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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 7 December 2010, HREAL entered into the Miramar/HREAL Agreements with Shahdan, a wholly-owned subsidiary of Miramar. On 20 March 2012, HREAL and World Light, a wholly-owned subsidiary of the Company and the owner of the Fanling Property, entered into a letter agreement providing that in respect of the period from 20 March 2012 to the Completion Date, HREAL would act as agent of World Light and World Light shall be the principal under the Miramar/HREAL Agreements with Shahdan.

HREAL 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 per cent. of the entire issued share capital of the Company. Therefore, HREAL is a connected person of the Company under the Listing Rules. According to public records, Henderson Land is a substantial shareholder of Miramar holding approximately 44.21 per cent. of the issued shares in Miramar. Therefore, Miramar is also a connected person of the Company under the Listing Rules. The entering into of the Tenancy Arrangement by World Light constitutes a continuing connected transaction of the Company under the Listing Rules.

As the applicable percentage ratios for the aggregate of the transactions contemplated under the Tenancy Arrangement are on an annual basis more than 0.1 per cent. but less than 5 per cent., such 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.

### **CONTINUING CONNECTED TRANSACTIONS**

#### **A. The Tenancy Arrangement**

On 7 December 2010, HREAL entered into the Miramar/HREAL Agreements with Shahdan. On 20 March 2012, HREAL and World Light entered into a letter agreement providing that in respect of the period from 20 March 2012 to the Completion Date, HREAL would act as agent of World Light and World Light shall be the principal under the Miramar/HREAL Agreements with Shahdan (the "Tenancy Arrangement").

The premises the subject of the Tenancy Arrangement are the same as the premises under the Miramar/HREAL Agreements, being (i) the Renewal Tenancy Agreement, (ii) the Renewal First Licence Agreement, and (iii) the Renewal Second Licence Agreement, all as disclosed in the announcement of Miramar dated 7 December 2010. While the Miramar/HREAL Agreements cover a period of 24 months, the Tenancy Arrangement covers only a maximum period of approximately 15 months out of the 24-month period.

The premises being leased and licensed by World Light under the Tenancy Arrangement are intended to be used by HREAL as a sales office and show-flats for the marketing of the Proposed Development as part of the property agency services provided by HREAL to World Light.

## B. Annual caps

The aggregate annual rental, licence fees and other charges payable by World Light under the Tenancy Arrangement for the period from 20 March 2012 to 31 December 2012 and for the period from 1 January 2013 to 15 June 2013 shall be a maximum of HK\$7,500,000 and HK\$4,500,000 respectively and will be paid by the Group out of its internal resources. The maximum amounts were based on the annual rental, management fees, licence fees and other relevant fees and charges under the Miramar/HREAL Agreements, which in turn were determined after arm's length negotiations between the parties.

The above maximum amounts of the aggregate rental, licence fees and other charges payable by World Light under the Tenancy Arrangement in respect of the Miramar/HREAL Agreements were estimated on the basis of the following breakdown:

<b>Charges covered</b>		<b>For the period from 20 March 2012 to 31 December 2012 HK\$</b>	<b>For the period from 1 January 2013 to 15 June 2013 HK\$</b>
Renewal Tenancy Agreement	Rent, management fee, promotion contribution, and other miscellaneous fees and expenses	5,500,000	3,200,000
Renewal First Licence Agreement	Licence fee and management fee	1,680,000	1,100,000
Renewal Second Licence Agreement	Licence fee	320,000	200,000
Total		<u>7,500,000</u>	<u>4,500,000</u>

### **C. Reason for the Tenancy Arrangement**

Pursuant to the Project Management Agreement, HREAL has been appointed to provide, *inter alia*, project sale and marketing services in respect of the Proposed Development. In order to provide such services, it is necessary for HREAL to set up a sales office and show-flats for sale of the residential units of the Proposed Development. The Company is of the view that Miramar Shopping Centre provides suitable premises for a sales office of the Proposed Development because of its location and ancillary facilities.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Tenancy Arrangement are on normal commercial terms and were arrived at after negotiations on an arm's length basis, and the transactions contemplated therein are in the ordinary and usual course of business of the Group. The Directors (including all the independent non-executive Directors) consider that they are fair and reasonable to the shareholders of the Company as a whole and in the interests of the Company.

