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廣東粵運交通股份有限公司

Guangdong Yueyun Transportation Company Limited*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 03399)

CONTINUING CONNECTED TRANSACTION AND MAJOR TRANSACTION IN RELATION TO FINANCIAL SERVICES AGREEMENT

FINANCIAL SERVICES AGREEMENT

Given that the term of the 2019 Financial Services Agreement is due to expire on 31 December 2021, on 17 September 2021 (after trading hours), the Company (on behalf of itself and its subsidiaries) entered into the Financial Services Agreement with GCG Finance in relation to the provision of financial services, including the Deposit Services, Credit Services and Other Financial Services, to the Group for a term to commence on 1 January 2022 and to expire on 31 December 2024.

GCG Finance shall provide the Group with a range of financial services subject to the terms and conditions of the Financial Services Agreement. Such financial services include (a) Deposit Services; (b) Credit Services; and (c) Other Financial Services.

GCG Finance is a wholly-owned subsidiary of GCGC, which as at the date of this announcement holds 592,847,800 Domestic Shares, representing 100% of the issued share capital of the Company in respect of Domestic Shares and approximately 74.12% of the total issued share capital of the Company and is the controlling shareholder of the Company. Accordingly, GCG Finance is a connected person of the Company within the meaning of the Listing Rules and the transactions contemplated under the Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the provision of the Deposit Services exceed 5%, the provision of the Deposit Services is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, as the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the provision of the Deposit Services exceed 25%, the provision of the Deposit Services also constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The provision of the Credit Services will constitute financial assistance to be provided by a connected person for the benefit of the Group. As the Credit Services will be conducted on normal commercial terms (or better) to the Group and no security over the assets of the Group will be required in respect of the credit services provided by GCG Finance with the consent of GCG Finance, the provision of the Credit Services is exempt under Rule 14A.90 of the Listing Rules from all reporting, announcement and Independent Shareholders' approval requirements.

EGM

The Company will convene the EGM for the purpose of considering, and if thought fit, among other matters, approving the Deposit Services contemplated under the Financial Services Agreement (including the Proposed Annual Cap).

A circular containing, among other things, further details of the Financial Services Agreement and the transactions contemplated thereunder; (i) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders in respect of the Deposit Services contemplated under the Financial Services Agreement (including the Proposed Annual Cap); (ii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Deposit Services contemplated under the Financial Services Agreement (including the Proposed Annual Cap); (iii) certain financial information of the Group; and (iv) a notice convening the EGM, will be despatched to the Shareholders in due course.

FINANCIAL SERVICES AGREEMENT

Reference is made to the announcement dated 18 September 2018 and the circular dated 26 October 2018 of the Company regarding the financial services agreement dated 18 September 2018 (as supplemented) (the “**2019 Financial Services Agreement**”) between the Company and GCG Finance.

Given that the term of the 2019 Financial Services Agreement is due to expire on 31 December 2021, on 17 September 2021 (after trading hours), the Company (on behalf of itself and its subsidiaries) entered into the Financial Services Agreement with GCG Finance in relation to the provision of financial services, including the Deposit Services, Credit Services and Other Financial Services, to the Group for a term to commence on 1 January 2022 and to expire on 31 December 2024.

Principal Terms of the Financial Services Agreement

Principal terms of the Financial Services Agreement are set out below:

Date

17 September 2021 (after trading hours)

Parties

1. the Company (for itself and its subsidiaries); and
2. GCG Finance.

GCG Finance, a wholly-owned subsidiary of GCGC, is a company incorporated in the PRC and a non-banking financial institution with the financial institution licence issued by the CBIRC, which is principally engaged in provision of financial services, including deposit taking, credit facilities granting, settlement services, and other types of financial services.

Duration:

From 1 January 2022 to 31 December 2024.

