

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



HONG KONG FERRY (HOLDINGS) COMPANY LIMITED

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock Code: 00050)

CONTINUING CONNECTED TRANSACTIONS

REVISION OF ANNUAL CAPS

SUPPLEMENTAL AGREEMENTS TO CCT AGREEMENTS

On 11 January 2013,

- (i) World Light entered into the Supplemental Fanling Project Management Agreement with HREAL and HPAL, a wholly-owned subsidiary of HREAL, pursuant to which the parties have agreed to revise the maximum annual aggregate amounts of the Fanling Project Management Fee payable by World Light during the term of the Fanling Project Management Agreement; in addition, the rights and obligations of HREAL regarding the project sales and marketing services under the Fanling Project Management Agreement were transferred and novated to HPAL and HPAL has agreed to take up and assume such rights and obligations;
- (ii) Jet Legend entered into the Supplemental TCS Project Management Agreement with HREAL and HPAL, pursuant to which the parties have agreed to revise the maximum annual aggregate amounts of the TCS Project Management Fee payable by Jet Legend during the term of the TCS Project Management Agreement; in addition, the rights and obligations of HREAL regarding the project sales and marketing services under the TCS Project Management Agreement were transferred and novated to HPAL and HPAL has agreed to take up and assume such rights and obligations; and
- (iii) Jet Legend entered into the Supplemental TCS Prime Cost Contract with Heng Tat to revise the maximum annual aggregate amounts of the TCS Prime Costs and Fees payable by Jet Legend during the term of the TCS Prime Cost Contract.

Further, the Board anticipates that the maximum annual aggregate amounts of the Substructure Contract Sums payable by Jet Legend to Granbo for the financial year ended 31 December 2012 and the financial year ending 31 December 2013 would have to be revised.

Each of HREAL, HPAL, Heng Tat and Granbo is a wholly-owned subsidiary of Henderson Land, a substantial shareholder (as defined in the Listing Rules) of the Company, which indirectly holds approximately 31.36% of the entire issued share capital of the Company. Therefore, each of HREAL, HPAL, Heng Tat and Granbo is a connected person of the Company under the Listing Rules. The entering into of the Supplemental Fanling Project Management Agreement by World Light and the entering into of the Supplemental TCS Project Management Agreement and the Supplemental TCS Prime Cost Contract by Jet Legend constitutes continuing connected transactions of the Company under the Listing Rules.

The relevant transactions are exempt from independent shareholders' approval requirements pursuant to Rule 14A.34 of the Listing Rules and are only subject to announcement, reporting and annual review requirements set out in Rules 14A.37 to 14A.40 and Rules 14A.45 to 14A.47 of the Listing Rules.

A. BACKGROUND AND INTRODUCTION

Reference is made to the Fanling Project Management Agreement, the TCS Project Management Agreement and the TCS Prime Cost Contract executed on 15 March 2011, details of which were disclosed in the 2011 Announcement; and the Binding LOI executed on 3 February 2012, details of which were disclosed in the 2012 Announcement.

(1) Revision of Annual Cap Amounts

In view of the revised construction schedule of the Proposed Fanling Development, World Light and HREAL agreed to revise the proposed annual caps on the Fanling Project Management Fee payable under the Fanling Project Management Agreement.

Due to unexpected postponement in the construction progress of the Proposed TCS Development, Jet Legend and HREAL agreed to revise the proposed annual caps on the TCS Project Management Fee payable under the TCS Project Management Agreement, and Jet Legend and Heng Tat agreed to revise the proposed annual caps on the TCS Prime Costs and Fees payable under the TCS Prime Cost Contract. Further, the Board also anticipates that the maximum annual aggregate amounts of the Substructure Contract Sums payable under the Binding LOI for the financial year ended 31 December 2012 and the financial year ending 31 December 2013 would also have to be revised.

(2) Novation of Sales Function from HREAL to HPAL

Pursuant to the Fanling Project Management Agreement, World Light appointed HREAL as the project manager in respect of the Proposed Fanling Development, whose scope of services included, *inter alia*, the project sales and marketing services of the Proposed Fanling Development. Pursuant to the TCS Project Management Agreement, Jet Legend appointed HREAL as the project manager in respect of the Proposed TCS Development, whose scope of

services included, *inter alia*, the project sales and marketing services of the Proposed TCS Development. The Company was informed by HREAL that in order to streamline the operations of sales and marketing activities previously carried out by HREAL, the sales function of HREAL is to be transferred to its wholly-owned subsidiary, HPAL.

