

### **Beijing Beiqi Kowloon Taxi Company Limited** (北京北汽九龍出租汽車股份有限公司) (“BBKT”)

BBKT, a Sino-foreign joint stock company, was established in Beijing in March 2003. BBKT’s shareholders include KMB (Beijing) Taxi Investment Limited (九巴(北京)出租汽車投資有限公司), a wholly-owned subsidiary of the Group, and four other China Mainland investors. The Group has invested RMB80.0 million (equivalent to HK\$75.5 million at the investment date) in BBKT, representing an equity interest of 31.38%. BBKT operated both taxi hire and car rental businesses in Beijing until April 2013, when, to sharpen its focus on the business opportunities provided by the booming but challenging car rental market, BBKT spun off its car rental business to another Sino-foreign joint stock company, namely Beijing Beiqi First Company Limited (北京北汽福斯特股份有限公司), which has the same shareholding structure as BBKT. Due to the outbreak of COVID-19, the performance of BBKT dropped significantly in early 2020 but has improved gradually since last quarter of 2020. As at 31 December 2020, BBKT had a fleet of over 3,700 taxis and 3,000 employees.

### **Beijing Beiqi First Company Limited** (北京北汽福斯特股份有限公司) (“BBF”)

Established in April 2013 as a Sino-foreign joint stock company with the same shareholding structure as BBKT, BBF operates the car rental business formerly undertaken by BBKT. With ISO 9001:2008 certification for management systems in car rental services, BBF is well placed to take advantage of the business opportunities afforded by business commuters as well as by the wide variety of events, conferences and exhibitions that are held in the capital. As at 31 December 2020, BBF had over 1,100 vehicles available for charter mainly in Beijing and Tianjin.

## **Connected Transactions and Continuing Connected Transactions**

The particulars of the following connected transactions and continuing connected transactions 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 34(a) to the financial statements on pages 235 and 236 of this Annual Report, on 1 November 2017, the Group entered into an insurance policy with SHKPI, pursuant to which the Group maintained medical and dental insurance coverage with SHKPI from 1 January 2018 to 31 December 2019 (the “2018/19 Medical and Dental Insurance Arrangement”). On 1 November 2018, the Group entered into various insurance policies with SHKPI, pursuant to which SHKPI agreed to provide to the Group a motor vehicle third party and passengers’ liability insurance and an employees’ compensation insurance coverage from 1 January 2019 to 31 December 2020 (the “2019/20 Insurance Arrangements”). On 1 November 2019, the Group entered into an insurance policy with SHKPI, pursuant to which the Group maintained medical and dental insurance coverage with SHKPI from 1 January 2020 to 31 December 2021 (the “2020/21 Medical and Dental Insurance Arrangement”). On 3 November 2020, the Group entered into various insurance policies with SHKPI, pursuant to which SHKPI agreed to provide to the Group a motor vehicle third party and passengers’ liability insurance and an employees’ compensation insurance from 1 January 2021 to 31 December 2022 (the “2021/22 Insurance Arrangements”). The transactions contemplated under the 2018/19 Medical and Dental Insurance Arrangement, 2019/20 Insurance Arrangements, 2020/21 Medical and Dental Insurance Arrangement and 2021/22 Insurance Arrangements constitute continuing connected transactions of the Company, particulars of which were disclosed in the announcements of the Company dated 1 November 2017, 1 November 2018, 1 November 2019 and 3 November 2020 respectively.

The cap amounts of the insurance premium payable by the Group to SHKPI under the 2018/19 Medical and Dental Insurance Arrangement for the years ended 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 were 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. For the year ended 31 December 2020, the insurance premium paid and payable to SHKPI under the 2018/19 Medical and Dental Insurance Arrangement was HK\$Nil (2019: HK\$20,954,000).

The cap amounts of the insurance premium payable by the Group to SHKPI under the 2019/20 Insurance Arrangements for the years ended 31 December 2019 and 2020 as disclosed in the announcement dated 1 November 2018 were HK\$90,000,000 and HK\$93,000,000 respectively. Such annual cap amounts are 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 2019/20 Insurance Arrangements. For the year ended 31 December 2020, the insurance premium paid and payable to SHKPI under the 2019/20 Insurance Arrangements was HK\$90,454,000 (2019: HK\$86,030,000).

The cap amounts of the insurance premium payable by the Group to SHKPI under the 2020/21 Medical and Dental Insurance Arrangement for the year ended 31 December 2020 and the year ending 31 December 2021 as disclosed in the announcement dated 1 November 2019 were HK\$22,090,000 and HK\$22,090,000 respectively. Such annual cap amounts were 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 2020/21 Medical and Dental Insurance Arrangement and the historical transaction amount under the 2018/19 Medical and Dental Insurance Arrangement. For the year ended 31 December 2020, the insurance premium paid and payable to SHKPI under 2020/21 Medical and Dental Insurance Arrangement was HK\$21,428,000.