Scope of Services:

GCG Finance shall provide the Group with a range of financial services subject to the terms and conditions of the Financial Services Agreement. Such financial services include:–

(a) Deposit Services

- (1) GCG Finance agrees to provide deposit services to the Group and unconditionally meets the payment need of the Group according to the principle of “freedom of usage”.
- (2) The interest rate payable by GCG Finance to the Group for any deposit services shall not be lower than the interest rate applicable to the same type of deposits obtained by the Group from other domestic commercial banks in the PRC in the same period for the comparable category of deposits. The Company will, prior to the placement of deposit with GCG Finance, (i) check the interest rates for deposits published by the PBOC and (ii) check the interest rates offered by at least three major commercial banks which have established business relationship with the Group.
- (3) Proposed Annual Cap: The daily balance of the Group’s deposits (including any interest accrued therefrom) maintained with GCG Finance for each of the three financial years ending 31 December 2022, 31 December 2023 and 31 December 2024 shall not exceed RMB1 billion.

The Company will determine the timing and the actual amount to be deposited with GCG Finance based on the availability of funds and the Group’s operation needs at its sole discretion. Save for any time deposit which may be placed with GCG Finance from time to time, the Company will be able to withdraw its deposits at any time as it thinks fit. For time deposit, the Company will have the sole discretion to determine the duration of such time deposit and the Company can withdraw the whole or any part of the deposit at any time prior to its maturity. In the event of early withdrawal, the interest payable by GCG Finance will be calculated at the same level as general deposit instead of the agreed interest rate for time deposit and there will be no other charges or penalties payable by the Company.

(b) Credit Services

- (1) Upon the Group's application and subject to GCG Finance's approval, GCG Finance will provide Credit Services to the Group. Credit Services include: loan, guarantee, letter of credit, bill acceptance and discount, finance leasing, etc.
- (2) The relevant loan interest rate and discount rate to be charged by GCG Finance will not be higher than the loan prime rate for loan at the same grade announced by the National Interbank Funding Center and will not be higher than the interest rates applicable to similar services obtained by the Group from other domestic commercial banks in the PRC in the same period, and that the rate for other credit services will not be higher than the interest rates applicable to similar services obtained by the Group from other domestic commercial banks in the PRC in the same period.
- (3) No security over the assets of the Group will be required for the Credit Services to be provided by GCG Finance and the use of Deposit Service by the Group will not be a prerequisite requirement for the provision of Credit Services.

(c) Other Financial Services

- (1) GCG Finance agrees to provide the Group with settlement services (including auxiliary services thereof) free of charge.
- (2) GCG Finance agrees to assist the Company to centralize the management of the funds of its subsidiaries, in order to revitalize the stock funds of the Group and improve capital efficiency.
- (3) In addition, GCG Finance agrees to provide other financial services which are subject to approval by the CBIRC, including, but not limited to, the provision of bond issuance services, financing consultancy and advising services and other financial services.
- (4) The fees for other financial services that are subject to approval by the CBIRC provided by GCG Finance to the Group will be charged at applicable rates specified by the government (if applicable) or, if no such government rates, at rates which are not higher than those charged by other commercial banks for similar services.

Undertaking by GCG Finance:

GCG Finance undertakes to the Group, among other things, that GCG Finance:–

1. has obtained and has complied with all necessary approval in accordance with the relevant laws and regulation;
2. shall notify the Company in writing within 2 working days in the event that:
 - (a) GCG Finance experiences or foresees to experience any problems such as bank run, failure to pay its due debts or any liquidity problems, or any material matter such as involvement of a criminal case by the directors or the senior management of GCG Finance;

- (b) there is any material change of the shareholdings or the corporate structure or the business operation of GCG Finance that affects its ordinary course of business;
 - (c) any debts owed to GCG Finance by its shareholders are overdue for more than 6 months;
 - (d) GCG Finance experiences material event such as administrative penalties and order to rectify imposed by regulatory authorities such as the CBIRC; or
 - (e) there is other matter which may cause adverse effects to the deposits made by the Group;
3. will assist the Group in complying with the relevant regulations, including but not limited to the Listing Rules;
 4. will ensure the safe and stable operation of its funds management information system to guarantee the safety of funds of the Group;
 5. will strictly abide by the applicable risk management regulations promulgated by the CBIRC as well as the relevant PRC laws and regulations that are revised from time to time;
 6. will supervise the transactions of the Company contemplated under the Financial Services Agreement and ensure that the transaction amount of the Company will not exceed the Proposed Annual Cap; and
 7. agrees that the Group will have the right to unilaterally terminate the Financial Services Agreement before its expiration if GCG Finance fails to provide services according to the contents, price, discounts or undertakings set out in the Financial Services Agreement.

