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HONG KONG FERRY (HOLDINGS) COMPANY LIMITED

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock Code: 00050)

CONTINUING CONNECTED TRANSACTION

On 13 August 2009, Century Hero (by HREAL as agent for it) and Lenfield (by HREAL as agent for it) entered into the Tenancy Agreement. Pursuant to the Tenancy Agreement, Century Hero as landlord agreed to lease, and Lenfield as tenant agreed to take the lease of, the Premises as the sales office and show flats for the marketing of the Yau Tong Development. The tenancy was for a term of 3 years commencing from 1 March 2009 (with the period from 1 March 2009 to 30 June 2009 rent free).

Lenfield is a wholly-owned subsidiary of the Company, and Century Hero is a wholly-owned subsidiary of Henderson Land, a substantial shareholder (as defined in the Listing Rules) of the Company.

The transaction under the Tenancy Agreement constitutes continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules. As certain of the applicable percentage ratios in respect of the transaction under the Tenancy Agreement (based on the relevant annual caps described below) are on an annual basis more than 0.1 per cent. but all the applicable percentage ratios are on an annual basis less than 2.5 per cent., such continuing connected transaction is 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, is 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 Agreement will be included in the next published annual report of the Company.

1. THE TENANCY AGREEMENT

Principal terms of the Tenancy Agreement

Parties : Century Hero (by HREAL as its agent) (as landlord). Century Hero is a connected person of the Company within the meaning of the Listing Rules as discussed in paragraph 3 below.

Lenfield (by HREAL as its agent) (as tenant)

Date : 13 August 2009

The Premises	: Shop No.1 on Ground Floor and the First Floor, Cité 33, No. 33 Lai Chi Kok Road, Kowloon, Hong Kong
Term	: 3 years commencing from 1 March 2009 and ending on 29 February 2012, both days inclusive
Early termination	: Either party may terminate the Tenancy Agreement earlier than the end of the original term by serving not less than two months' notice on the other, such notice not to be served on or before 28 February 2010
Gross floor area	: Approximately 11,503 square feet
Monthly rental	: HK\$350,000 per month (which is exclusive of management fee and Government rates). The monthly rental is determined by reference to a valuation by a professional valuer which is an international firm of Chartered Surveyors and is a third party independent of the Company and its connected persons within the meaning of the Listing Rules.
Rent-free period	: 4 months from 1 March 2009 to 30 June 2009. Provided that the tenant is required to pay the Government rates and the management fee (as described below) and all outgoings during the rent-free period.
Management fee	: HK\$8,627.30 per month, subject to review
Government rates	: Provisional rates of HK\$17,500 per month, subject to final assessment by the Rating and Valuation Department (payable to the Government)
Deposit	: HK\$1,050,000 (equivalent to 3 months' rent)
Premises Damage and Reinstatement Deposit	: HK\$175,000 (equivalent to half month's rent)
Payments	: Payments to be in the form of cash
User	: Restricted to the use of sales office and show flats purpose only

Annual Caps

The board of Directors expect that the aggregate rental, management fees and other miscellaneous charges (exclusive of Government rates) payable under the Tenancy Agreement will not exceed the following maximum figures for the following periods :-

- For the period from 1 March 2009 to 31 December 2009 – HK\$2,500,000
- For the period form 1 January 2010 to 31 December 2010 – HK\$5,000,000
- For the period form 1 January 2011 to 31 December 2011 – HK\$5,000,000
- For the period form 1 January 2012 to 29 February 2012 – HK\$1,000,000

Some of the annual caps for the four periods above are different due to the inclusion of the rent-free period of 4 months under the Tenancy Agreement for the first year and the expiration of the Tenancy Agreement by the end of February 2012.

2. REASONS FOR THE TRANSACTION

HREAL has been appointed as the project manager of the Yau Tong Development pursuant to the Project Management Agreement. Pursuant to the provision of the Project Management Agreement, HREAL has to carry out marketing work for the sale of the residential units of the Yau Tong Development. Sales office and show flats are required to be set up for the purposes of the marketing and sale of units in that development.

The Directors (including all the independent non-executive Directors) consider that the terms of the Tenancy Agreement are on normal commercial terms and were arrived at in the ordinary and usual course of business. The Directors (including all the independent non-executive Directors) also consider that the terms of the Tenancy Agreement 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 Agreement did not take part in the voting for the approval of that agreement.

3. CONNECTED PERSONS AND REQUIREMENTS OF THE LISTING RULES

Henderson Land is 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. Century Hero is a wholly-owned subsidiary of Henderson Land. Therefore, Century Hero is a connected person of the Company under the Listing Rules and the transaction under the Tenancy Agreement constitutes continuing connected transaction of the Company under the Listing Rules.

As certain of the applicable percentage ratios in respect of the transaction under the Tenancy Agreement (based on the relevant annual caps mentioned above) are on an annual basis more than 0.1 per cent. but all the applicable percentage ratios are on an annual basis less than 2.5 per cent., such continuing connected

transaction is 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, is 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 Agreement will be included in the next published annual report of the Company.

4. 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 activities of Century Hero are acquisition and development of properties.

DEFINITIONS

“Century Hero”	Century Hero Development 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
“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
“HREAL”	Henderson Real Estate Agency Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Henderson Land

“Lenfield”	Lenfield 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
“Premises”	Shop No.1 on Ground Floor and the First Floor, Cité 33, No. 33 Lai Chi Kok Road, Kowloon, Hong Kong
“Project Management Agreement”	the conditional agreement dated 9 November 2006 entered into between Lenfield and HREAL in relation to, among others, the appointment of HREAL as the project manager of the Yau Tong Development
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 13 August 2009 between Century Hero (by HREAL as its agent) as landlord and Lenfield (by HREAL as its agent) as tenant in respect of the leasing of the Premises
“Yau Tong Development”	the comprehensive planned development (now known as “The Spectacle”) consisting of residential and commercial components together with ancillary supporting facilities on all that piece or parcel of ground located at the Remaining Portion of Yau Tong Inland Lot No. 38, Kowloon, Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board
Yuen Wai Kuen
Company Secretary

Hong Kong, 13 August 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.