

## Continuing Connected Transactions

The particulars of the following continuing connected transaction of the Group are set out below in compliance with the reporting requirements of Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”):

### (a) THE GROUP

#### Transactions with Sun Hung Kai Properties Insurance Limited (“SHKPI”)

As described in note 33(a) to the financial statements on page 200 of this Annual Report, on 2 November 2016, the Group entered into various insurance arrangements with SHKPI, a wholly-owned subsidiary of SHKP, which is a substantial shareholder of the Company, pursuant to which SHKPI agreed to provide to the Group (i) a motor vehicle third party and passengers’ liability insurance and an employees’ compensation insurance from 1 January 2017 to 31 December 2018; and (ii) a directors and officers liability and company reimbursement insurance from 1 January 2017 to 30 June 2018 (collectively, the **“2017/18 Insurance Arrangements”**). On 1 November 2017, the Group also entered into an insurance policy with SHKPI, pursuant to which the Group will maintain medical and dental insurance coverage with SHKPI from 1 January 2018 to 31 December 2019 (the **“2018/19 Medical and Dental Insurance Arrangement”**). The transactions contemplated under the 2017/18 Insurance Arrangements and 2018/19 Medical and Dental Insurance Arrangement constitute continuing connected transactions of the Company, particulars of which were disclosed in the announcements of the Company dated 2 November 2016 and 1 November 2017 respectively.

The cap amounts of the insurance premium payable by the Group to SHKPI under the 2017/18 Insurance Arrangements for the year ended 31 December 2017 and the year ending 31 December 2018 as disclosed in the announcement dated 2 November 2016 were HK\$77,000,000 and HK\$80,000,000 respectively. Such cap

amounts were determined mainly with reference to the historical transaction amounts, the estimated business requirements of the Group, including the estimated vehicles, staffing and fixed assets requirements, and the insurance premium rates as specified under the 2017/18 Insurance Arrangements. For the year ended 31 December 2017, the insurance premium paid and payable to SHKPI was HK\$69,163,000.

The cap amounts of the insurance premium payable by the Group to SHKPI under the 2018/19 Medical and Dental Insurance Arrangement for the two years ending 31 December 2018 and 2019 as disclosed in the announcement dated 1 November 2017 were HK\$22,944,545 and HK\$22,944,545 respectively. Such annual cap amounts are determined with reference to the estimated medical and dental needs of the Group’s employees for such periods, the insurance premium rates as specified under the 2018/19 Medical and Dental Insurance Arrangement and the historical transaction with another insurer in respect of similar medical and dental insurance coverage provided to the Group.

The insurance premium paid and payable by the Group under the 2017/18 Insurance Arrangements and 2018/19 Medical and Dental Insurance Arrangement was and will be satisfied by internal resources of the Group. The transactions under the 2017/18 Insurance Arrangements and 2018/19 Dental and Medical Insurance Arrangements are only subject to the reporting, announcement and annual review requirements of the Listing Rules and are exempt from the independent shareholders’ approval requirement.

### (b) SUN BUS LIMITED (“Sun Bus”)

#### Shuttle Bus Services Agreements with certain subsidiaries of Sun Hung Kai Properties Limited (“SHKP”)

As described in note 33(a) to the financial statements on page 200 of this Annual Report, Sun Bus Limited, an indirect wholly-owned subsidiary of the Company, has entered into various shuttle bus service contracts (“Shuttle Bus Service Agreements”) with certain subsidiaries of SHKP, pursuant to which Sun Bus agreed to provide and

operate various shuttle bus services for the period from 1 May 2015 to 14 July 2019. The service fees for the provision of the shuttle bus services were charged in accordance with the rates specified in the relevant contracts, ranging from HK\$232 to HK\$530 per hour per bus, which were determined after taking into account factors such as the number and model of buses requested, the days and hours of service requested and the relevant costs, using the prevailing market rates as a price indicator, namely, the service fees charged by bus operators in the same industry. The transactions contemplated under the Shuttle Bus Service Agreements constitute continuing connected transactions of the Company, particulars of which were disclosed in the announcement of the Company dated 31 October 2017. The cap amounts estimated to be receivable by Sun Bus under the Shuttle Bus Service Agreements for the year ended 31 December 2017 and the two years ending 31 December 2018 and 2019 as disclosed in the announcement dated 31 October 2017 were HK\$9,049,711, HK\$1,321,700 and HK\$101,771 respectively. Such cap amounts were determined with reference to (i) the rates specified in the relevant contracts; and (ii) the expected demand for the services. For the year ended 31 December 2017, the service fees received or receivable by Sun Bus (inclusive of the fees for basic services, overtime services, on-demand additional services, and toll charges) under the Shuttle Bus Service Agreements amounted to HK\$9,006,000. The transactions contemplated under the Shuttle Bus Service Agreements are only subject to the reporting, announcement and annual review requirements of the Listing Rules and are exempt from the independent shareholders' approval requirement.

In compliance with the Listing Rules, the Directors, including the Independent Non-executive Directors, have reviewed and confirmed the following:

1. The foregoing continuing connected transactions conducted during the year ended 2017 with SHKPI and certain subsidiaries of SHKP were entered into:
  - (i) in the ordinary and usual course of the business of the Group;
  - (ii) either on normal commercial terms or better; and
  - (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole;
2. the annual insurance premium paid and payable by the Group to SHKPI under the 2017/18 Insurance Arrangements for the year ended 31 December 2017 did not exceed the cap amount of HK\$77,000,000 as disclosed in the announcement dated 2 November 2016; and
3. the service fees received and receivable by Sun Bus (inclusive of the fees for basic services, overtime services, on-demand additional services, and toll charges) from certain subsidiaries of SHKP under the Shuttle Bus Services Agreements for the year ended 31 December 2017 did not exceed the cap amount of HK\$9,049,711 as disclosed in the announcement dated 31 October 2017.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions conducted during the year ended 31 December 2017 as set out above in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.