Proposed Annual Cap

The Proposed Annual Cap in respect of the daily balance of deposits placed by the Group with GCG Finance (including any interest accrued) for each of the three financial years ending 31 December 2024 shall not exceed RMB1 billion. The Proposed Annual Cap has been determined with reference to the following factors:

- (i) the historical transaction amounts with GCG Finance: the maximum outstanding daily balances of the deposit placed by the Group with GCG Finance in 2019, 2020 and the seven months ended 31 July 2021 were approximately RMB706 million, RMB620 million and RMB593 million, respectively. Such maximum outstanding daily balances accounted for approximately 57.45%, 54.34% and 45.43%, respectively, of the average balances of cash and cash equivalent of the Group in 2019, 2020 and the seven months ended 31 July 2021. The increase in the amount of cash deposited by the Group with GCG Finance was mainly due to the following reasons:
 1. The Company is required to repay the due corporate bonds of RMB391 million on 28 September 2022, and may be required to borrow from GCG Finance the debts due, which will temporarily increase the deposit balance of GCG Finance;

2. The three major business segments of the Group's service zones recorded revenue growth:
 - (a) The Company will further expand the network scale of "Yueyun Energy", increase the coverage of gas stations by increasing the number of expressway gas stations and offline gas station projects. Currently, the Company has 54 self-operated gas stations, which will exceed 100 during the 14th Five-Year Plan Period. The expansion of gas stations and the increase in the number of self-operated gas stations will lead to the continuous growth of the Group's energy revenue.
 - (b) The Group will continue to strengthen the operating efficiency of its retail business, enhance its market competitiveness, continue to expand the scale of its network, steadily expand the number of convenience stores, and achieve the expansion of its online and offline omni-channel network, thereby bringing revenue growth.
 - (c) The Group will full play to the resource advantages of the provincial transportation group to further expand the service zone network, promote the quality improvement and upgrading of service zones, and achieve the improvement of commercial value. The Group will develop a new business model and establish self-owned brands for commercial development. With the expansion of the service zone network and the commencement of operation of the service zone after the renovation and development, it will bring more revenue to the Group.
 3. The road passenger transportation business will be transformed and upgraded. With a market-oriented approach, the online and offline businesses will be integrated and developed in an orderly manner, such as public transportation, rural passenger transportation, customized routes and online car-hailing business, so as to meet the needs of convenient and comfortable travel, thereby increasing the revenue of passenger transportation business.
- (ii) the characteristics of the Group's operating business: customers of the Group include member companies within GCGC and they all have maintained accounts with GCG Finance. It could reduce the Group's time costs and finance costs if the Group deposits and conducts note discounting services with, and/or obtain loan advancement from GCG Finance. With the support of an affluent capital base and renowned credibility among the member companies with GCGC, GCG Finance can provide the Group with stable replenishment of funds, if required; and
 - (iii) the expected business growth of the Group: it is expected that the Group's business would continue to grow, the level of its cash and cash equivalents would continue to increase and so would its overall needs to place deposits for short to medium term with financial institutions. Subject to compliance with the Group's Internal Control and Risk Management Measures, the Company believes that the Proposed Annual Cap would provide the Group with more flexibility in negotiating overall better deposit rates (or terms) with GCG Finance since GCG Finance would need to offer deposit rates (or terms) that are more competitive than those offered by other financial institutions in order to obtain the deposits from the Group.

The Company may, in accordance with its operation needs, choose to use financial services (including deposit service) provided by other domestic commercial banks from time to time at its sole discretion.

REASONS FOR AND BENEFITS OF THE DEPOSIT SERVICES

(1) Regulatory Laws and Regulations on the Deposit Business of GCG Finance

GCG Finance is a financial institution licensed and regulated by CBIRC and can legally provide deposit taking service to member enterprises of GCGC Group.

