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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)

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

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As the current terms of the Agreements will expire on 31 December 2022, the parties have agreed to renew the Agreements for a further term of three years commencing on 1 January 2023 and ending on 31 December 2025.

LISTING RULES IMPLICATIONS

As at the date of this announcement, GCGC is the controlling shareholder of the Company as it, directly or indirectly, holds approximately 74.12% of the total issued share capital of the Company. Therefore, GCGC is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Annual Caps under each of the Agreements is expected to exceed 0.1% but be less than 5%, the transactions contemplated under the Agreements, together with their respective Proposed Annual Caps, are subject to the reporting, announcement and annual review requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

A. INTRODUCTION

Reference is made to the announcement of the Company dated 23 December 2019 in relation to, among other things, the continuing connected transactions between the Group and the GCGC Group under the Agreements.

As the current terms of the Agreements will expire on 31 December 2022, the parties have agreed to renew the Agreements for a further term of three years commencing on 1 January 2023 and ending on 31 December 2025.

B. RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

Set out below is a summary of the Agreements and the transactions contemplated thereunder, the Proposed Annual Caps and the basis for determining the Proposed Annual Caps:

1. Services in relation to major repairs and single item renovations for Tai Ping Interchange

Agreement:	The Tai Ping Interchange Master Agreement
Parties:	(1) The Company (2) GCGC
Nature of transactions:	Provision of major repair and single item renovation services at the Tai Ping Interchange by the GCGC Group to the Group.
Term:	The current term of the Tai Ping Interchange Master Agreement will expire on 31 December 2022, which, subject to compliance with the relevant requirements under the Listing Rules, may be automatically renewed unless a notice of non-renewal is given by either party to the other party at least three months prior to the expiry of such term. The parties to the Tai Ping Interchange Master Agreement have agreed to renew the term of the agreement for a further term of three years commencing on 1 January 2023 and ending on 31 December 2025.
Condition:	The Tai Ping Interchange Master Agreement and its performance are subject to compliance by the Company with any applicable disclosure and Shareholders' approval requirements in relation to connected transactions under the Listing Rules.
Individual agreements:	The GCGC Group and the Group may enter into individual execution agreements from time to time in respect of the provision of major repair and single item renovation services upon specific terms in compliance with those of the Tai Ping Interchange Master Agreement as agreed between the relevant parties.
Consideration:	Service fees for the major repair and single item renovation services under the Tai Ping Interchange Master Agreement are determined based on the General Pricing Principles, and are payable in such manner and in accordance with such timetable as agreed by the parties in the relevant individual execution agreement.

In particular, the service fees for relevant repair projects are determined based on the repair project budget determined in accordance with the applicable PRC regulations on project budget promulgated by the Ministry of Transport of the PRC and the Ministry of Housing and Urban-Rural Development of the PRC, and finally determined through open tender process conducted pursuant to the applicable PRC laws and regulations.

For services where no open tender process is conducted due to small contractual sum, the Group will determine the service fees by taking into account the prices for comparable services offered by at least two independent third party service providers.

Historical transaction amounts, existing annual caps and Proposed Annual Caps

The table below sets out the historical transaction amounts, the existing annual caps and the Proposed Annual Caps relating to the Tai Ping Interchange Master Agreement:

Year ended 31 December 2020		Year ended 31 December 2021		Year ended 31 December 2022		Year ending 31 December 2023	Year ending 31 December 2024	Year ending 31 December 2025	
Annual cap (RMB' 000)	Actual amount	Annual cap (RMB' 000)	Actual amount	Annual cap (RMB' 000)	Actual amount up to 31 August 2022 (RMB' 000)	Estimated amount up to 31 December 2022 (RMB' 000)	Proposed Annual Cap (RMB' 000)	Proposed Annual Cap (RMB' 000)	Proposed Annual Cap (RMB' 000)
<u>34,600</u>	<u>1,876</u>	<u>24,600</u>	<u>2,892</u>	<u>14,600</u>	<u>948</u>	<u>8,610</u>	<u>14,400</u>	<u>10,600</u>	<u>10,710</u>

The Proposed Annual Caps relating to the Tai Ping Interchange Master Agreement were determined with references to: (i) the size of the projects in respect of which the GCGC Group is and is expected to be engaged by the Group to provide major repair and single item renovation services; and (ii) the amounts expected to be payable to the GCGC Group for provision of major repair and single item renovation services in light of the progress of such projects.

Reasons for the transactions

The Group does not possess the qualifications and experience that are required to carry out the major repair and single item renovation services. Therefore, it is necessary for the Group to engage other parties to provide such services to the Group. The Directors consider that outsourcing the major repair and single item renovation services to the GCGC Group is in the interest of the Company since the GCGC Group possesses the required qualifications and experience in carrying out such services with good quality.

