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## HONG KONG FERRY (HOLDINGS) COMPANY LIMITED

香港小輪（集團）有限公司

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 50)**

### CONTINUING CONNECTED TRANSACTIONS

Reference is made to the 2014 Announcement relating to, amongst other things, the tenancy arrangement under the Letter Agreement which will expire on 4 April 2015. Pursuant to the Letter Agreement, HPAL acted as agent of Well Dynamic and Well Dynamic was the principal under the Miramar/HPAL Agreement with Shahdan in respect of the Premises for use as show flats and sales office of the Hung Hom Property.

In view of the continuation of the use of the Premises as show flats and sales office for the Hung Hom Property, HPAL and Well Dynamic have on 20 March 2015 entered into the Second Letter Agreement pursuant to which in respect of the period from 5 April 2015 to the Completion Date, HPAL shall continue to act as agent of Well Dynamic and Well Dynamic shall continue to be the principal under the Miramar/HPAL Agreement with Shahdan.

HPAL is an indirect wholly-owned subsidiary of Henderson Land, a substantial shareholder (as defined in the Listing Rules) of the Company, which indirectly holds approximately 33.33% of the issued share capital of the Company. Therefore, HPAL is a connected person of the Company under the Listing Rules. The entering into of the Second Letter Agreement by Well Dynamic and the transactions thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the transactions contemplated under the Second Letter Agreement calculated by reference to the aggregate sum of rents, fees and other charges (exclusive of Government rates) payable by Well Dynamic under the Second Letter Agreement, when aggregated with the previous continuing connected transactions in respect of the arrangement of the Premises for the same purpose for the period from 5 July 2014 to 4 April 2015 and the previous continuing connected transactions contemplated under the Project Management Agreement and the Sales Management Agreement, are on an annual basis more than 0.1% but less than 5%, and those transactions are on normal commercial terms, such transactions are only subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of the transactions under the Second Letter Agreement shall be included in the annual report of the Company for the financial year ending 31 December 2015. The Company shall also observe the annual review and other requirements regarding continuing connected transactions under Chapter 14A of the Listing Rules, if and when applicable, from time to time.

## 1. CONTINUING CONNECTED TRANSACTIONS

Reference is made to the 2014 Announcement relating to, amongst other things, the tenancy arrangement under the Letter Agreement which will expire on 4 April 2015. Pursuant to the Letter Agreement, HPAL acted as agent of Well Dynamic and Well Dynamic was the principal under the Miramar/HPAL Agreement with Shahdan in respect of the Premises for use as show flats and sales office of the Hung Hom Property.

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Particulars of the tenancy arrangement under the Second Letter Agreement are as follows:–

<b>Date:</b>	20 March 2015
<b>Parties:</b>	Well Dynamic HPAL (the tenant under the Miramar/HPAL Agreement)
<b>Premises:</b>	Portions of Shops 501–502 and 503A–C, 5th Floor, Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong.
<b>Term:</b>	Commencing from 5 April 2015 to the Completion Date, both days inclusive.
<b>Rent and other charges:</b>	The rent and other charges payable under the Second Letter Agreement are determined on the basis of the terms of the Miramar/HPAL Agreement:  (i) rent payable on a monthly basis (exclusive of Government rates, management fee, air-conditioning charges and promotion contribution) during the term is HK\$226,700.00;  (ii) Government rates during the term is HK\$21,420.32 subject to review by the Government from time to time;

(iii) aggregate monthly management fee and air-conditioning charges (subject to periodic review by HPAL with reference to the periodic review by Shahdan or its designated management company of the subject premises under the Miramar/HPAL Agreement) during the term is HK\$38,268.82; and

(iv) monthly promotion contribution (subject to periodic review by HPAL with reference to the periodic review by Shahdan) during the term is HK\$2,266.70.

**Purpose:**

To continue to provide Well Dynamic with the Premises as venue for the show flats and sales office of the Hung Hom Property.

**2. CAP AMOUNTS**

The Board expects that the aggregate rents, fees and other charges (exclusive of Government rates) payable by Well Dynamic to HPAL under the transactions contemplated under the Second Letter Agreement will not exceed the cap amounts as mentioned below. The cap amounts are determined with reference to the aggregate amounts of rents, management fees, air-conditioning charges, the promotion contribution payable under the Second Letter Agreement, which will be paid by the Group out of its internal resources:–

<b>Term</b>	<b>Cap Amounts</b>
For the period from 5 April 2015 to 4 July 2015	HK\$1,000,000

**3. REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS**

Pursuant to the Sales Management Agreement, HPAL has been appointed as the sales manager in respect of the Hung Hom Property. In order to provide such services, it is necessary for HPAL to set up show flats and a sales office for sale of the residential units of the Hung Hom Property. The Group is of the view that Miramar Shopping Centre provides suitable premises for a sales office of the Hung Hom Property because of its location and ancillary facilities and therefore rents the Premises for the use by HPAL as show flats and sales office of the Hung Hom Property.

The terms of the Second Letter Agreement were determined after arm's length negotiations between the parties and after making reference to the rents and other charges payable by HPAL under the Miramar/HPAL Agreement in respect of the tenancy arrangement of Shops 501–502 and 503A–C, 5th Floor, Miramar Shopping Centre, of which the Premises form part.

The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Second Letter Agreement are fair and reasonable, and that the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole.

Dr. Lee Shau Kee and Mr. Li Ning are regarded as materially interested in the Second Letter Agreement through their interest or deemed interest in shares in Henderson Land and through Henderson Land's interest in Miramar. They did not take part in voting on the resolutions at the Board meeting where the Second Letter Agreement and the transactions contemplated thereunder were reviewed and approved.