Currently, CBIRC and its branches at various levels are the major regulatory authorities of finance companies and have promulgated specialized regulatory laws and regulations, such as “Measures for the Administration of Finance Companies of Enterprise Groups * (《企業集團財務公司管理辦法》)”, for governing finance companies, and implemented strict supervision and control over finance companies with on-site and off-site methods. Firstly, GCG Finance is required to have internal control and risk management measures in place in respect of its deposit-taking business with reference to those in commercial banks, and the requirements for regulatory indicators such as capital adequacy ratio and liquidity ratio of GCG Finance are not lower than and are even slightly higher than those of commercial banks. Secondly, the service targets of GCG Finance are strictly restricted to the members of GCGC; when GCG Finance enters into loan business with the members of GCGC, the credit rating and credit approval criteria are regulated with reference to those for commercial banks. Thirdly, the restriction on the types of business operated by GCG Finance is stricter when compared with commercial banks, and the approval for scope of operations is more prudent. Moreover, GCG Finance is required to comply with deposit reserve requirements of the PBOC by placing certain amounts of deposit reserve with the PBOC in proportion to the deposit balances, which provides another measure to safeguard the safety of deposits in GCG Finance. Fourthly, at the time of establishment of GCG Finance, GCGC undertook in writing that under emergency circumstances when GCG Finance has difficulties in making payments, capital will be replenished into GCG Finance according to actual requirements for resolving the payment difficulties (the “**Undertakings**”). In other words, GCGC shall bear the ultimate payment risk. GCGC is a large scale wholly state-owned entity established on 23 June 2000 with the approvals of the CPC Committee of Guangdong Province (廣東省委) and the People’s Government of Guangdong Province (廣東省人民政府). The registered capital of GCGC is RMB26.8 billion and as at 31 December 2020, GCGC has total assets of approximately RMB446.288 billion, cash funds of approximately RMB20.519 billion and net operating cash flow of approximately RMB14.947 billion. Based on the above financial figures, it is believed that GCGC will have sufficient financial resources to fulfill its obligations under the Undertakings.

(2) Purpose of the Centralization of GCGC's Funds

When compared with other commercial banks, GCG Finance has better understanding on the relevant industry and is more familiar with the member enterprises of GCGC Group. GCGC established GCG Finance on 9 December 2014 for the following purposes:

- a. through the centralization of funds, GCG Finance may utilize its own advantages on information resources, being a financial institution, when combined with economies of scale, to enable the GCGC Group to have a higher bargaining power in obtaining better terms (including but not limited to better interest rate for deposits or loans) of financial services from commercial banks; and
- b. by lending the unutilized funds within GCGC Group to member enterprises which have financial needs, the overall financial cost of the GCGC Group can be lowered.

GCG Finance is able to provide deposit service to member enterprises within GCGC Group which have unutilized funds with deposit interest rates not less favorable than those available at domestic commercial banks whilst it is also able to provide loan service to member enterprises which have financial needs with interest rates which are equal to or lower than those available at domestic commercial banks. Through this mechanism, mutual benefits can be achieved within member enterprises (including the Company) of GCGC Group.

(3) Use of Funds and Investment Policy of GCG Finance

Under the supervision and control of CBIRC, GCG Finance, a wholly-owned subsidiary of GCGC, strictly follows the credit rating, credit approval criteria and internal control procedures, and the service target is strictly restricted to the members of GCGC. The funds are mainly provided in the form of loans to support the development of member enterprises of GCGC Group.

(4) Deposit Risk

So far as GCG Finance is concerned, the deposit risk mainly includes: (a) loss of funds due to human error, illegal misappropriation and theft; and (b) occurrence of the liquidity risk affecting the normal payment of funds.

As GCG Finance has implemented measures on separating revenue and expense that GCG Finance is only responsible for receiving and communicating orders of transferring funds from the revenue account to the expense account and flow of funds only occurs internally, settlement of funds through banks' settlement systems can effectively avoid loss of funds due to human error as well as system intrusion, illegal misappropriation and theft.

In the PRC, all of the top-ranked corporations in major industries have established or are preparing for establishing their own finance companies. According to the publicly available information, as at the end of 2020, there were a total of 257 finance companies in the PRC with total assets of RMB7.65 trillion, and a non-performing asset ratio of only 0.51%, which is far below the average of the banking industry. As stated above, the CBIRC and the PBOC impose stricter restrictions and regulation on finance companies than commercial banks. With relatively conservative operation style, the fundamental objective of finance companies is not to earn high profits. As GCG Finance is not principally engaged in the medium-to-long term loan business, it can therefore effectively prevent the liquidity risk arising from mismatch of funds. GCG Finance also has emergency security methods and measures in place such as interbank lending, rediscounting and refinance to prevent the occurrence of the liquidity risk at multi-levels.

