

FINANCIAL REVIEW

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. In respect of the provision of 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 2024, BBF had over 1,000 vehicles available for charter mainly in Beijing and Tianjin.

Continuing Connected Transactions

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 35(a) to the financial statements on pages 262 to 263 of this Annual Report, on 29 December 2022, 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 insurance coverage, including a motor vehicle third party and passengers’ liability insurance and an employees’ compensation insurance coverage from 1 January 2023 to 31 December 2024 (the “**2023/24 Insurance Arrangements**”). On 19 December 2024, the Group entered into various insurance policies with SHKPI, pursuant to which SHKPI agreed to provide to the Group insurance coverage, including a motor vehicle third party and passengers’ liability insurance and an employees’ compensation insurance coverage from 1 January 2025 to 31 December 2026 (the “**2025/26 Insurance Arrangements**”). The transactions contemplated under the 2023/24 Insurance Arrangements and 2025/26 Insurance Arrangements constitute continuing connected transactions of the Company, particulars of which were disclosed in the announcements of the Company dated 29 December 2022 and 19 December 2024 respectively.

The cap amounts of the insurance premium payable by the Group to SHKPI under the 2023/24 Insurance Arrangements for the years ended 31 December 2023 and 2024, as disclosed in the announcement dated 29 December 2022, were HK\$102,500,000 and HK\$105,500,000 respectively. Such annual 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 2023/24 Insurance Arrangements. For the year ended 31 December 2024, the insurance premium paid and payable to SHKPI under the 2023/24 Insurance Arrangements was HK\$100,568,000 (2023: HK\$93,279,000).

The cap amounts of the insurance premium payable by the Group to SHKPI under the 2025/26 Insurance Arrangements for the years ending 31 December 2025 and 2026, as disclosed in the announcement dated 19 December 2024, were HK\$40,500,000 and HK\$41,500,000 respectively. Such annual cap amounts were determined mainly with reference to the historical transaction amounts, the number of vehicles and total payroll of employees and the insurance structure and the premium rates as specified under the 2025/26 Insurance Arrangements.

The insurance premium paid and payable by the Group under the 2023/24 Insurance Arrangements and 2025/26 Insurance Arrangements were and will be satisfied by internal resources of the Group. The transactions under the 2023/24 Insurance Arrangements and 2025/26 Insurance Arrangements are only subject to the applicable reporting, announcement and annual review requirements of the Listing Rules but are exempt from the independent shareholders’ approval requirement.

(b) SUN BUS LIMITED***Shuttle Bus Services Contracts with certain subsidiaries of SHKP***

As described in note 35(a) to the financial statements on pages 262 to 263 of this Annual Report, Sun Bus Limited has entered into various shuttle bus services contracts ("**Shuttle Bus Services Contracts**") with certain subsidiaries of SHKP, pursuant to which Sun Bus Limited agreed to provide and operate various shuttle bus services. 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\$300 to HK\$600 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 Contracts constitute continuing connected transactions of the Company, particulars of which were disclosed in the announcement of the Company dated 21 March 2024 respectively.

The cap amounts of the service fees estimated to be receivable by Sun Bus Limited under the Shuttle Bus Services Contracts for the year ended/ending 31 December 2024 and 2025, as disclosed in the announcement dated 21 March 2024, were HK\$7,661,000 and HK\$9,427,000 respectively. Such annual cap amounts were determined with reference to the historical amounts, the rates specified in the relevant contracts and the expected possible demand for the services. For the year ended 31 December 2024, the service fees received and receivable by Sun Bus Limited (inclusive of the fees for basic services, overtime services, on-demand additional services, and toll charges) under the Shuttle Bus Services Contracts amounted to HK\$6,700,000 (2023: HK\$5,370,000).

The transactions contemplated under the Shuttle Bus Services Contracts are only subject to the applicable reporting, announcement and annual review requirements of the Listing Rules but are exempt from the independent shareholders' approval requirement.

(c) KT REAL ESTATE LIMITED ("KTRE")***The Office Premises Leasing Management Agreement and the Retail Premises Leasing Management Agreement with Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited ("SHKRE(SL)") and the Property Management Agreement with Kai Shing Management Services Limited ("KSMS")***

As described in note 35(a) to the financial statements on pages 262 to 263 of this Annual Report, on 29 December 2022, KTRE and Turbo Result Limited, a wholly-owned subsidiary of SHKP, (being the owners in equal shares as tenants in common of The Millennity located at No.98 How Ming Street, Kwun Tong) entered into the Office Premises Leasing Management Agreement and Retail Premises Leasing Management Agreement with SHKRE(SL), a wholly-owned subsidiary of SHKP, pursuant to which SHKRE(SL) was appointed as the exclusive marketing and leasing agent and administrators for the units in the office and retail premises and parking spaces in The Millennity for a term of three years commencing from 1 January 2023 to 31 December 2025 (the "**2023-2025 Office and Retail Premises Leasing Management Agreements**"). On 29 December 2022, KTRE and TRL entered into the Property Management Agreement with KSMS, a wholly-owned subsidiary of SHKP, pursuant to which KSMS was appointed as the property manager for the units in the office/retail premises in The Millennity for a term of three years commencing from 1 January 2023 to 31 December 2025 (the "**2023-2025 Property Management Agreement**"). The transactions contemplated under the 2023-2025 Office and Retail Premises Leasing Management Agreements and the 2023-2025 Property Management Agreement constitute continuing connected transactions of the Company, particulars of which were disclosed in the announcements of the Company dated 29 December 2022.

