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HONG KONG FERRY (HOLDINGS) COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

CONNECTED TRANSACTION

LF and HPI, both wholly-owned subsidiaries of the Company have on 5 November 2001 entered into an Appointment Agreement with MHM pursuant to which LF and HPI, being owners of the Property appoint MHM as the estate manager of the Property (except for the commercial arcade) for a term of two years from the issuance of the first occupation permit and to be continued thereafter unless terminated in accordance with the Deed of Mutual Covenant and Management Agreement on the agreed Remuneration.

The Appointment Agreement constitutes a connected transaction under Rule 14.25(1) of the Listing Rules. Details of the transaction will be included in the 2001 annual report and accounts of the Company in accordance with Rule 14.25(1)(A) to (D) of the Listing Rules.

Particulars of the Appointment Agreement

Parties: MHM
LF and HPI
Date: 5 November 2001

Main Terms:

LF and HPI appoint MHM as the estate manager of the Property (except for the commercial arcade) on the agreed Remuneration for a term of two years from the issuance of the first occupation permit and to be continued thereafter unless terminated in accordance with the Deed of the Mutual Covenant and Management Agreement. The Remuneration for the first year of management shall cover, inter alia, the first phase of the Property of 1,760 residential units whereas the Remuneration for the second year shall cover both the first and second phases of 3,520 residential units. The Remuneration shall be subject to the total ceilings of HK\$4,756,000 of which HK\$1,643,000 shall be ceiling for the first year and HK\$3,113,000 shall be ceiling for the second year of management.

The Remuneration was determined by LF, HPI and MHM on arm's length basis with reference to the market rate chargeable by other comparable residential complex. The Remuneration will be paid by the owners of the Property (excluding the commercial arcade). To the extent of parts of the Property of which LF and HPI remain as the owners, the portion of the Remuneration attributable to those parts will be satisfied by the Group's internal resources. To the extent of other parts of the Property which have been disposed of by the Group, the portion of the Remuneration attributable to those parts will be paid by owners of those parts at the relevant time.

Reason for entering into the Appointment Agreement

The Property is in the course of development and the first phase of the development with five blocks of residential buildings is expected to be completed by early 2003. The second phase of the development is anticipated to be completed by early 2004. An estate manager shall be appointed to be responsible for the Property's management in accordance with the Deed of Mutual Covenant and Management Agreement and the Building Management Ordinance (Cap. 344 of the Laws of the HKSAR). The particulars of such estate manager shall be identified and disclosed in the sales brochures which will be distributed upon the pre-sale of the Property before the end of this year. The Directors consider that HLD is well-experienced in property management and of good reputation. They are confident that MHM, being a subsidiary of HLD, would ensure the good management of the Property. The business of MHM is property management. The Directors, including the independent non-executive directors, are of the view that the terms of the Appointment Agreement are fair and reasonable so far as the shareholders of the Company are concerned and are on normal commercial terms.

General Information for shareholders

The Company's principal activities are property investment and investment holding and the Group's principal activities are property development, property investment, ferry service, shipyard operation, travel agency and hotel operation. As MHM is a wholly-owned subsidiary of HLD which through its subsidiaries beneficially owns approximately 64.28% of the entire issued share capital of HI, a substantial shareholder of the Company, the entering into of the Appointment Agreement constitutes a connected transaction for the Company under Rule 14.23(1)(a) of the Listing Rules. The Remuneration represents approximately 0.13% of the net tangible assets of the Group. Accordingly, no independent shareholders' approval is required and the transaction is disclosed in

accordance with Rule 14.25(1) of the Listing Rules. The Company will include details of the Appointment Agreement in its 2001 annual report and accounts pursuant to Rule 14.25(1)(A) to (D) of the Listing Rules.

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

"Appointment Agreement"	the agreement dated 5 November 2001 between LF and HPI and MHM in respect of the appointment of MHM as the estate manager of the Property (except for the commercial arcade)
"Company"	Hong Kong Ferry (Holdings) Company Limited, a limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange
"Deed of Mutual Covenant and Management Agreement"	prospective deed of mutual covenant and management agreement to be entered into between MHM and the owner(s) of the Property to manage the Property and the buildings thereon
"Directors"	directors of the Company
"Group"	the Company and its subsidiaries
"HI"	Henderson Investment Limited, a limited company incorporated in Hong Kong and the shares of which are listed on the Stock Exchange
"HK\$"	Hong Kong dollars
"HKSAR"	The Hong Kong Special Administrative Region, People's Republic of China
"HLD"	Henderson Land Development Company Limited, a limited company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange
"HPI"	HKF Property Investment Limited, a limited company incorporated in Hong Kong
"LF"	Lenfield Limited, a limited company incorporated in Hong Kong
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"MHM"	Metro Harbourview Management Limited, a limited company incorporated in Hong Kong
"Property"	the development at No. 201 Tai Kok Tsui Road
"Remuneration"	remuneration payable to MHM in accordance with the terms of Deed of Mutual Covenant and Management Agreement on an annual basis in the sum equivalent to 10% of the total annual expenditures (excluding the Remuneration itself and expenditure of a kind not incurred annually) reasonably and necessarily incurred in the good and efficient management of the Property and the buildings thereon (except for the commercial arcade)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By order of the Board
Law Cho Wa, Richard
Company Secretary

Hong Kong, 5 November 2001