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

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

**(Stock Code: 50)**

### **CONTINUING CONNECTED TRANSACTION**

#### **SALES MANAGEMENT AGREEMENT**

On 24 December 2013, Well Dynamic, a wholly-owned subsidiary of the Company, has entered into the Sales Management Agreement with HPAL to appoint HPAL as the sales manager in respect of the Hung Hom Property.

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. The entering into of the Sales Management Agreement by Well Dynamic and the transactions thereunder constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the transactions contemplated under the Sales Management Agreement, when aggregated with the transactions contemplated under the Project Management Agreement, are on an annual basis more than 0.1% but all of the applicable percentage ratios are less than 5%, and those transactions are on normal commercial terms, under Rule 14A.34 of the Listing Rules those transactions are only subject to the reporting and announcement requirements under the Listing Rules and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the transactions under the Sales Management Agreement 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.

#### **BACKGROUND**

Reference is made to the announcement of the Company dated 5 September 2013 pursuant to which the Board announced that Well Dynamic, a wholly-owned subsidiary of the Company, has entered into the Project Management Agreement with HREAL to appoint HREAL as the project manager in respect of the Hung Hom Property. The Hung Hom Property is a residential-cum-commercial building with a total gross floor area of approximately 56,000 square feet consisting of one block of residential building, a commercial podium and ancillary car parking spaces on Hung Hom Inland Lot No. 555, Kowloon, Hong Kong located at the junction of Gillies Avenue South and Bulkeley Street, Hung Hom, Kowloon, Hong Kong.

On 24 December 2013, Well Dynamic has entered into the Sales Management Agreement with HPAL to appoint HPAL as the sales manager in respect of the Hung Hom Property.

# CONTINUING CONNECTED TRANSACTION – THE SALES MANAGEMENT AGREEMENT

## A. The Sales Management Agreement

### 1. Date:

24 December 2013

### 2. Parties:

Well Dynamic, a wholly-owned subsidiary of the Company

HPAL, a wholly-owned subsidiary of Henderson Land

### 3. Proposed transaction:

Well Dynamic has entered into the Sales Management Agreement with HPAL for the appointment of HPAL as the sales manager in respect of the Hung Hom Property. Well Dynamic currently intends to sell only the residential units of the Hung Hom Property. Completion of the Hung Hom Property is currently expected to take place by the first quarter of 2015.

### 4. Term

The appointment of the sales manager shall be for a term of three years commencing on 1 January 2014, unless terminated earlier by any party in accordance with the Sales Management Agreement.

### 5. Consideration and terms of payment:

Pursuant to the Sales Management Agreement, HPAL shall, inter alia, serve as the sales manager of the Hung Hom Property in consideration of a sales fee of half of one per cent. (0.5%) of the gross proceeds of sale of such part(s) of the residential units and such other portions of the Hung Hom Property as Well Dynamic may from time to time decide, in respect of which sale and purchase agreements (including preliminary sale and purchase agreements) have been entered into but excluding those sale and purchase agreements effected by third party sales agent(s), subject to the ceilings set out below:

|                                      |               |
|--------------------------------------|---------------|
| For the year ending 31 December 2014 | HK\$2,500,000 |
| For the year ending 31 December 2015 | HK\$1,000,000 |
| For the year ending 31 December 2016 | HK\$1,500,000 |

The sales fee shall be paid in the following manner:

- (i) in respect of those sale and purchase agreements entered into on or prior to the date which is six months after the date on which an occupation permit for the Hung Hom Property is issued (the “**1st Relevant Date**”), within 45 days of the 1st Relevant Date;
- (ii) in respect of those sale and purchase agreements entered into after the 1st Relevant Date but on or prior to the date which is one year thereafter (the “**2nd Relevant Date**”), within 45 days of the 2nd Relevant Date; and

- (iii) in respect of those sale and purchase agreements entered into after the 2nd Relevant Date but on or prior to the date which is two years after the issuance of the occupation permit in respect of the Hung Hom Property (the “**Final Date**”), within 45 days of the Final Date.

The amount of the annual caps mentioned above are determined based on the Group’s estimate of the number of residential units of the Hung Hom Property to be sold and the estimated sale price during the respective periods.

The Sales Management Agreement also includes provisions for Well Dynamic to pay for all out-of-pockets expenses reasonably incurred by HPAL pursuant to or in the performance of its duties and functions under that agreement.

The consideration for the services to be provided by HPAL under the Sales Management Agreement and the annual cap amounts were determined by Well Dynamic and HPAL on arm’s length basis with reference to fee scale of the sales management services for similar projects undertaken by HPAL. The consideration will be paid by the Group out of internal resources.

## **B. Reasons for and benefits of the Sales Management Agreement**

As HPAL has a strong and experienced sales management and marketing team in Hong Kong, the Directors consider that it is an appropriate candidate to be appointed as the sales manager for the Hung Hom Property. HPAL has served as sales manager for a number of projects of Henderson Land and its subsidiaries and the Group including high rise commercial/residential complexes and both high rise and low rise residential estates in Hong Kong. Owing to the long-term relationship between HPAL and the Group established during previous projects, the appointment of HPAL as sales manager of the Hung Hom Property would enhance work efficiency and effective communication.

## **C. Directors’ views**

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Sales Management Agreement are determined on arm’s length basis and on normal commercial terms, that the transactions contemplated thereunder are in the ordinary and usual course of business of the Company and that the terms of the Sales Management Agreement (including the annual caps thereunder) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Directors who were regarded as materially interested in the Sales Management Agreement through their interest or deemed interest in shares in Henderson Land did not take part in the voting for the approval of the same.

## **D. Connected Persons and requirements of the Listing Rules**

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. The entering into of the Sales Management Agreement by Well Dynamic and the transactions thereunder constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios for the transactions contemplated under the Sales Management Agreement, when aggregated with the transactions contemplated under the Project Management Agreement, are on an annual basis more than 0.1% but all of the applicable percentage ratios are less than 5%, and those transactions are on normal commercial terms, under Rule 14A.34 of the Listing Rules those transactions are only subject to the reporting and announcement requirements under the Listing Rules and are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the transactions under the Sales Management Agreement 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.

## **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. HPAL is principally engaged in property sales agency services.

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following terms have the meanings set out below:

|                       |  |
|-----------------------|--|
| “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); |
| “connected persons”   | has the meaning ascribed thereto under the Listing Rules;  |
| “Director(s)”         | director(s) of the Company;  |
| “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); |
| “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;   |
| “Hung Hom Property”            | the residential-cum-commercial building with a total gross floor area of approximately 56,000 square feet consisting of one block of residential building, a commercial podium and ancillary car parking spaces on Hung Hom Inland Lot No. 555, Kowloon, Hong Kong located at the junction of Gillies Avenue South and Bulkeley Street, Hung Hom, Kowloon, Hong Kong; |
| “Listing Rules”                | the Rules Governing the Listing of Securities on the Stock Exchange;  |
| “Project Management Agreement” | the project management agreement dated 5 September 2013 entered into between Well Dynamic and HREAL in respect of, inter alia, the appointment of HREAL as the project manager in respect of the Hung Hom Property, as disclosed in the announcement of the Company dated 5 September 2013;   |
| “Sales Management Agreement”   | the sales management agreement dated 24 December 2013 entered into between Well Dynamic and HPAL in respect of, inter alia, the appointment of HPAL as the sales manager in respect of the Hung Hom Property;   |
| “Stock Exchange”               | The Stock Exchange of Hong Kong Limited;  |
| “Well Dynamic”                 | Well Dynamic 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, 24 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.*