The major difference between GCG Finance, as a licensed financial institution, and a commercial bank is that GCG Finance can only provide approved financial services to member enterprises of GCGC Group while a commercial bank can provide approved financial services to the general public. In the event that GCG Finance fails to return the deposits placed by the Company, the Company will have every right to bring legal actions to recover its deposits which is the same case for deposits placed with commercial banks.

The Company will consider to place deposit with a commercial bank or other financial institutions under certain circumstances including: (a) the Proposed Annual Cap is reached; (b) the offer made to the Company (including but not limiting to interest rate) by a commercial bank or other financial institutions is better than GCG Finance's offer; and (c) there is a need in the Group's business operation such as to facilitate the request of a customer or a supplier to use designated bank for transfer of payments.

(5) Other Reasons

As GCGC is the controlling Shareholder of the Company, GCG Finance as a wholly-owned subsidiary of GCGC is much more familiar with the Group's operation than other financial institutions. It is expected that GCG Finance will provide the Group with flexible and tailor-made financial services.

Moreover, the interest rates under the Deposit Services offered by GCG Finance will not be lower than those that would have been offered to the Group by other major commercial banks in the PRC.

Further, GCG Finance agrees to provide Credit Services (including unsecured loans) and Other Financial Services to the Group under the Financial Services Agreement upon the Group's application.

To the best knowledge of the Directors and after making all reasonable enquiries, as at the date of this announcement, GCG Finance has shown healthy financial position and has been under good corporate governance with quality internal control system. GCG Finance has complied with the rules and regulations stipulated by the CBIRC and its internal control and the risk profile of GCG Finance, as a financial services provider to the Company, is not greater than that of independent commercial banks in the PRC.

The Directors (excluding the independent non-executive Directors who will provide their view after reviewing the recommendation of the Independent Financial Adviser) are therefore of the view that the terms of the Deposit Services contemplated under the Financial Services Agreement (including the Proposed Annual Cap) are fair and reasonable, and on normal commercial terms and the entering into of the Deposit Services contemplated under the Financial Services Agreement is in the interest of the Company and the Shareholders as a whole.

Mr. Chen Chuxuan serves as the deputy chief accountant and the head of strategic development department of GCGC and Mr. Chen Min serves as the head of the legal affairs department of GCGC. Therefore, they are deemed to have a material interest in the Financial Services Agreement. Each of Mr. Chen Chuxuan and Mr. Chen Min has abstained from voting on the resolution passed by the Board to approve the Financial Services Agreement. Save as disclosed above, none of the other Directors has any material interest in the Financial Services Agreement and none of them was required to abstain from voting on the resolution passed by the Board to approve the Financial Services Agreement.

Internal Control and Risk Management Measures

To protect Shareholders' interests, the Company will adopt the following internal control procedures and corporate governance measures when receiving financial services from GCG Finance:

1. the Company will check the interest rates for deposits published by the PBOC and quoted by other commercial banks constantly;
2. before making a deposit in GCG Finance, the Group will check the interest rates offered by GCG Finance against those provided by at least three major commercial banks that have established business relationship with the Group, with the aim to ensure that the deposit interest rate is not lower than the then applicable interest rate for the same deposit services from other domestic commercial banks in the PRC;
3. the Company's financial management department will closely monitor the transactions contemplated under the Financial Services Agreement and will report on relevant transactions to the management of the Company;
4. to manage the relevant risks, the Company will request GCG Finance to provide us with sufficient information on various financial indicators and annual financial statements so that the Company is able to monitor and review its financial conditions. Subject to compliance with laws and regulations, GCG Finance must notify the Company on any judicial, legal or regulatory procedures or investigations having material effect on its financial conditions. If the Company considers that any material adverse changes have occurred in the financial conditions of GCG Finance, the Company will adopt appropriate measures (including early withdrawal of deposits or suspend the placement of further deposits) to safeguard the financial conditions of the Company; and
5. the Company will check the deposit account balance of the Group through online banking system of GCG Finance from time to time in order to monitor and ensure that the Proposed Annual Cap will not be exceeded.

