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## **HONG KONG FERRY (HOLDINGS) COMPANY LIMITED**

*(Incorporated in Hong Kong under the Companies Ordinance)*

**(Stock Code: 50)**

### **CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 20 August 2013 providing, amongst other things, the particulars of the tenancy arrangement which was made by way of the Subsequent Letter Agreement which expired on 15 October 2013. Pursuant to the Subsequent Letter Agreement, HPAL acted as agent of World Light who was the principal under the Miramar/HPAL Agreements with Shahdan. Such premises were used by the Henderson Land Group as a sales office and show-flats for the marketing of the Proposed Development of the Group.

In view of the continuation of the marketing services (including the use of the premises as sales office and show-flats in the same location) mentioned above for the Proposed Development, HPAL and World Light have on 12 December 2013 entered into the New Letter Agreement providing that in respect of the period from 16 October 2013 to the Completion Date, HPAL would continue to act as agent of World Light and World Light would continue to be the principal under the Miramar/HPAL Agreements with Shahdan.

HPAL is a wholly-owned subsidiary of Henderson Land, a substantial shareholder (as defined in the Listing Rules) of the Company, which indirectly holds approximately 33.33% of the issued share capital of the Company. Therefore, HPAL 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 45.08% of the issued share capital of 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 and the transactions thereunder constitute continuing connected transactions of the Company under Chapter 14A of 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% but less than 5%, 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 of the Listing Rules, are exempt from the independent shareholders' approval requirements of Chapter 14A of the Listing Rules.

### **BACKGROUND**

Reference is made to the announcement of the Company dated 20 August 2013 providing, amongst other things, the particulars of the tenancy arrangement which was made by way of the Subsequent Letter Agreement which expired on 15 October 2013. Pursuant to the Subsequent Letter Agreement, HPAL acted as agent of World Light who was the principal under the Miramar/HPAL Agreements with Shahdan. Such premises were used by the Henderson Land Group as a sales office and show-flats for the marketing of the Proposed Development of the Group.

## CONTINUING CONNECTED TRANSACTIONS

### A. Tenancy Arrangement

In view of the continuation of the marketing services (including the use of the premises as sales office and show-flats in the same location) mentioned above for the Proposed Development, HPAL and World Light have on 12 December 2013 entered into the New Letter Agreement providing that in respect of the period from 16 October 2013 to the Completion Date, HPAL would continue to act as agent of World Light and World Light would continue to be the principal under the Miramar/HPAL Agreements with Shahdan (the “Tenancy Arrangement”).

The premises, being the subject of the Tenancy Arrangement, are the same as the premises under the Miramar/HPAL 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 6 June 2013. While the Miramar/HPAL Agreements cover a period of 36 months, the Tenancy Arrangement covers only a maximum period of approximately 2.5 months out of the 36-month period.

The premises being leased and licensed by World Light under the Tenancy Arrangement are intended to be used as a sales office and show-flats for the marketing of the Proposed Development as part of the property agency services provided by the Henderson Land Group 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 16 October 2013 to 31 December 2013 shall be a maximum of HK\$2,687,500 and will be paid by the Group out of its internal resources. The maximum amount was based on the annual rental, management fees, licence fees and other relevant fees and charges under the Miramar/HPAL Agreements, which in turn were determined after arm’s length negotiations between the parties.

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

	<b>Charges covered</b>	<b>For the period from 16 October 2013 to 31 December 2013 HK\$</b>
Renewal Tenancy Agreement	Rent, management fee, promotion contribution, and other miscellaneous fees and expenses	1,875,000
Renewal First Licence Agreement	Licence fee and management fee	625,000
Renewal Second Licence Agreement	Licence fee	187,500
Total		<u>2,687,500</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) also consider that the terms and conditions of the Tenancy Arrangement (including the cap amounts thereunder) 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 12 December 2013 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, Norman is a common director of both the Company and Miramar and all of them have not voted at the Board meeting held on 12 December 2013 in respect of the Tenancy Arrangement and the transactions contemplated thereunder.

### **D. Connected Persons**

Since HPAL is a wholly-owned subsidiary of Henderson Land, a substantial shareholder (as defined in the Listing Rules) of the Company, which indirectly holds approximately 33.33% of the issued share capital of the Company. Therefore, HPAL 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 45.08% of the issued share capital of 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 and the transactions thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

## **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% but less than 5%, 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 of the Listing Rules, 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, property investment, ferry, shipyard 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 activity of HPAL is property sales agency services.

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 Main Board of the Stock Exchange (stock code: 50);
“Completion Date”	the earlier of 31 December 2013 and the date on which the last residential unit in the Proposed Development to be sold is sold;
“connected person”	has the meaning ascribed thereto under the Listing Rules;
“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 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;
“HPAL”	Henderson Property Agency Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Henderson Land;
“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 Main Board of the Stock Exchange (stock code: 71);
“Miramar/HPAL 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 6 June 2013;
“Miramar Shopping Centre”	Miramar Shopping Centre, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong;
“New Letter Agreement”	a letter agreement dated 12 December 2013 entered into between HPAL and World Light pursuant to which it was agreed that in respect of the period from 16 October 2013 to the Completion Date, HPAL would continue to act as agent of World Light and World Light would continue to be the principal under the Miramar/HPAL Agreements with Shahdan;
“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 6 June 2013 entered into between Shahdan as licensor and HPAL as licensee in respect of Portion of the Podium Roof, 3rd Floor, Miramar Shopping Centre;

“Renewal Second Licence Agreement”	a licence agreement dated 6 June 2013 entered into between Shahdan as licensor and HPAL as licensee in respect of the Fan Room, 3rd Floor, Miramar Shopping Centre;
“Renewal Tenancy Agreement”	a tenancy agreement dated 6 June 2013 entered into between Shahdan as landlord and HPAL as tenant in respect of Shop 3013, 3rd Floor, Miramar Shopping Centre;
“Shahdan”	Shahdan Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Miramar;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsequent Letter Agreement”	a letter agreement dated 20 August 2013 entered into between HPAL and World Light pursuant to which it was agreed that in respect of the period from 16 June 2013 to the earlier of 15 October 2013 and the date on which the last residential unit in the Proposed Development to be sold is sold, HPAL would act as agent of World Light and World Light would be the principal under the Miramar/HPAL Agreements with Shahdan;
“Tenancy Arrangement”	shall have the meaning ascribed thereto under the section headed “Continuing Connected Transactions – A. 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; and
“%”	per cent.

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

Hong Kong, 12 December 2013

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