Details of the Supplemental Agreements are set out below.

B. THE SUPPLEMENTAL FANLING PROJECT MANAGEMENT AGREEMENT

1. Date

11 January 2013

2. Parties

Developer : World Light, a wholly-owned subsidiary of the Company

Project Manager : HREAL, a wholly-owned subsidiary of Henderson Land

Sales Agent : HPAL, a wholly-owned subsidiary of HREAL

3. Proposed transaction

Pursuant to the Fanling Project Management Agreement as supplemented by the Supplemental Fanling Project Management Agreement, the rights and obligations of HREAL relating to project sales and marketing services in respect of the Proposed Fanling Development are transferred and novated to HPAL and HPAL has agreed to take up and assume all such rights and obligations. All rights and obligations of the HREAL Group as a whole under the Fanling Project Management Agreement remain unchanged.

4. Term of the appointment

Subject to early termination by the parties to the Fanling Project Management Agreement, the appointment of HPAL for the provision of project sales and marketing services in respect of the Proposed Fanling Development shall be for the term of three years commencing from the date of issuance of the pre-sale consent in respect of the Proposed Fanling Development or the date of the first initial sale of any units of the Proposed Fanling Development, whichever shall be the earlier. The term of appointment of HREAL as the project manager under the Fanling Project Management Agreement as disclosed in the 2011 Announcement is not affected.

5. Consideration and terms of payment

After the execution of the Supplemental Fanling Project Management Agreement, the consideration and terms of payment under the Fanling Project Management Agreement remain substantially the same, except that:

- (i) HREAL's right to receive 0.5% of the gross proceeds of sale of such parts of the Proposed Fanling Development in respect of which sale and purchase agreements (including preliminary sale and purchase agreements) have been entered into, but excluding those sale and purchase agreements which were effected by a third party sales agent, is assigned and transferred to HPAL;
- (ii) such 0.5% fee is subject to the respective ceilings of HK\$0 on or before 31 December 2012, HK\$6,500,000 between 1 January 2013 and 31 December 2013 (both days inclusive) and HK\$6,500,000 between 1 January 2014 and 31 December 2014 (both days inclusive), which shall be payable by World Light to HPAL in the same manner as it would have been payable by World Light to HREAL if the novation under the Supplemental Fanling Project Management Agreement had not occurred, details of which were set out in the 2011 Announcement; and
- (iii) the maximum amounts of annual aggregate of the Fanling Project Management Fee payable by World Light to the HREAL Group shall be revised as detailed in paragraph 6 below.

6. Revised Fanling PMA Annual Caps

Pursuant to the Fanling Project Management Agreement as supplemented by the Supplemental Fanling Project Management Agreement, the annual aggregate of the Fanling Project Management Fee during the term of the Fanling Project Management Agreement shall not exceed the amounts set out below (the "**Revised Fanling PMA Annual Caps**"):

For the year ended 31 December 2011	HK\$4,800,000
For the year ended 31 December 2012	HK\$5,600,000
For the year ending 31 December 2013	HK\$12,250,000
For the year ending 31 December 2014	HK\$7,950,000

The Revised Fanling PMA Annual Caps were arrived at after arm's length negotiations amongst World Light, HREAL and HPAL with reference to the construction progress of the Proposed Fanling Development and the estimated payment due dates. Despite the change in cap amounts for the Fanling Project Management Fee payable by World Light to the HREAL Group per year as illustrated above, the aggregate cap amounts for the entire term of the Fanling Project Management Agreement remains the same as the aggregate cap amounts published in the 2011 Announcement.

C. THE SUPPLEMENTAL TCS PROJECT MANAGEMENT AGREEMENT

1. Date

11 January 2013

2. Parties

Developer : Jet Legend, a wholly-owned subsidiary of the Company

Project Manager : HREAL, a wholly-owned subsidiary of Henderson Land

Sales Agent : HPAL, a wholly-owned subsidiary of HREAL

3. Proposed transaction

Pursuant to the TCS Project Management Agreement as supplemented by the Supplemental TCS Project Management Agreement, the rights and obligations of HREAL relating to project sales and marketing services in respect of the Proposed TCS Development are transferred and novated to HPAL and HPAL has agreed to take up and assume all such rights and obligations. All rights and obligations of the HREAL Group as a whole under the TCS Project Management Agreement remain unchanged.