Potential Risks Associated with the Deposit Services

1. *Industry Risk*

As the customer base of GCG Finance will be restricted to the member enterprises of GCGC Group, GCG Finance will be exposed to relatively concentrated industry risks. Although the business of GCG Finance is focused on transportation industry including but not limited to expressway sector, the said industry is one of the fundamental industries greatly supported by the PRC government and is therefore not subject to cyclical impact and is a stable industry during an economic downturn. Therefore, GCG Finance will be exposed to a lower level of potential business risks compared to other commercial banks, which serve customers of various credit ratings, such as property developers who rely on high leverages and operate in other risky or cyclical industries. As a result, while the concentration risk is high, the overall risk is low due to the nature of the industry.

2. *Repayment Risk of Funds*

If the Group's funds are deposited with GCG Finance, when liquidity risk occurs in GCG Finance, the Group may have to bear the repayment risk of funds. However, the funds of GCG Finance are mainly utilized to support the development of the member enterprises of GCGC in the form of loans, and reference must be made to the credit rating and credit approval criteria of commercial banks in releasing loans to the member enterprises and subject to the regulation by CBIRC. Therefore, GCG Finance has a sound asset structure in itself, with an extremely low risk in non-performing assets and an extremely low possibility in the occurrence of liquidity risk. Moreover, in addition to the policy protection provided by the regulation of capital adequacy ratio and liquidity ratio of GCG Finance by the CBIRC and the regulation of deposit reserves of GCG Finance by the PBOC, GCGC has provided undertakings in writing by its board of directors at the time of establishment of GCG Finance that under emergency circumstances when GCG Finance has difficulties in making payments, funds will be replenished according to actual requirements for resolving the payment difficulties. In other words, GCGC will bear the ultimate payment risk while the Group only bears internal risk and avoids any external default risk from other commercial banks.

Information of the Group, GCGC and GCG Finance

The Company was established under the laws of the PRC as a joint stock limited company with limited liability and its H shares are listed on the Stock Exchange. The Group is principally engaged in the travel services business.

GCGC is a controlling shareholder of the Company which holds approximately 74.12% of the entire issued share capital of the Company as at the date of this announcement. GCGC is a state-owned enterprise in the PRC wholly-owned by Guangdong Stat-owned Asset Commission. GCGC and its subsidiaries are principally responsible for the investment, construction and management of the expressways in the Guangdong Province and are also engaged in the logistics and transportation.

GCG Finance is a company incorporated in the PRC and a non-banking financial institution with the financial institution licence issued by the CBIRC, which is principally engaged in provision of financial services, including deposit taking, credit facilities granting, settlement services, and other types of financial services.

Listing Rules Implications

(i) *Continuing Connected Transactions*

GCG Finance is a wholly-owned subsidiary of GCGC, which as at the date of this announcement holds 592,847,800 Domestic Shares, representing 100% of the issued share capital of the Company in respect of Domestic Shares and approximately 74.12% of the total issued share capital of the Company and is the controlling shareholder of the Company. Accordingly, GCG Finance is a connected person of the Company within the meaning of the Listing Rules and the transactions contemplated under the Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(ii) *Deposit Services*

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the provision of the Deposit Services exceed 5%, the provision of the Deposit Services is subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, as the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the provision of the Deposit Services exceed 25%, the provision of the Deposit Services also constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

(iii) *Credit Services*

The provision of the Credit Services will constitute financial assistance to be provided by a connected person for the benefit of the Group. As the Credit Services will be conducted on normal commercial terms (or better) to the Group and no security over the assets of the Group will be required in respect of the credit services provided by GCG Finance with the consent of GCG Finance, the provision of the Credit Services is exempt under Rule 14A.90 of the Listing Rules from all reporting, announcement and Independent Shareholders' approval requirements.

