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HONG KONG FERRY (HOLDINGS) COMPANY LIMITED

香港小輪（集團）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 50)

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE TENANCY AGREEMENT

On 9 June 2022, Shahdan and Century Time entered into the Tenancy Agreement, pursuant to which Shahdan as landlord agreed to lease, and Century Time as tenant agreed to take the lease of the Premises. The Premises will be used by the Group for its new businesses, namely, the healthcare/medical/beauty centre. The tenancy shall be for a term of 3 years commencing from the Commencement Date (tentatively from 10 June 2022 to 9 June 2025, both days inclusive), with rent-free period of 92 days from and inclusive of the Commencement Date.

Century Time is a wholly-owned subsidiary of the Company. Shahdan is a wholly-owned subsidiary of Miramar. Henderson Land is a substantial shareholder (as defined in the Listing Rules) of the Company, which indirectly holds approximately 33.41% of the issued shares of the Company. Henderson Land is also the holding company of Miramar holding approximately 50.08% of the issued shares of Miramar. Therefore Shahdan, being a subsidiary of Miramar and an associate (as defined in the Listing Rules) of a substantial shareholder of the Company, is a connected person of the Company under Chapter 14A of the Listing Rules. The entering into of the Tenancy Agreement constitutes a connected transaction and continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As (i) one or more of the applicable percentage ratios in respect of the Tenancy Agreement on the basis of the value of the right-of-use asset, being the aggregate discounted amount of the rent, exceed 0.1% but are all less than 5%; and (ii) one or more of the applicable percentage ratios in respect of the Tenancy Agreement on the basis of the highest annual cap amount of the aggregate of management fees and air-conditioning charges, exceed 0.1% but are all less than 5%, and the transactions under the Tenancy Agreement are conducted on normal commercial terms, they are only subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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Principal terms of the Tenancy Agreement are set out as follows:

- 1. Date** : 9 June 2022
- 2. Parties** : Shahdan, a wholly-owned subsidiary of Miramar (as landlord)
Century Time, a wholly-owned subsidiary of the Company (as tenant)
- 3. Premises** : Units Nos. 901-04 & 18 on 9th Floor of Mira Place Tower A, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong
- 4. Term** : 3 years commencing from the Commencement Date (tentatively from 10 June 2022 to 9 June 2025, both dates inclusive)
- 5. Monthly rental (exclusive of management fee, air-conditioning charges and government rates)** : Year 1 of the term: HK\$473,460.00 per month
Year 2 of the term: HK\$522,020.00 per month
Year 3 of the term: HK\$558,440.00 per month
- 6. Rent-free period** : 92 days from and inclusive of the Commencement Date, and Century Time shall pay the Government rates, management fee, air-conditioning charges and other outgoings during the rent-free period
- 7. Management fee and air-conditioning charges** : HK\$99,548.00 per calendar month, subject to periodic review by Shahdan or its property manager
- 8. Government rates** : HK\$83,766.00 per quarter subject to assessment by the Government from time to time
- 9. Fitting-out fee and debris disposal charge** : One-off HK\$12,140.00 vetting fee and HK\$60,700.00 debris disposal charge prior to the commencement of fitting out works by Century Time
- 10. Rental deposit** : HK\$2,057,730.00 being a sum equivalent to 3 months' highest rent, management fee, air-conditioning charges and Government rates
- 11. Reinstatement deposit** : HK\$342,955.00 (equivalent to half month's highest rent, management fee, air-conditioning charges and Government rates) which will be refunded without interest within 30 days after Century Time's completion of the reinstatement work at the Premises to Shahdan's satisfaction at the expiration or sooner determination of the Tenancy Agreement

12. Payments

: Rent, management fee and air-conditioning charges to be paid in advance on the first day of each calendar month, and the Government rates to be paid on the first day of January, April, July and October

ACCOUNTING IMPLICATIONS AND TREATMENT UNDER LISTING RULES

In accordance with the Hong Kong Financial Reporting Standards 16, *Leases*, issued by the Hong Kong Institute of Certified Public Accountants applicable to the Group, different accounting treatments will apply to different components of the payments to be made by the Group under the Tenancy Agreement, i.e. fixed payments and variable payments. The Group will recognise the rent payable under the Tenancy Agreement (being fixed payments) as an acquisition of right-of-use asset of capital in nature taking into account the carrying amount of such right-of-use asset, i.e. HK\$16,730,000, which has been initially measured on the basis of the discounted present value of the fixed rent payable by the Group under the Tenancy Agreement. Such acquisition of right-of-use asset will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. The management fees and air-conditioning charges to be paid by the Group to Shahdan (being variable payments) will be recognised as expenses in the Group's profit and loss accounts in the periods in which they are incurred, and the payment of such expenses will be regarded as continuing connected transactions of the Company under Chapter 14A.31 of the Listing Rules.