4. Term of the appointment

Subject to early termination by the parties to the TCS Project Management Agreement, the appointment of HPAL for the provision of project sales and marketing services in respect of the Proposed TCS Development shall be for the term of three years commencing from the date of issuance of the pre-sale consent in respect of the Proposed TCS Development or the date of the first initial sale of any units of the Proposed TCS Development, whichever shall be the earlier. The term of appointment of HREAL as the project manager under the TCS Project Management Agreement as disclosed in the 2011 Announcement is not affected.

5. Consideration and terms of payment

After the execution of the Supplemental TCS Project Management Agreement, the consideration and terms of payment under the TCS Project Management Agreement remain substantially the same, except that:

- (i) HREAL's right to receive 0.5% of the gross proceeds of sale of such parts of the Proposed TCS Development in respect of which sale and purchase agreements (including preliminary sale and purchase agreements) have been entered into, but excluding those sale and purchase agreements which were effected by a third party sales agent, is assigned and transferred to HPAL;

- (ii) such 0.5% fee is subject to the respective ceilings of HK\$0 on or before 31 December 2012, HK\$2,000,000 between 1 January 2013 and 31 December 2013 (both days inclusive) and HK\$222,000 between 1 January 2014 and 31 December 2014 (both days inclusive), which shall be payable by Jet Legend to HPAL in the same manner as it would have been payable by Jet Legend to HREAL if the novation under the Supplemental TCS Project Management Agreement had not occurred, details of which were set out in the 2011 Announcement; and
- (iii) the maximum amounts of annual aggregate of the TCS Project Management Fee payable by Jet Legend to the HREAL Group shall be revised as detailed in paragraph 6 below.

6. Revised TCS PMA Annual Caps

Pursuant to the TCS Project Management Agreement as supplemented by the Supplemental TCS Project Management Agreement, the annual aggregate of the TCS Project Management Fee during the term of the TCS Project Management Agreement shall not exceed the amounts set out below (the “**Revised TCS PMA Annual Caps**”):

For the year ended 31 December 2011	HK\$1,500,000
For the year ended 31 December 2012	HK\$2,100,000
For the year ending 31 December 2013	HK\$3,400,000
For the year ending 31 December 2014	HK\$1,700,000

The Revised TCS PMA Annual Caps were arrived at after arm’s length negotiations amongst Jet Legend, HREAL and HPAL with reference to the construction progress of the Proposed TCS Development and the estimated payment due dates. Despite the change in cap amounts for the TCS Project Management Fee payable by Jet Legend to the HREAL Group per year as illustrated above, the aggregate cap amounts for the entire term of the TCS Project Management Agreement remains the same as the aggregate cap amounts published in the 2011 Announcement.

D. THE SUPPLEMENTAL TCS PRIME COST CONTRACT

1. Date

11 January 2013

2. Parties

Employer : Jet Legend

Main Contractor : Heng Tat, a wholly-owned subsidiary of Henderson Land

3. Revised TCS PCC Annual Caps

Pursuant to the TCS Prime Cost Contract as supplemented by the Supplemental TCS Prime Cost Contract, the annual aggregate of the TCS Prime Costs and Fees during the term of the TCS Prime Cost Contract shall not exceed the amounts set out below (the “**Revised TCS PCC Annual Caps**”):

For the year ended 31 December 2011	HK\$0
For the year ended 31 December 2012	HK\$0
For the year ending 31 December 2013	HK\$6,000,000
For the year ending 31 December 2014	HK\$14,500,000

The Revised TCS PCC Annual Caps were arrived at after arm’s length negotiations between Jet Legend and Heng Tat with reference to the construction progress of the Proposed TCS Development and the estimated payment due dates. Despite the change in annual cap amounts for the TCS Prime Costs and Fees payable by Jet Legend to Heng Tat per year as illustrated above, the aggregate cap amounts for the entire term of the TCS Prime Cost Contract remains the same as the aggregate cap amounts published in the 2011 Announcement.

All other terms and conditions of the TCS Prime Cost Contract remain unchanged.

E. REVISION OF ANNUAL CAPS FOR SUBSTRUCTURE CONTRACT SUMS

Reference is made to the Binding LOI, pursuant to which Granbo agreed to perform substructure works in relation to the Proposed TCS Development.