Mr. Lam Ko Yin, Colin, Mr. Au Siu Kee, Alexander, Mr. Lau Yum Chuen, Eddie and Mr. Wu King Cheong are common directors of all of the Company, Henderson Land and Miramar, Mr. Leung Hay Man is a common director of both the Company and Henderson Land and Mr. Ho Hau Chong, Norman is a common director of both the Company and Miramar. All of them did not take part in voting on the resolutions at the Board meeting where the Second Letter Agreement and the transactions contemplated thereunder were reviewed and approved.

#### **4. LISTING RULES IMPLICATIONS**

HPAL is an indirect wholly-owned subsidiary of Henderson Land, a substantial shareholder (as defined in the Listing Rules) of the Company which indirectly holds approximately 33.33% of the issued share capital of the Company. Therefore, HPAL is a connected person of the Company under the Listing Rules. The entering into of the Second Letter Agreement by Well Dynamic and the transactions thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios for the transactions contemplated under the Second Letter Agreement calculated by reference to the aggregate sum of rents, fees and other charges (exclusive of Government rates) payable by Well Dynamic under the Second Letter Agreement, when aggregated with the previous continuing connected transaction in respect of the arrangement of the Premises for the same purpose for the period from 5 July 2014 to 4 April 2015 and the previous continuing connected transactions contemplated under the Project Management Agreement and the Sales Management Agreement, are on an annual basis more than 0.1% but less than 5%, and those transactions are on normal commercial terms, such transactions are only subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of the transactions under the Second Letter Agreement shall be included in the annual report of the Company for the financial year ending 31 December 2015. The Company shall also observe the annual review and other requirements regarding continuing connected transactions under Chapter 14A of the Listing Rules, if and when applicable, from time to time.

## 5. GENERAL INFORMATION

The principal activities of the Group are property development, property investment, ferry, shipyard and related businesses, travel business and securities investment.

Henderson Land is an investment holding company and the principal activities of its subsidiaries are property development and investment, construction, infrastructure, hotel operation, finance, department store operation, project management, investment holding and property management.

The principal activity of HPAL is property sales agency services.

The principal business of Shahdan is property leasing.

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:

“2014 Announcement”	the announcement of the Company dated 5 August 2014 setting out, among other things, details of the Letter Agreement;
“Board”	the board of Directors;
“Company”	Hong Kong Ferry (Holdings) Company Limited 香港小輪 (集團) 有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 50);
“Completion Date”	the earlier of 4 July 2015 and the date on which the last residential unit in the Hung Hom Property to be sold is sold;
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Henderson Land”	Henderson Land Development Company Limited 恒基兆業地產有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 12);
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

“HPAL”	Henderson Property Agency Limited 恒基物業代理有限公司, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of HREAL;
“HREAL”	Henderson Real Estate Agency Limited 恒基兆業地產代理有限公司, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Henderson Land;
“Hung Hom Property”	the residential-cum-commercial building with a total gross floor area of approximately 56,000 square feet consisting of one block of residential building, a commercial podium and ancillary car parking spaces on Hung Hom Inland Lot No. 555, Kowloon, Hong Kong located at the junction of Gillies Avenue South and Bulkeley Street, Hung Hom, Kowloon, Hong Kong;
“Letter Agreement”	the letter agreement dated 5 August 2014 entered into between HPAL and Well Dynamic in respect of the leasing of the Premises for the period from 5 August 2014 to the earlier of 4 April 2015 and the date on which the last residential unit in the Hung Hom Property to be sold is sold, for use as show flats and sales office of the Hung Hom Property;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Miramar”	Miramar Hotel and Investment Company, Limited 美麗華酒店企業有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 71);
“Miramar/HPAL Agreement”	the agreement entered into between Shahdan as landlord and HPAL as tenant in respect of the tenancy of Shops 501–502 and 503A–C, 5th Floor, Miramar Shopping Centre (of which the Premises form part) dated 10 July 2014, as disclosed in the announcement of Miramar dated 10 July 2014;
“Miramar Shopping Centre”	Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong;
“Premises”	Portions of Shops 501–502 and 503A–C, 5th Floor, Miramar Shopping Centre;

“Project Management Agreement”	the project management agreement dated 5 September 2013 entered into between Well Dynamic and HREAL in respect of, <i>inter alia</i> , the appointment of HREAL as the project manager in respect of the Hung Hom Property, as disclosed in the announcement of the Company dated 5 September 2013;
“Sales Management Agreement”	the sales management agreement dated 24 December 2013 entered into between Well Dynamic and HPAL in respect of, <i>inter alia</i> , the appointment of HPAL as the sales manager in respect of the Hung Hom Property, as disclosed in the announcement of the Company dated 24 December 2013;
“Second Letter Agreement”	the letter agreement entered into between HPAL and Well Dynamic dated 20 March 2015 in respect of the leasing of the Premises for the period from 5 April 2015 to the Completion Date, both days inclusive, for use as show flats and sales office of the Hung Hom Property;
“Shahdan”	Shahdan Limited 正信有限公司, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Miramar;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Well Dynamic”	Well Dynamic Limited 華泰隆有限公司, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company; and
“%”	per cent.

By Order of the Board  
**Yuen Wai Kuen**  
*Company Secretary*

Hong Kong, 20 March 2015

*As at the date of this announcement, the executive directors of the Company are Mr. Lam Ko Yin, Colin (Chairman) and Mr. Li Ning; the non-executive directors are Mr. Au Siu Kee, Alexander, Mr. Lau Yum Chuen, Eddie, Dr. Lee Chau Kee and Mr. Wong Man Kong, Peter; and the independent non-executive directors are Mr. Ho Hau Chong, Norman, Mr. Leung Hay Man, Ms. Wong Yu Pok, Marina and Mr. Wu King Cheong.*