

### Shenzhen Bus Group Company Limited (深圳巴士集團股份有限公司) (“SZBG”)

SZBG, which commenced operations in January 2005, is a Sino-foreign joint stock company formed by KMB (Shenzhen) Transport Investment Limited (九巴(深圳)交通投資有限公司), a wholly-owned subsidiary of the Group, and four other Mainland investors. The Group has invested RMB387.1 million (equivalent to HK\$363.9 million at the investment date) in SZBG, representing a stake of 35%. SZBG mainly provides public bus, minibuses and taxi services in Shenzhen City, Guangdong Province (廣東省深圳市), operating a fleet of 5,211 buses running on around 264 routes and 2,700 taxis. Due mainly to the keen competition from the Shenzhen underground railway system, SZBG total ridership fell by 10.9% from 766.1 million passenger trips in 2015 to 682.9 million passenger trips in 2016. To improve its competitiveness in the public transport field, SZBG has taken measures to enhance its operational efficiency and productivity and successfully sought for additional subsidies from the Shenzhen Government. As a result, SZBG recorded a profit in 2016.

### 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, Beijing Beiqi Municipal Taxi Group Company Limited (北京北汽出租汽車集團有限責任公司) and three 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. As at 31 December 2016, BBKT had a fleet of 3,633 taxis, of which 563 are environment-friendly hybrid taxis, and 5,348 employees. BBKT recorded a profit in 2016.

### 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 growing 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 2016, BBF had 1,172 vehicles available for charter mainly in Beijing and Tianjin and 60 employees. BBF recorded a profit in 2016.

## 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 detailed in note 33(a) to the financial statements on page 202 of this Annual Report, the Group entered into various insurance arrangements with SHKPI, a wholly-owned subsidiary of SHKP, on 26 May 2015 (the “2015/16 Insurance Arrangements”) and on 2 November 2016 (the “2017/18 Insurance Arrangements”) pursuant to which SHKPI agreed to provide insurance coverage and services to the Group, and such insurance policies took effect from 1 July 2015 to 31 December 2016 and from 1 January 2017 to 31 December 2018 respectively. The transactions contemplated under the 2015/16 Insurance Arrangements and 2017/18 Insurance Arrangements constituted continuing connected transactions of the Company under the Listing Rules. Particulars of these continuing connected transactions under the 2015/16 Insurance Arrangements and 2017/18 Insurance Arrangements were disclosed in the announcements of the Company dated 26 May 2015 and 2 November 2016 respectively. The cap amounts of the insurance premium payable by the Group to SHKPI under the 2015/16 Insurance Arrangements for the year ended 31 December 2016 as disclosed in the announcement dated 26 May 2015 were HK\$105,000,000. The cap amounts of the insurance premium payable by the Group to SHKPI under the 2017/18 Insurance Arrangements for the two years ending 31 December 2017 and 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 2015/16 Insurance Arrangements and 2017/18 Insurance Arrangements. For the year ended 31 December 2016, the insurance premium paid and payable to SHKPI was HK\$94,524,000. The insurance premium paid and payable by the Group under the 2015/16 Insurance Arrangements and 2017/18 Insurance Arrangements will be satisfied by internal resources. The transactions under the 2015/16 Insurance Arrangements and 2017/18 Insurance Arrangements are only subject to the reporting and announcement requirements of the Listing Rules and are exempt from the independent shareholders' approval requirement.

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

As detailed in note 33(a) to the financial statements on page 202 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 indirect wholly owned subsidiaries and an indirect non-wholly owned subsidiary of SHKP, pursuant to which Sun Bus agrees to provide and operate various shuttle bus services for the period from 1 July 2014 to 30 April 2017. 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\$240 to HK\$500 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. The transactions contemplated under the Shuttle Bus Service Agreements constituted continuing connected transactions of the Company under the Listing Rules. Particulars of these continuing connected transactions were disclosed in the announcement of the Company dated 17 December 2015. The cap amounts estimated to be receivable by Sun Bus under the Shuttle Bus Service Agreements for the two years ending 31 December 2016 and 2017 as disclosed in the announcement dated 17 December 2015 were HK\$8,350,000 and HK\$460,000 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 2016, 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\$6,551,000. The transactions contemplated under the Shuttle Bus Service Agreements are only subject to the reporting and announcement

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 of the Company, have reviewed and confirmed the following:

1. Each of the foregoing continuing connected transactions with SHKPI and certain subsidiaries of SHKP was entered into:–
  - (i) in the ordinary and usual course of 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 2015/16 Insurance Arrangements for the year ended 31 December 2016 did not exceed the cap amount of HK\$105,000,000 as disclosed in the announcement dated 26 May 2015; and
3. 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) from certain subsidiaries of SHKP under the Shuttle Bus Service Agreements for the year ended 31 December 2016 did not exceed the cap amount of HK\$8,350,000 as disclosed in the announcement dated 17 December 2015.

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 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.