ANNUAL CAPS

The Board expects that the aggregate management fees and air-conditioning charges (exclusive of Government rates) payable under the Tenancy Agreement will not exceed the following maximum figures for the following periods:

Term	Annual Caps for the Tenancy Agreement HK\$
For the period from 10 June 2022 (tentative) to 31 December 2022	1,000,000
For the period from 1 January 2023 to 31 December 2023	1,500,000
For the period from 1 January 2024 to 31 December 2024	1,600,000
For the period from 1 January 2025 to 9 June 2025 (tentative)	800,000

The above annual caps were determined with reference to the aggregate amount of the management fees and air-conditioning charges estimated to be payable under the Tenancy Agreement during the relevant period (including a buffer for adjustments relating to possible increment of management fees and air-conditioning charges and extra chilled water supply charges).

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

The Premises are held by Miramar group as investment for rental purposes. The Premises provide established infrastructure and incidental facilities which serve as a desirable location for the healthcare/medical/beauty centre. The Directors (including the independent non-executive Directors) are of the opinion that the Tenancy Agreement (including the annual caps thereunder) was (i) entered into in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The terms of the Tenancy Agreement were determined after arm's length negotiations between the parties and the rent is determined by reference to market rental of the Premises with reference to a valuation carried out by an independent property valuer. The other terms of the Tenancy Agreement were determined with reference to a standard agreement which is generally used by Shahdan in relation to other leases with other independent third party tenants of Mira Place Tower A.

LISTING RULES IMPLICATIONS

Century Time is a wholly-owned subsidiary of the Company. Shahdan is a wholly-owned subsidiary of Miramar. Henderson Land is a substantial shareholder (as defined in the Listing Rules) of the Company, which indirectly holds approximately 33.41% of the issued shares of the Company. Henderson Land is also the holding company of Miramar holding approximately 50.08% of the issued shares of Miramar. Therefore Shahdan, being a subsidiary of Miramar and an associate (as defined in the Listing Rules) of a substantial shareholder of the Company, is a connected person of the Company under Chapter 14A of the Listing Rules. The entering into of the Tenancy Agreement constitutes a connected transaction and continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As (i) one or more of the applicable percentage ratios in respect of the Tenancy Agreement on the basis of the value of the right-of-use asset, being the aggregate discounted amount of the rent, exceed 0.1% but are all less than 5%; and (ii) one or more of the applicable percentage ratios in respect of the Tenancy Agreement on the basis of the highest annual cap amount of the aggregate of management fees and air-conditioning charges, exceed 0.1% but are all less than 5%, and the transactions under the Tenancy Agreement are conducted on normal commercial terms, they are only subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Li Ning, a Director of the Company, is regarded as materially interested in the Tenancy Agreement by virtue of his interest or deemed interest in the issued shares of Henderson Land. Accordingly, Mr. Li had abstained from voting on the board resolutions to approve the Tenancy Agreement (including the annual caps) and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Tenancy Agreement.

GENERAL INFORMATION

The principal activity of the Company is investment holding, and the principal activities of its subsidiaries are property development, property investment, ferry, shipyard and related businesses and securities investment.

The principal activity of Century Time is medical aesthetic, medical clinics and health care/products.

Henderson Land is an investment holding company and its subsidiaries are principally engaged in the businesses of property development and investment, construction, project management, property management, finance, department store operation, hotel operation and investment holding. The shareholding information of Henderson Land is available on the Stock Exchange's website (<https://www.hkexnews.hk/>).

The principal activity of Miramar is investment holding. The principal activities of its principal subsidiaries are property rental, hotels and serviced apartments, food and beverage operation and travel operation.

The principal activity of Shahdan is property rental.

DEFINITIONS

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

“Board”	the board of Directors;
“Century Time”	Century Time Holdings Limited 創泰集團有限公司, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
“Commencement Date”	tentatively 10 June 2022 or such other date to be determined by Shahdan by giving not less than 7 days' prior written notice to Century Time, its agent or its solicitor that Shahdan is ready to deliver possession of the Premises to Century Time;
“Company”	Hong Kong Ferry (Holdings) Company Limited 香港小輪(集團)有限公司, 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 person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Government”	the government of Hong Kong;
“Group”	the Company and its subsidiaries;

“Henderson Land”	Henderson Land Development Company Limited 恒基兆業地產有限公司, 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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Miramar”	Miramar Hotel and Investment Company, Limited 美麗華酒店企業有限公司, 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);
“Premises”	Units Nos. 901-04 & 18 on 9th Floor of Mira Place Tower A, 132 Nathan Road, Tsimshatsui, Kowloon, Hong Kong;
“Shahdan”	Shahdan Limited 正信有限公司, 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;
“Tenancy Agreement”	the tenancy agreement dated 9 June 2022 and entered into between Shahdan as landlord and Century Time as tenant in respect of the lease of the Premises; and
“%”	per cent.

By Order of the Board
Yuen Wai Kuen
Company Secretary

Hong Kong, 9 June 2022

As at the date of this announcement, the executive directors of the Company are Dr. Lam Ko Yin, Colin (Chairman) and Mr. Li Ning; the non-executive directors are Mr. Au Siu Kee, Alexander and Mr. Lau Yum Chuen, Eddie; and the independent non-executive directors are Mr. Ho Hau Chong, Norman, Ms. Wong Yu Pok, Marina and Mr. Wu King Cheong.