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The cap amounts of the office and retail premises leasing management fees and other expenses payable by KTRE to SHKRE(SL) under the Office Premises Leasing Management Agreement and Retail Premises Leasing Management Agreement for each of the three years ended/ending 31 December 2023, 2024 and 2025, as disclosed in the announcement dated 29 December 2022, were approximately HK\$186,525,000 and HK\$54,290,000 each year respectively. Such annual cap amounts were determined based on the maximum number of units estimated to be let or licensed in The Millennity and the remuneration rates as specified under the 2023-2025 Office and Retail Premises Leasing Management Agreements. For the year ended 31 December 2024, the leasing management fees and other expenses paid and payable to SHKRE(SL) under the 2023-2025 Office and Retail Premises Leasing Management Agreements were HK\$2,048,000 (2023: HK\$3,501,000) and HK\$Nil (2023: HK\$Nil) respectively.

The cap amounts of the property manager's remuneration and other expenses payable by KTRE to KSMS under the 2023-2025 Property Management Agreement for each of the three years ended/ending 31 December 2023, 2024 and 2025, as disclosed in the announcement dated 29 December 2022, would be approximately HK\$7,185,000 each year. Such annual cap amounts were determined based on the number of units in The Millennity and the remuneration rates as specified under the 2023-2025 Property Management Agreement. For the year ended 31 December 2024, the property manager's remuneration and other expenses paid and payable to KSMS under the 2023-2025 Property Management Agreement was HK\$5,620,000 (2023: HK\$4,396,000).

The office and retail premises leasing management fees and property manager's remuneration and other expenses paid and payable by KTRE under the 2023-2025 Office and Retail Premises Leasing Management Agreements and the 2023-2025 Property Management Agreement were and will be satisfied by internal resources of the Group. The transactions under the 2023-2025 Office and Retail Premises Leasing Management Agreements and the 2023-2025 Property Management Agreement are only subject to the applicable reporting, announcement and annual review requirements of the Listing Rules but are exempt from the independent shareholders' approval requirement.

(d) KMB

The Cleaning Services Agreement with Nixon Cleaning Company Limited ("Nixon")

As described in note 35(a) to the financial statements on pages 262 to 263 of this Annual Report, on 28 September 2023, KMB entered into the Cleaning Services Agreement with Nixon, a wholly-owned subsidiary of SHKP, pursuant to which Nixon agreed to provide cleaning services to KMB at service locations designated by KMB, including premises, offices and depots for an initial term of two years commencing from 1 October 2023 to 30 September 2025, and an extended term of one year commencing from 1 October 2025 to 30 September 2026 with an exercisable option (the "**Cleaning Services Agreement**"). The transactions contemplated under the Cleaning Services Agreement constitute continuing connected transactions of the Company, particulars of which were disclosed in the announcements of the Company dated 28 September 2023.

The cap amounts of the cleaning service fees payable by KMB to Nixon under the Cleaning Services Agreement for the four years ended/ending 31 December 2023, 2024, 2025 and 2026, as disclosed in the announcement dated 28 September 2023, were approximately HK\$3,481,872, HK\$13,927,488, HK\$13,962,561 and HK\$10,550,835 respectively. Such annual cap amounts were determined based on the expected possible ad hoc demand for cleaning services and the agreed rates as specified under the Cleaning Services Agreement. For the year ended 31 December 2024, the cleaning service fees paid and payable to Nixon under the Cleaning Services Agreement was HK\$13,927,000 (2023: HK\$3,481,872).

The cleaning service fees payable by KMB under the Cleaning Services Agreement were and will be satisfied by internal resources of the Group. The transactions under the Cleaning Services Agreement are only subject to the applicable reporting, announcement and annual review requirements of the Listing Rules but 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 2024 with SHKPI, SHKRE(SL), KSMS, Nixon 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 2023/24 Insurance Arrangements for the year ended 31 December 2024 did not exceed the cap amount of HK\$105,500,000, as disclosed in the announcement dated 29 December 2022;
3. the service fees received and receivable by Sun Bus Limited (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 Contracts for the year ended 31 December 2024 did not exceed the cap amount of HK\$7,661,000, as disclosed in the announcement dated 21 March 2024;
4. the office and retail premises leasing management fees and other expenses paid and payable by KTRE to SHKRE(SL) under the 2023-2025 Office and Retail Premises Leasing Management Agreements for the year ended 31 December 2024 did not exceed the cap amount of HK\$186,525,000 and HK\$54,290,000 respectively, as disclosed in the announcement dated 29 December 2022;
5. the property manager's remuneration and other expenses paid and payable by KTRE to KSMS under the 2023-2025 Property Management Agreement for the year ended 31 December 2024 did not exceed the cap amount of HK\$7,185,000, as disclosed in the announcement dated 29 December 2022; and
6. the cleaning services fees paid and payable by KMB to Nixon under the Cleaning Services Agreement for the year ended 31 December 2024 did not exceed the cap amount of HK\$13,927,488, as disclosed in the announcement dated 28 September 2023.

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 2024 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.