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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)

**ADVANCE TO AN ENTITY AND
FINANCIAL ASSISTANCE AND GUARANTEE GIVEN
IN RELATION TO AFFILIATED COMPANIES**

Reference is made to the announcement of Hong Kong Ferry (Holdings) Company Limited (the “**Company**”) dated 8 August 2016 (the “**Announcement**”) in relation to the purchase of Tuen Mun Town Lot No. 547 located at Castle Peak Road, Castle Peak Bay, Area 48, Tuen Mun, New Territories (the “**Land**”) from the Government by public tender by Win Standard Enterprises Limited, a joint venture company held indirectly by the Company as to 50% and Empire Group as to 50% (the “**Joint Venture Company**”), at a land premium of HK\$2,708.80 million (the “**Land Premium**”). Terms defined in the Announcement have the same meaning when used in this announcement, unless otherwise defined or stated in this announcement.

Advance to and financial assistance and guarantee given in relation to the Joint Venture Company

On 31 May 2017, a loan facility agreement (the “**Facility Agreement**”) was entered into among, among others, the Joint Venture Company (as borrower), the Company (as guarantor), a subsidiary of Empire Group (as guarantor), Empire Group and the financial institutions named therein (as lenders) (the “**Lenders**”) in relation to a term loan facility in the aggregate principal amount of HK\$3,000,000,000 for the purpose of financing and refinancing the demolition cost, construction cost and professional fees in relation to the development on the Land (the “**Project**”) and the selling and marketing expenses in relation thereto (the “**Loan Facility**”). The Loan Facility is secured by, among others, a corporate guarantee in respect of 50% of the Loan Facility and a funding undertaking for project cost overrun (with completion guarantee) given by the Company (on a several basis and pro rata to the Group’s 50% equity interest in the Joint Venture Company), as well as a share charge in respect of the issued share capital of the Joint Venture Company and a deed of subordination and assignment in respect of all indebtedness currently owing and which may in future become owing by the Joint Venture Company to its shareholders. The Loan Facility carries interest at the rate of 0.67% (in respect of tranches of the loan aggregating up to HK\$1,500,000,000) and 0.87% (in respect of the other tranches of the loan aggregating up to HK\$1,500,000,000) per annum above the Hong Kong Inter-bank Offered Rate. The final maturity date of the Loan Facility shall be the earlier of (a) 5.5 years from the date of the Facility Agreement and (b) six months after the issuance of occupation permit by the Building Authority and the certificate of compliance by the Director of Lands in relation to the Project.

As disclosed in the annual report of the Company for the year ended 31 December 2016, advances have been made to the Joint Venture Company and as at the date of this announcement, the aggregate amount of such advances is approximately HK\$1,358,787,000, which were funded (in proportion to the Group's 50% equity interest in the Joint Venture Company) by the Group's internal resources and from its cash deposits, to finance the payment of the Land Premium and professional fees incurred in relation to the acquisition of the Land. Such advances are unsecured, interest-bearing at a rate to be agreed between the Group and Empire Group and have no fixed terms of repayment (subject to the deed of subordination and assignment in favour of the Lenders as mentioned above).

Financial assistance to other affiliated companies

As at the date of this announcement, (i) the advance to 2OK Company Limited, a company indirectly held as to 50% by the Company, amounts to approximately HK\$4,951,000, which was funded (in proportion to the Group's 50% equity interest in such company) to finance its mortgage operations in relation to mortgage loans provided by it to the buyers of residential units of Metro Harbour View, and is unsecured, carry interest at Hong Kong dollar prime rate minus 3% per annum and has no fixed terms of repayment; and (ii) the advance to Authian Estates Limited, a company indirectly held as to 50% by the Company, amounts to approximately HK\$9,782,000, which was funded (in proportion to the Group's 50% equity interest in such company) to finance its working capital requirements, and is unsecured, interest-free and has no fixed terms of repayment. All these advances were funded by the Group's internal resources.

Listing Rules implications

As at the date of this announcement, (i) the relevant advances to the Joint Venture Company amount to approximately HK\$1,358,787,000; and (ii) the financial assistance to the affiliated companies of the Company mentioned above, and the guarantee given by the Company in respect of the Loan Facility, together amount to approximately HK\$2,873,520,000. Accordingly, each of (i) and (ii) above exceeds 8% under the assets ratio defined under Rule 14.07(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and details of such advances, financial assistance and guarantee required under Rules 13.13, 13.15 and 13.16 of the Listing Rules are hereby disclosed.

By Order of the Board
Yuen Wai Kuen
Company Secretary

Hong Kong, 31 May 2017

As at the date of this announcement, the executive directors of the Company are Dr. 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 Shau 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.