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HONG KONG FERRY (HOLDINGS) COMPANY LIMITED

(Incorporated in Hong Kong under the Companies Ordinance)

(Stock Code: 00050)

CONTINUING CONNECTED TRANSACTIONS

THE BINDING LOI

On 3 February 2012, Jet Legend, a wholly-owned subsidiary of the Company, has entered into the Binding LOI with Granbo, a wholly-owned subsidiary of Henderson Land, for the appointment of Granbo as the contractor for carrying out the substructure works in relation to the Proposed TCS Development.

CONNECTED PERSON AND REQUIREMENTS OF THE LISTING RULES

Granbo is a wholly-owned subsidiary of Henderson Land, a substantial shareholder (as defined in the Listing Rules) of the Company, the subsidiaries of which hold approximately 31.36% of the entire issued share capital of the Company. Therefore, Granbo is a connected person of the Company under the Listing Rules and the entering into of the Binding LOI by Jet Legend constitutes continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios for the aggregate of the transactions contemplated under the Binding LOI are on an annual basis more than 0.1% but less than 5%, such transactions are only subject to the reporting and announcement requirements under the Listing Rules and are exempt from the independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

Details of the transactions under 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.

The Binding LOI

1. Date:

3 February 2012

2. Parties:

Jet Legend, a wholly-owned subsidiary of the Company

Granbo, a wholly-owned subsidiary of Henderson Land

3. Proposed continuing connected transactions:

Jet Legend has entered into the Binding LOI with Granbo for the appointment of Granbo as the contractor for carrying out the substructure works in relation to the Proposed TCS Development. The Proposed TCS Development is a comprehensively planned development with a gross floor area of approximately 54,000 square feet consisting of residential and commercial components together with ancillary supporting facilities on the TCS Property located at No. 204–214, Tung Chau Street, Sham Shui Po, Kowloon, Hong Kong.

4. Term

The Substructure Works will commence on the date of site possession which will be notified by the Engineer (the “**Date of Commencement**”) and the contract period is 270 calendar days from and including the Date of Commencement, which may be adjusted pursuant to the terms and conditions as stipulated in the Binding LOI. It is anticipated that the Date of Commencement will be the 7th day from the date of the Binding LOI.

Unless and until a formal contract is executed between Jet Legend and Granbo, the Binding LOI shall constitute a binding contract.

5. Consideration and terms of payment:

Pursuant to the Binding LOI, Granbo shall, *inter alia*, serve as the contractor for carrying out the Substructure Works in consideration for the tentative contract sum of HK\$25,500,000 (which shall be adjusted according to, among others, any variation instructed by the architect of the Proposed TCS Development) (the “**Contract Sum**”). Granbo is also required to participate in the Pay-For-Safety Scheme as a contractor and a maximum amount of HK\$456,400 will be paid in addition to the Contract Sum to Granbo upon implementation of the prescribed safety items under the Pay-For-Safety Scheme.

After sufficient work under the Binding LOI has been completed by Granbo, Granbo shall submit a statement to the Engineer showing the amount that Granbo considers due to it for the issuance of an Engineer’s certificate pursuant to the terms and conditions as stipulated in the Binding LOI. Jet Legend shall then make the payment which it considers due to Granbo within a reasonable period subject to a retention of 5% of such payment until the end of the Defects Liability Period or the time of making good any defects by Granbo (whichever the later).

The Board anticipates that the aggregate of the transactions contemplated under the Binding LOI will not exceed HK\$26,000,000 for the financial year ending 31 December 2012 and HK\$4,000,000 for the financial year ending 31 December 2013 (the “**Annual Caps**”).

The Contract Sum and the Annual Caps were determined with reference to the fee scale of the substructure works for other similar projects in the market and the fee scale of the substructure works for similar projects undertaken by Granbo for other projects. The consideration under the Binding LOI will be paid by the Group to Granbo out of its internal resources.

6. Reasons for and benefits of the Binding LOI

As Granbo is well experienced in substructure works, has a strong and experienced management team in Hong Kong and has served as substructure works contractor for a number of projects in Hong Kong, the Directors consider that it is an appropriate candidate to be appointed as the contractor for the Substructure Works.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Binding LOI are on normal commercial terms and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole.

A connected transaction committee comprising all the independent non-executive Directors (the “**Connected Transaction Committee**”) was set up by the Board at the Board meeting held on 14 December 2011 to review, among others, the continuing connected transactions in respect of the approval of the possible appointment of Granbo as the contractor for the substructure works in relation to the Proposed TCS Development.

Dr. Lee Chau Kee and Mr. Li Ning are regarded as materially interested in the Binding LOI through their interest or deemed interest in shares in Henderson Land. As they were not members of the Connected Transaction Committee, they did not participate in the meeting of the Connected Transaction Committee held on 3 February 2012 where the Binding LOI and the transactions contemplated thereunder were reviewed and approved.

7. Connected Person and requirements of the Listing Rules

Granbo is a wholly-owned subsidiary of Henderson Land, a substantial shareholder (as defined in the Listing Rules) of the Company, the subsidiaries of which hold approximately 31.36% of the entire issued share capital of the Company. Therefore, Granbo is a connected person of the Company under the Listing Rules and the entering into of the Binding LOI by Jet Legend constitutes continuing connected transactions of the Company under the Listing Rules.

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GENERAL INFORMATION

The Group is principally engaged in the businesses of property development, property investment, shipyard operations, travel agency and ferry operations.

The Henderson Land Group is principally engaged in the businesses of property development and investment, project management, construction, property management, infrastructure, hotel operation and management, department store operation and management, finance and investment holding. The principal activity of Granbo is provision of substructure works.

DEFINITIONS

“Binding LOI”	a 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;
“Board”	the board of Directors;
“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);
“Defects Liability Period”	a period of 6 months after completion of the Substructure Works, where Granbo shall have to make good any defects in relation to the Substructure Works that has appeared during such period;
“Director(s)”	director(s) of the Company;
“Engineer”	Stephen Cheng Consulting Engineers Limited, being the engineer of the Proposed TCS Development;
“Group”	the Company and its subsidiaries;
“Granbo”	Granbo Construction Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Henderson Land;
“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);

“Henderson Land Group”	Henderson Land and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“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;
“Pay-For-Safety Scheme”	a scheme initiated by Real Estate Developers Association of Hong Kong and Hong Kong Construction Association under the Safety Partnering Programme, under which a specific sum of money will be rewarded to the contractor of a construction project upon fulfillment and carrying out of the relevant prescribed safety items;
“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 Works”	the substructure works in relation to the Proposed TCS Development;
“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 ss1 RP, RP, sI & sH;
“%”	per cent.

By Order of the Board
Yuen Wai Kuen
Company Secretary

Hong Kong, 3 February 2012

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.