

Continuing Connected Transactions

The particulars of the following 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 231 and 232 of this Annual Report, on 1 November 2018, the Group entered into various insurance policies 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 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”). On 5 November 2021, the Group entered into certain supplemental insurance policies with SHKPI, pursuant to which the type of insurance covered or to be covered is motor vehicle third party and passengers’ liability insurance for a period of 12 months from 1 January 2022 to 31 December 2022 (the “2022 Supplemental Motor Insurance Arrangements”). The transactions contemplated under the 2019/20 Insurance Arrangements, 2020/21 Medical and Dental Insurance Arrangement, 2021/22 Insurance Arrangements and 2022 Supplemental Motor Insurance Arrangements constitute continuing connected transactions of the Company, particulars of which were disclosed in the announcements of the Company dated 1 November 2018, 1 November 2019, 3 November 2020 and 5 November 2021 respectively.

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 2021, the insurance premium paid and payable to SHKPI under the 2019/20 Insurance Arrangements was HK\$Nil (2020: HK\$90,454,000).

The cap amounts of the insurance premium payable by the Group to SHKPI under the 2020/21 Medical and Dental Insurance Arrangement for the years ended 31 December 2020 and 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 2021, the insurance premium paid and payable to SHKPI under 2020/21 Medical and Dental Insurance Arrangement was HK\$21,370,000 (2020: 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 year ended 31 December 2021 and the year ending 31 December 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. For the year ended 31 December 2021, the insurance premium paid and payable to SHKPI under 2021/22 Insurance Arrangements was HK\$115,100,000.

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The amount of the insurance premium payable by the Group to SHKPI under the 2022 Supplemental Motor Insurance Arrangements for the year ending 31 December 2022 as disclosed in the announcement dated 5 November 2021 will be approximately HK\$36,500,000.

The insurance premium paid and payable by the Group under the 2019/20 Insurance Arrangements, 2020/21 Medical and Dental Insurance Arrangement, 2021/22 Insurance Arrangements and 2022 Supplemental Motor Insurance Arrangements was and will be satisfied by internal resources of the Group. The transactions under 2019/20 Insurance Arrangements, 2020/21 Medical and Dental Insurance Arrangement, 2021/22 Insurance Arrangements and 2022 Supplemental Motor 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 231 and 232 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 two years ended 31 December 2020 and 2021 and year ending 31 December 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 2021, 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\$2,776,000 (2020: HK\$6,299,000). 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.

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 2021 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 2020/21 Medical and Dental Insurance Arrangement and 2021/22 Insurance Arrangements for the year ended 31 December 2021 did not exceed the cap amounts of HK\$22,090,000 and HK\$132,500,000 respectively as disclosed in the announcement dated 1 November 2019 and 3 November 2020 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 2021 did not exceed the cap amount of HK\$4,206,232 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 (Revised) "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 2021 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.