee. The guarantee provided by Fair Future will remain in force and effect until one year after the expiry of the term of the Facility Agreement.

## **REASONS FOR AND BENEFITS OF THE GUARANTEE**

The Group is principally engaged in the manufacture and distribution of watches and timepieces.

Fair Future and its subsidiary are principally engaged in the manufacture of watches and accessories of watches in Hong Kong. Fair Future manufactures watches for a well-known Japanese brand on an OEM basis. Fair Future subcontracts the manufacture of watches to its subsidiary in the PRC.

Fair Future intends to use the loan proceeds from the Loan Facilities granted by a licensed bank for its general working capital. The Directors consider that the provision of the Guarantee will facilitate Fair Future meeting the financial needs for its business development, whilst the Group is not required to provide the financial resources. In view of the foregoing, the Directors (including the independent non-executive Directors) are of the view that the terms of the Guarantee are on normal commercial terms, fair and reasonable and the provision of the Guarantee is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATION**

As at the date of this announcement, Fair Future is owned as to 51% in aggregate by Mr. Chan and his wife, 25% by Sure Best Management Limited, a wholly-owned subsidiary of the Company and 24% by a third party independent of the Company and its connected persons. Mr. Chan is a connected person of the Company by virtue of his 49% interest in Gold Vantage Industrial Limited, a non-wholly owned subsidiary of the Company. Accordingly, Fair Future is also a connected person of the Company. Therefore, the Guarantee constitutes a connected transaction of the Company and is subject to announcement requirement under Chapter 14A of the Listing Rules.

None of the Directors is considered to have material interest in the Guarantee nor is required to abstain from voting on the relevant Board resolution approving the Guarantee.

## DEFINITIONS

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

“Bank”	a licensed bank in Hong Kong
“Board”	the board of Directors
“Company”	China Haidian Holdings Limited 中國海澱集團有限公司, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly
“Directors”	the directors of the Company
“Facility Agreement”	the loan facility agreement dated 17 December 2013 entered into among Fair Future, the Bank, the Company, Procon Precision Manufacture (Shenzhen) Limited (being the subsidiary of Fair Future), Mr. Chan and Ms. Yeung Yuk Kwan (being the spouse of Mr. Chan) in respect of the grant of the Loan Facilities by the Bank to Fair Future
“Fair Future”	Fair Future Industrial Limited, a company incorporated in Hong Kong with limited liability and is owned as to 51% in aggregate by Mr. Chan and his wife, 25% by Sure Best Management Limited, a wholly-owned subsidiary of the Company and 24% by a third party independent of the Company and its connected persons
“Group”	the Company and its subsidiaries
“Guarantee”	the deed of guarantee entered into between the Company as guarantor in favour of the Bank dated 17 December 2013, pursuant to which the Company agreed to guarantee the performance of Fair Future of its repayment obligations of up to HK\$120 million in respect of a revolving loan facility under the Facility Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Facilities”	the loan facilities in the aggregate principal amount of HK\$335,200,000 plus US\$24,770,000 granted by the Bank to Fair Future pursuant to the Facility Agreement

“Mr. Chan”	Mr. Chan Heung Wai
“PRC”	the People’s Republic of China which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s) in issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	Unites States dollar(s), the lawful currency of the United States
“%”	per cent.

By the order of the Board  
**China Haidian Holdings Limited**  
**Hon Kwok Lung**  
*Chairman*

Hong Kong, 17 December 2013

*As at the date of this announcement, the Board comprises Mr. Hon Kwok Lung, Mr. Shang Jianguang, Mr. Shi Tao, Mr. Lam Toi Man, Mr. Bi Bo and Ms. Sit Lai Hei as the executive Directors; and Mr. Fung Tze Wa, Dr. Kwong Chun Wai, Michael and Mr. Li Qiang as the independent non-executive Directors.*