(iv) *Other Financial Services*

The Company expects that each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the total fees payable by the Company on annual basis to GCG Finance in respect of the provision of Other Financial Services will fall within the de minimis threshold as stipulated under Chapter 14A of the Listing Rules. The Company will comply with the relevant reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules if the total fees payable by the Company to GCG Finance for the provision of Other Financial Services exceed the de minimis threshold.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders in respect of the Deposit Services contemplated under the Financial Services Agreement (including the Proposed Annual Cap).

In this connection, Vinco Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Deposit Services contemplated under the Financial Services Agreement (including the Proposed Annual Cap).

EGM

The Company will convene the EGM for the purpose of considering, and if thought fit, among other matters, approving the Deposit Services contemplated under the Financial Services Agreement (including the Proposed Annual Cap).

A circular containing, among other things, further details of the Financial Services Agreement and the transactions contemplated thereunder; (i) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders in respect of the Deposit Services contemplated under the Financial Services Agreement (including the Proposed Annual Cap); (ii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Deposit Services contemplated under the Financial Services Agreement (including the Proposed Annual Cap); (iii) certain financial information of the Group; and (iv) a notice convening the EGM, will be despatched to the Shareholders in due course.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CBIRC”	China Banking and Insurance Regulatory Commission
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Credit Services”	the credit services provided by GCG Finance to the Group pursuant to the terms of the Financial Services Agreement
“Company”	Guangdong Yueyun Transportation Company Limited* (廣東粵運交通股份有限公司) (Stock code: 03399), a joint stock limited company incorporated under the laws of the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Deposit Services”	the deposit services provided by GCG Finance to the Group pursuant to the terms of the Financial Services Agreement
“Director(s)”	director(s) of the Company

“Domestic Share(s)”	ordinary share(s) of nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for or credited as fully paid in RMB by PRC citizens and/or PRC incorporated entities
“EGM”	the extraordinary general meeting to be convened by the Company for the independent Shareholders to consider and, if thought fit, to approve, among other matters, the Deposit Services contemplated under the Financial Services Agreement (including the Proposed Annual Cap)
“Financial Services Agreement”	the financial services agreement dated 17 September 2021 entered into between the Company and GCG Finance, pursuant to which GCG Finance agrees to provide the Group with a scope of financial services
“GCGC”	Guangdong Provincial Communication Group Company Limited* (廣東省交通集團有限公司), a state-owned enterprise established in the PRC and a controlling shareholder of the Company
“GCGC Group”	GCGC and its subsidiaries, affiliate companies and associated companies
“GCG Finance”	Guangdong Provincial Communication Group Finance Company Limited* (廣東省交通集團財務有限公司), a company incorporated in the PRC and a non-banking financial institution approved by the CBIRC
“Group”	the Company and its subsidiaries from time to time
“H Share(s)”	the overseas listed foreign share(s) in the capital of the Company with a RMB-denominated par value of RMB1.00 each which are subscribed for and traded in Hong Kong dollars, and are listed on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board established by all the independent non-executive Directors to advise the Independent Shareholders in respect of the terms of the Deposit Services contemplated under the Financial Services Agreement (including the Proposed Annual Cap)
“Independent Shareholders”	Shareholders other than GCGC and its close associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PBOC”	the People’s Bank of China

“PRC”	the People’s Republic of China
“Proposed Annual Cap”	the proposed maximum daily outstanding balance of deposits placed by the Group with GCG Finance during the term of the Financial Services Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the capital of the Company with a RMB-denominated par value of RMB1.00 each
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vinco Capital” or “Independent Financial Adviser”	Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (Stock Code: 8340), a corporation licensed to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders with regard to the Deposit Services contemplated under the Financial Services Agreement (including the Proposed Annual Cap)
“%”	per cent.

By order of the Board
Guangdong Yueyun Transportation Company Limited
Zhang Li
Company Secretary

Guangzhou, the PRC
17 September 2021

As at the date of this announcement, the Board comprises Mr. Tang Yinghai, Mr. Yao Hanxiong, Mr. Zhang Xian and Mr. Huang Wenban as executive directors of the Company, Mr. Chen Min and Mr. Chen Chuxuan as non-executive directors of the Company, and Mr. Jin Wenzhou, Ms. Lu Zhenghua, Ms. Wen Huiying and Mr. Zhan Xiaotong as independent non-executive directors of the Company.

* *For identification purpose only*