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HONG KONG FERRY (HOLDINGS) COMPANY LIMITED

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock Code: 00050)

CONTINUING CONNECTED TRANSACTIONS

LF and HPI, both wholly-owned subsidiaries of the Company, on 7 July 2009 entered into the Tenancy Renewal Agreement with Citistore pursuant to which LF and HPI as landlord and Citistore as tenant agreed to renew their tenancy in respect of the Premises for a term of two years commencing from 1 July 2009. Further, on 11 July 2009, LF and HPI as licensor entered into the Licence Agreements with Citistore as licensee in respect of the licensing of certain signages at Metro Harbour Plaza for a term of two years commencing from 1 July 2009.

The transactions under the Tenancy Renewal Agreement and the Licence Agreements constitute continuing connected transactions of the Company under Rule 14A.14 of the Listing Rules. As certain of the applicable percentage ratios for the annual caps of the aggregate of the Tenancy Renewal Agreement and the Licence Agreements are on an annual basis more than 0.1 per cent. but less than 2.5 per cent., such continuing connected transactions are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and in accordance with Rule 14A.34, are exempt from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules. Pursuant to Rule 14A.46 of the Listing Rules, details of the Tenancy Renewal Agreement and the Licence Agreements will be included in the next published annual report of the Company.

1. INTRODUCTION

Reference is made to the 2006 Lease Agreement and the 2006 Licence Agreements, details of which were disclosed in the announcement of the Company dated 21 September 2006. The term under each of the 2006 Lease Agreement and the 2006 Licence Agreements has expired on 30 June 2009.

The board of Directors announces that LF, HPI and Citistore entered into the Tenancy Renewal Agreement on 7 July 2009 and the Licence Agreements on 11 July 2009, the particulars of which are set out below.

2. THE TENANCY RENEWAL AGREEMENT

- Parties** : HREAL (as agent of LF and HPI) (as landlord)
Citistore (as tenant), which is a connected person of the Company within the meaning of the Listing Rules by virtue of the facts referred to in paragraph 6 headed "Connected person and requirements of the Listing Rules" below
- Date** : 7 July 2009
- The Premises** : Shop Nos. G01, Portion of G31, G35-G50, Portion of G51, Portion of G52, G63-G74 and corridors and atrium on Ground Floor, and Shop Nos. 127-161 and corridors and toilets on Level 1, Metro Harbour Plaza, Tai Kok Tsui, Kowloon, Hong Kong.
- Term** : Two years commencing from 1 July 2009 and ending on 30 June 2011, both days inclusive
- Gross floor area** : Approximately 90,760 square feet
- Monthly rental** : Basic rent and turnover rent (both as described below)
- Basic rent** : Fixed monthly rent of HK\$280,000.00 (which is exclusive of management fees, air-conditioning charges, Government rates and promotional levy)
- Turnover rent** : If the annual gross turnover of the business of Citistore conducted at the Premises without any deduction exceeds HK\$142,240,560.00, then the turnover rent shall be 7% of the excess of such annual gross turnover over HK\$142,240,560.00. The turnover rent shall be payable monthly in arrears and if the gross turnover of the business of Citistore does not exceed HK\$11,853,380.00 in any month, no turnover rent shall be payable for that month but the deficit shall not be carried over to the next month. The turnover rent shall be reconciled on an annual basis.
- Management fee** : HK\$137,047.60 per month. The management fee shall be fixed throughout the lease term.

- Air-conditioning charge** : HK\$176,982.00 per month. The air-conditioning charge shall be fixed throughout the lease term.
- Promotional levy** : HK\$5,600.00 per month, subject to review
- Government rates** : Government rates (HK\$18,900 per month, subject to Government's review) will be paid by Citistore as per the Government's assessment
- Payments** : Payments to be made in the form of cash
- Formal agreement** : A formal tenancy renewal agreement shall be executed by the parties pursuant to the terms and conditions of the Tenancy Renewal Agreement. If the formal tenancy renewal agreement is not executed by Citistore within 14 days upon notification by LF and HPI that the formal tenancy renewal agreement is ready for execution, LF and HPI shall be entitled to treat the terms of the Tenancy Renewal Agreement and such terms and conditions of the existing offer to lease so far as they are applicable as a final tenancy agreement binding on the parties.

3. LICENCE AGREEMENTS

On 11 July 2009, HREAL (as agent of LF and HPI) entered into: (i) the Wall Signage Licence Agreement with Citistore pursuant to which LF and HPI agreed to license to Citistore, and Citistore agreed to license from LF and HPI, one external wall signage at Metro Harbour Plaza for a licence fee of HK\$1,000.00 per month; and (ii) the Entrance Signage Licence Agreement with Citistore pursuant to which LF and HPI agreed to license to Citistore, and Citistore agreed to license from LF and HPI, one signage at the entrance of Metro Harbour Plaza for a licence fee of HK\$500.00 per month. The total annual licence fee payable under the Wall Signage Licence Agreement is HK\$12,000.00 and under the Entrance Signage Licence Agreement is HK\$6,000.00. Payments under the Licence Agreements are to be made in the form of cash. No other fees are payable by the licensee to the licensor under the Licence Agreements. Each of the Licence Agreements is for a fixed term of two years commencing from 1 July 2009 and ending on 30 June 2011.