Due to unexpected postponement in construction schedule of the Proposed TCS Development, the Board anticipates that the maximum annual aggregate amount of the Substructure Contract Sums payable by Jet Legend to Granbo for the financial year ended 31 December 2012 and the financial year ending 31 December 2013 would have to be revised as follows (the “**Revised LOI Annual Caps**”):

For the year ended 31 December 2012	HK\$11,000,000
For the year ending 31 December 2013	HK\$19,000,000

The Revised LOI Annual Caps were determined with reference to the construction progress of the Proposed TCS Development and the estimated payment due dates. Despite the change in cap amounts for the Substructure Contract Sums payable by Jet Legend to Granbo per year as illustrated above, the aggregate cap amounts for the entire term of the Binding LOI remains the same as the aggregate cap amounts published in the 2012 Announcement.

F. REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENTS

Revision of construction schedule

The construction schedule of the Proposed Fanling Development has been revised, which was not anticipated at the time of entering into the Fanling Project Management Agreement. As at the date of this announcement, the construction of the Proposed TCS Development has not yet commenced, the foundation works having been delayed and the infrastructure works have been delayed accordingly.

Transfer of sales function from HREAL to HPAL

The Company was informed by HREAL that, in order to streamline the operations of sales and marketing services previously carried out by HREAL, the sales function of HREAL is to be transferred by way of novation to its wholly-owned subsidiary, HPAL.

Directors' views

The Directors (including the independent non-executive Directors) consider that the terms and conditions of each of the Supplemental Agreements as well as each of the CCT Agreements as supplemented by the relevant Supplemental Agreement are on normal commercial terms and the transactions contemplated thereunder and the revision of the annual caps for the Substructure Contract Sums are in the ordinary and usual course of business of the Company and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

G. LISTING RULES IMPLICATIONS

Each of HREAL, HPAL, Heng Tat and Granbo is a wholly-owned subsidiary of Henderson Land, a substantial shareholder (as defined in the Listing Rules) of the Company, which indirectly holds approximately 31.36% of the entire issued share capital of the Company. Therefore, each of HREAL, HPAL, Heng Tat and Granbo is a connected person of the Company under the Listing Rules. The entering into of the Supplemental Fanling Project Management Agreement by World Light and the entering into of the Supplemental TCS Project Management Agreement and the Supplemental TCS Prime Cost Contract by Jet Legend constitutes continuing connected transactions of the Company under the Listing Rules.

The relevant transactions are exempt from independent shareholders' approval requirements pursuant to Rule 14A.34 of the Listing Rules and are only subject to announcement, reporting and annual review requirements set out in Rules 14A.37 to 14A.40 and Rules 14A.45 to 14A.47 of the Listing Rules.

Details of the transactions under the CCT Agreements (as supplemented by the Supplemental Agreements) and the Binding LOI will be included in the next published annual report of the Company. The Company will also observe the annual review and other requirements regarding continuing connected transactions under Rules 14A.37 and 14A.38 of the Listing Rules, when applicable, from time to time.

H. GENERAL INFORMATION

The principal activities of the Group are property development, property investment, ferry, shipyard and related businesses, travel businesses 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 activities of HREAL are project management and real estate sales and HPAL is principally engaged in agency services. The principal activity of Heng Tat is building construction. The principal activity of Granbo is the provision of substructure works.

Directors who were regarded as materially interested in the CCT Agreements and the Supplemental Agreements through their interest or deemed interest in shares in Henderson Land did not take part in the voting for the approval of the same.

DEFINITIONS

In this announcement, capitalised terms have the following meanings:

“2011 Announcement”	the announcement published by the Company on 15 March 2011 in which, among others, details of the CCT Agreements were disclosed;
“2012 Announcement”	the announcement published by the Company on 3 February 2012 in which details of the Binding LOI were disclosed;
“Binding LOI”	the binding letter of intent dated 3 February 2012 entered into between Jet Legend and Granbo in respect of, <i>inter alia</i> , the carrying out of the substructure works in relation to the Proposed TCS Development, details of which were disclosed in the 2012 Announcement;
“Board”	the board of Directors;
“CCT Agreements”	collectively, the Fanling Project Management Agreement, the TCS Project Management Agreement and the TCS Prime Cost Contract;
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“Company”	Hong Kong Ferry (Holdings) Company Limited, 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);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;