As Dr. Lee Shau Kee and Mr. Li Ning are regarded as materially interested in the Tenancy Arrangement through their interest or deemed interest in shares in Henderson Land and through Henderson Land's interest in Miramar, they have abstained from voting at the Board meeting held on 20 March 2012 in respect of the Tenancy Arrangement and the transactions contemplated thereunder.

Mr. Lam Ko Yin, Colin, Mr. Au Siu Kee Alexander, Mr. Lau Yum Chuen, Eddie and Mr. Wu King Cheong are common directors of all of the Company, Henderson Land and Miramar, Mr. Leung Hay Man is a common director of both the Company and Henderson Land and Mr. Ho Hau Chong is a common director of both the Company and Miramar and all of them have decided not to vote at the Board meeting held on 20 March 2012 in respect of the Tenancy Arrangement and the transactions contemplated thereunder.

### **D. Connected Persons**

Since HREAL is a wholly-owned subsidiary of Henderson Land, a substantial shareholder (as defined in the Listing Rules) of the Company, and the subsidiaries of Henderson Land hold approximately 31.36 per cent. of the issued share capital of the Company, HREAL is connected person of the Company.

According to public records, Henderson Land is a substantial shareholder of Miramar holding approximately 44.21 per cent. of the issued shares in Miramar. Therefore, Miramar is a connected person of the Company.

The Tenancy Arrangement constitutes continuing connected transactions of the Company.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios for the aggregate of the transactions contemplated under the Tenancy Arrangement are on an annual basis more than 0.1 per cent but less than 5 per cent., such 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.

## **GENERAL INFORMATION**

The principal activities of the Group are property development and investment, ferry and related businesses, travel business 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 and sales management.

The principal business of Shahdan is property rental.

## **DEFINITIONS**

“Board”	the board of Directors
“Company”	Hong Kong Ferry (Holdings) Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Completion Date”	the earlier of 15 June 2013 and the date on which the last residential unit in the Proposed Development to be sold is sold
“Director(s)”	director(s) of the Company
“Fanling Property”	all that piece or parcel of ground registered in the Land Registry of Hong Kong as Fanling Sheung Shui Town Lot No. 177
“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 Stock Exchange
“Henderson Land Group”	Henderson Land and its subsidiaries
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Miramar”	Miramar Hotel and Investment Company, Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Miramar/HREAL Agreements”	(i) the Renewal Tenancy Agreement, (ii) the Renewal First Licence Agreement, and (iii) the Renewal Second Licence Agreement, all as disclosed in the announcement of Miramar dated 7 December 2010
“Miramar Shopping Centre”	Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
“Project Management Agreement”	the project management agreement dated 15 March 2011 entered into between World Light and HREAL under which HREAL has been appointed to provide project sale and marketing services in respect of the Proposed Development
“Proposed Development”	the comprehensively planned development consisting of residential and commercial components together with ancillary supporting facilities on the Fanling Property
“Renewal First Licence Agreement”	a licence agreement dated 7 December 2010 entered into between Shahdan as licensor and HREAL as licensee in respect of Portion of the Podium Roof, 3rd Floor, Miramar Shopping Centre
“Renewal Second Licence Agreement”	a licence agreement dated 7 December 2010 entered into between Shahdan as licensor and HREAL as licensee in respect of the Fan Room, 3rd Floor, Miramar Shopping Centre
“Renewal Tenancy Agreement”	a tenancy agreement dated 7 December 2010 entered into between Shahdan as landlord and HREAL as tenant in respect of Shop 3013, 3rd Floor, Miramar Shopping Centre
“Shahdan”	Shahdan Limited, a wholly-owned subsidiary of Miramar
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Arrangement”	shall have the meaning as ascribed thereto under the section headed “The Tenancy Arrangement” above

“World Light” World Light Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board  
**Yuen Wai Kuen**  
Company Secretary

Hong Kong, 20 March 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.*