4. ANNUAL CAPS

The board of Directors expect that the aggregate amounts of rentals (basic rent and anticipated maximum turnover rent), management fees, air-conditioning charges, promotional levy and other miscellaneous charges (exclusive of Government rates) payable under the Tenancy Renewal Agreement and the licence fees payable under the Licence Agreements will not exceed the following maximum figures (the “Annual Caps”):-

For the period from 1 July 2009 to 31 December 2009: HK\$4,500,000
For the period from 1 January 2010 to 31 December 2010: HK\$9,000,000
For the period from 1 January 2011 to 30 June 2011: HK\$4,500,000

Based on historical figures under the 2006 Lease Agreement, the maximum turnover rent in respect of the Premises is anticipated not to exceed about HK\$100,000 per month and the Annual Caps are arrived at accordingly.

5. REASONS FOR ENTERING INTO THE TENANCY RENEWAL AGREEMENT AND LICENCE AGREEMENTS

Citistore, a renowned brand name of department stores in Hong Kong, has been in operation as a department store in Metro Harbour Plaza since 2006. The board of Directors consider that entering into the Tenancy Renewal Agreement and the Licence Agreements benefits the Group as Citistore’s continued presence and operation helps to maintain the image of Metro Harbour Plaza as a first class shopping mall in the Taikoktsui area.

The terms of the Tenancy Renewal Agreement were negotiated and arrived at on an arm’s length basis and in the ordinary and usual course of business with reference to prevailing market leasing terms and conditions (including the calculation of the rent), which was supported by a valuation report from a third party property valuer. The terms of the Licence Agreements were also negotiated and arrived at on an arm’s length basis and in the ordinary and usual course of business with reference to market terms.

The Directors (including all the independent non-executive Directors) consider that the terms of the Tenancy Renewal Agreement and the Licence Agreements are on normal commercial terms and in the ordinary and usual course of business of the Company. The Directors (including all the independent non-executive Directors) consider that the terms of the Tenancy Renewal Agreement and the Licence Agreements are fair and reasonable and in the interests of the shareholders of the Company as a whole. Directors who were regarded as being interested in the Tenancy Renewal Agreement and the Licence Agreements did not take part in the voting for the approval of the same.

6. CONNECTED PERSON AND REQUIREMENTS OF THE LISTING RULES

Citistore is a wholly-owned subsidiary of Henderson Land, a substantial shareholder (as defined in the Listing Rules) of the Company, the subsidiaries of which beneficially own in aggregate approximately 31.36 per cent. of the entire issued share capital of the Company. Therefore, Citistore is a connected person of the Company under the Listing Rules. The transactions under the Tenancy Renewal Agreement and the Licence Agreements constitute continuing connected transactions of the Company under the Listing Rules.

As certain of the applicable percentage ratios for the annual caps of the aggregate of the Tenancy Renewal Agreement and the Licence Agreements are on an annual basis more than 0.1 per cent. but less than 2.5 per cent., such continuing connected transactions are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and in accordance with Rule 14A.34, are exempt from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules. Pursuant to Rule 14A.46 of the Listing Rules, details of the Tenancy Renewal Agreement and the Licence Agreements will be included in the next published annual report of the Company.

7. GENERAL INFORMATION FOR SHAREHOLDERS

The principal activities of the Group are property development and investment, ferry and related businesses, travel business and hotel operation 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 Citistore is department store operation.

DEFINITIONS

“2006 Lease Agreement”	the agreement dated 14 September 2006 between LF and HPI as landlord and Citistore as tenant in respect of the leasing of the Premises
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“2006 Licence Agreements”	the licence agreement dated 14 September 2006 entered into between LF and HPI as licensor and Citistore as licensee in respect of the licensing of four signages at the entrance of Metro Harbour Plaza and the licence agreement dated 14 September 2006 entered into between LF and HPI as licensor and Citistore as licensee in respect of the licensing of six external wall signages at Metro Harbour Plaza
“Citistore”	Citistore (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Henderson Land
“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
“Director(s)”	director(s) of the Company
“Entrance Signage Licence Agreement”	the licence agreement dated 11 July 2009 entered into between HREAL (as agent of LF and HPI) as licensor and Citistore as licensee in respect of the licensing of one signage at the entrance of Metro Harbour Plaza
“Government”	the government of Hong Kong
“Group”	the Company and its subsidiaries
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HPI”	HKF Property Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“HREAL”	Henderson Real Estate Agency Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Henderson Land

“LF”	Lenfield Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Licence Agreements”	the Wall Signage Licence Agreement and the Entrance Signage Licence Agreement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Metro Harbour Plaza”	all that portion of area designed for commercial use as more particularly defined under the deed of mutual covenant of the property known as the “Metro Harbour View” at the Remaining Portion of Kowloon Inland Lot No. 11127
“Premises”	Shop Nos. G01, Portion of G31, G35-G50, Portion of G51, Portion of G52, G63-G74 and corridors and atrium on Ground Floor, and Shop Nos. 127-161 and corridors and toilets on Level 1, Metro Harbour Plaza
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Renewal Agreement”	the agreement dated 7 July 2009 entered into between HREAL (as agent of LF and HPI) as landlord and Citistore as tenant in respect of the leasing of the Premises
“Wall Signage Licence Agreement”	the licence agreement dated 11 July 2009 entered into between HREAL (as agent of LF and HPI) as licensor and Citistore as licensee in respect of the licensing of one external wall signage at Metro Harbour Plaza
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board
Yuen Wai Kuen
Company Secretary

Hong Kong, 14 July 2009

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, Mr. Leung Hay Man and Mr. Wong Man Kong, Peter and the independent non-executive directors are Mr. Ho Hau Chong, Norman, Ms. Wong Yu Pok, Marina and Mr. Wu King Cheong.