“Fanling Project Management Agreement”	the project management agreement dated 15 March 2011 entered into between World Light and HREAL in respect of, <i>inter alia</i> , the appointment of HREAL as the project manager of the Proposed Fanling Development, details of which were set out in the 2011 Announcement;
“Fanling Project Management Fee”	the remuneration for the services to be provided by the HREAL Group (excluding any services to be provided by contractors, nominated subcontractors, subcontractors and suppliers who are not connected persons of the Company) under the Fanling Project Management Agreement;
“Fanling Property”	all that piece or parcel of ground registered in the Land Registry of Hong Kong as No. 1 Ma Sik Road (formerly known as Fanling Sheung Shui Town Lot No. 177);
“Granbo”	Granbo Construction Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Henderson Land;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Henderson Land”	Henderson Land Development Company Limited, 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);
“Heng Tat”	Heng Tat Construction Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Henderson Land;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HPAL”	Henderson Property Agency Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of HREAL;
“HREAL”	Henderson Real Estate Agency Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Henderson Land;
“HREAL Group”	HREAL and its subsidiaries, including HPAL;
“Jet Legend”	Jet Legend Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Proposed Fanling Development”	the comprehensively planned development consisting of residential and commercial components together with ancillary supporting facilities on the Fanling Property;
“Proposed TCS Development”	the comprehensively planned development consisting of residential and commercial components together with ancillary supporting facilities on the TCS Property;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Substructure Contract Sums”	the contract sums payable by Jet Legend for substructure works to be provided by Granbo under the Binding LOI;
“Supplemental Agreements”	collectively, the Supplemental Fanling Project Management Agreement, the Supplemental TCS Project Management Agreement and the Supplemental TCS Prime Cost Contract;
“Supplemental Fanling Project Management Agreement”	the supplemental project management agreement dated 11 January 2013 entered into by and amongst World Light, HREAL and HPAL in respect of, <i>inter alia</i> , the transfer and novation of the rights and obligations of HREAL relating to the project sales and marketing services of the Proposed Fanling Development and the revision of maximum annual aggregate amount of the Fanling Project Management Fee during the term of the Fanling Project Management Agreement;
“Supplemental TCS Prime Cost Contract”	the supplemental prime cost contract dated 11 January 2013 entered into between Jet Legend and Heng Tat in respect of, <i>inter alia</i> , the revision of the maximum annual aggregate amount of the TCS Prime Costs and Fees during the term of the TCS Prime Cost Contract;
“Supplemental TCS Project Management Agreement”	the supplemental project management agreement dated 11 January 2013 entered into by and amongst Jet Legend, HREAL and HPAL in respect of, <i>inter alia</i> , the transfer and novation of the rights and obligations of HREAL relating to the project sales and marketing services of the Proposed TCS Development and the revision of maximum annual aggregate amount of the TCS Project Management Fee during the term of the TCS Project Management Agreement;

“TCS Prime Costs and Fees”	prime costs of all works carried out by Heng Tat itself or by any connected persons of the Company together with the 5% fee on all works of the Proposed TCS Development (including preliminaries, works carried out by the subcontractors and Heng Tat and goods supplied by nominated suppliers) under the TCS Prime Cost Contract;
“TCS Prime Cost Contract”	the contract dated 15 March 2011 entered into between Jet Legend and Heng Tat in respect of, <i>inter alia</i> , the appointment of Heng Tat as main contractor of the Proposed TCS Development, details of which were set out in the 2011 Announcement;
“TCS Project Management Agreement”	the project management agreement dated 15 March 2011 entered into between Jet Legend and HREAL in respect of, <i>inter alia</i> , the appointment of HREAL as the project manager of the Proposed TCS Development, details of which were set out in the 2011 Announcement;
“TCS Project Management Fee”	the remuneration for the services to be provided by the HREAL Group (excluding any services to be provided by contractors, nominated subcontractors, subcontractors and suppliers who are not connected persons of the Company) under the TCS Project Management Agreement;
“TCS Property”	all that piece or parcel of ground registered in the Land Registry of Hong Kong as New Kowloon Inland Lot Nos. 48 sB RP, sB ssl RP, RP, sI & sH;
“World Light”	World Light Limited, 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, 11 January 2013

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 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.