The cap amounts of the insurance premium payable by the Group to SHKPI under the 2021/22 Insurance Arrangements for the years ending 31 December 2021 and 2022 as disclosed in the announcement dated 3 November 2020 were HK\$132,500,000 and HK\$99,500,000 respectively. Such annual cap amounts are 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 2021/22 Insurance Arrangements.

The insurance premium paid and payable by the Group under the 2018/19 Medical and Dental Insurance Arrangement, 2019/20 Insurance Arrangements, 2020/21 Medical and Dental Insurance Arrangement and 2021/22 Insurance Arrangements was and will be satisfied by internal resources of the Group. The transactions under the 2018/19 Medical and Dental Insurance Arrangement, 2019/20 Insurance Arrangements, 2020/21 Medical and Dental Insurance Arrangement and 2021/22 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, HOI TAI TOURS LIMITED, KING YIP TRAVEL COMPANY LIMITED, CAG LIMITED, BUN TANG BUS SERVICE COMPANY LIMITED, FRONTIER TRANSPORTATION LIMITED and SAU LUEN P.L.B. COMPANY LIMITED (collectively “Sun Bus Group”)**

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

As described in note 34(a) to the financial statements on pages 235 and 236 of this Annual Report, Sun Bus Group (a series of indirect wholly-owned subsidiaries of the Company) has entered into various shuttle bus service contracts (“Shuttle Bus Services Agreements”) with certain subsidiaries of SHKP, pursuant to which Sun Bus Group agreed to provide and operate various shuttle bus services for the period from 1 March 2019 to 20 March 2022. 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 approximately HK\$350 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 services requested, the relevant costs and expected loads and routes, using the prevailing market rates as a price indicator, namely, the service fees charged for similar bus operations in the market. The transactions contemplated under the Shuttle Bus Services Agreements constitute continuing connected transactions of the Company, particulars of which were disclosed in the announcement of the Company dated 20 August 2020. The cap amounts estimated to be receivable by Sun Bus Group under the Shuttle Bus Services Agreements for the year ended 31 December 2020 and two years ending 31 December 2021 and 2022 as disclosed in the announcement dated 20 August 2020 were HK\$6,850,114, HK\$4,206,232 and HK\$244,413 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 2020, the service fees received or receivable by Sun Bus Group (inclusive of the fees for basic services, overtime services, on-demand additional services, and toll charges) under the Shuttle Bus Services Agreements amounted to HK\$6,299,000 (2019: HK\$10,979,000). The transactions contemplated under the Shuttle Bus Services 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.

**(c) TM PROPERTIES INVESTMENT LIMITED (“TMPI”)**

**Disposal of 50% equity interest in TMPI**

As described in note 35 to the financial statements on page 237 of this Annual Report, on 9 November 2020, TM Properties Holdings Limited (“TMPI”) (an indirect wholly-owned subsidiary of the Company), Mega Odyssey Limited (“Mega Odyssey”) (an indirect wholly-owned subsidiary of SHKP), the Company and SHKP entered into the sale and purchase agreement (the “Sale and Purchase Agreement”) pursuant to which (i) TMPI agreed to sell and Mega Odyssey agreed to purchase one issued ordinary share of TMPI (representing 50% of the entire issued share capital of TMPI); and (ii) TMPI agreed to assign and Mega Odyssey agreed to take the assignment of 50% of the loan owing by TMPI to TMPI (which is unsecured, interest-free and repayable on demand) for a total consideration of HK\$750,512,189, subject to adjustment. On 29 December 2020, TMPI, Mega Odyssey, the Company, SHKP and TMPI entered into a shareholders agreement (the “Shareholders Agreement”) in respect of the management of TMPI and the development of a property located at Tuen Mun Town Lot No. 80, No. 1 Kin Fung Circuit, Tuen Mun for office, shop and services uses (subject to obtaining the relevant approvals from HKSAR Government). The project costs are currently estimated by an independent quantity surveyor to be approximately HK\$5,800,000,000 and shall be borne by TMPI and Mega Odyssey in equal shares. The transactions contemplated under the Sale and Purchase Agreement constitute both a major transaction and connected transaction of the Company under the Listing Rules which are subject to reporting, announcement and independent shareholders’ approval requirements. Particulars of the transactions contemplated under the Sale and Purchase Agreement were disclosed in the announcement and circular of the Company dated 9 November 2020 and 27 November 2020 respectively and such transactions were approved by independent shareholders at the special general meeting of the Company held on 17 December 2020.

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 31 December 2020 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 2019/20 Insurance Arrangements and 2020/21 Medical and Dental Insurance Arrangement for the year ended 31 December 2020 did not exceed the cap amounts of HK\$93,000,000 and HK\$22,090,000 respectively as disclosed in the announcement dated 1 November 2018 and 1 November 2019 respectively; and
3. the service fees received and receivable by Sun Bus Group (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 2020 did not exceed the cap amount of HK\$6,850,114 as disclosed in the announcement dated 20 August 2020.

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 2020 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.