2. Provision of information systems services

Agreement:	The Information Systems Services Master Agreement
Parties:	(1) The Company (2) GCGC
Nature of transactions:	Provision by members of the GCGC Group to the Group of information systems services, including construction of information systems, maintenance of information systems, software development and other informatization related services.
Term:	The current term of the Information Systems Services Master Agreement will expire on 31 December 2022, which, subject to compliance with the relevant requirements under the Listing Rules, shall be automatically renewed unless a notice of non-renewal is given by either party to the other party at least three months prior to the expiry of such term. The parties to the Information Systems Services Master Agreement have agreed to renew the term of the agreement for a further term of three years commencing on 1 January 2023 and ending on 31 December 2025.
Condition:	The Information Systems Services Master Agreement and its performance are subject to compliance by the Company with any applicable disclosure and Shareholders' approval requirements in relation to connected transactions under the Listing Rules.
Individual agreements:	The GCGC Group and the Group may enter into individual execution agreements from time to time in respect of the provision of information systems services upon specific terms in compliance with those of the Information Systems Services Master Agreement as agreed between the relevant parties.
Consideration:	Service fees for the information systems services under the Information Systems Services Master Agreement are determined based on the General Pricing Principles, and are payable in such manner and in accordance with such timetable as agreed by the parties in the relevant individual execution agreement.

In particular, the service fees are determined through public tender process conducted in accordance with the applicable PRC laws and regulations, and if no open tender process is conducted due to small contractual sum of the relevant services, the Group will determine the service fees by taking into account the prices for comparable services offered by at least two independent third party service providers.

Historical transaction amounts, existing annual caps and Proposed Annual Caps

The table below sets out the historical transaction amounts, the existing annual caps and the Proposed Annual Caps relating to the Information Systems Services Master Agreement:

Year ended 31 December 2020		Year ended 31 December 2021		Year ended 31 December 2022		Year ending 31 December 2023	Year ending 31 December 2024	Year ending 31 December 2025	
Annual cap (RMB' 000)	Actual amount	Annual cap (RMB' 000)	Actual amount	Annual cap (RMB' 000)	Actual amount up to 31 August 2022 (RMB' 000)	Estimated amount up to 31 December 2022 (RMB' 000)	Proposed Annual Cap (RMB' 000)	Proposed Annual Cap (RMB' 000)	Proposed Annual Cap (RMB' 000)
<u>6,200</u>	<u>1,155</u>	<u>7,100</u>	<u>976</u>	<u>7,200</u>	<u>298</u>	<u>754</u>	<u>7,050</u>	<u>6,100</u>	<u>5,500</u>

The Proposed Annual Caps relating to the Information Systems Services Master Agreement were determined with references to: (i) the size of the projects in respect of which the GCGC Group is and is expected to be engaged by the Group to provide information systems services; and (ii) the sums expected to be payable to the GCGC Group for the provision of such information systems services.

Reasons for the transactions

Since the Group does not have the relevant qualification and experience required for the information systems services, the Group needs to engage other companies to provide these services for the Group. The Directors consider outsourcing the information systems services to the GCGC Group is in the interest of the Company, as the GCGC Group have the relevant qualifications and experiences required to provide excellent information systems services.

C. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions under each of the Agreements have been and will continue to be beneficial to the Group and, to a certain extent, are inevitable due to the extensive business coverage of the GCGC Group in the development of transportation infrastructures in the Guangdong Province. Due to the long-term relationship between the Group and the GCGC Group, the Board considers it to be beneficial to the Company to enter into the continuing connected transactions under each of the Agreements as these transactions have facilitated and will facilitate the operation and growth of the Company's business.

As Mr. Guo Junfa, an executive Director of the Company, acts as the assistant to the general manager of GCGC, Mr. Chen Min, a non-executive Director, is the general legal counsel of GCGC, and Mr. Chen Chuxuan, a non-executive Director, is the deputy chief accountant and the head of strategic development department, they are considered to have a material interest in, and they have abstained from voting on, the resolutions passed by the Board to approve the Agreements and the transactions contemplated thereunder. Save as disclosed, none of the Directors has material interest in, or is required to abstain from voting on, the Board resolutions in relation to the Agreements and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors) are of the view that the terms of each of the Agreements, the transactions contemplated thereunder and the Proposed Annual Caps are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

D. INFORMATION ON THE GROUP AND THE GCGC GROUP

Information on the Group

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 business of providing travel service.

Information on the GCGC Group

GCGC is a wholly state-owned enterprise under the supervision of the Guangdong Provincial State-owned Assets Supervision and Administration Commission. The GCGC Group is principally responsible for the investment, construction and management of the expressways in the Guangdong Province, and is also engaged in the logistics and transportation business.

E. LISTING RULES IMPLICATIONS

As at the date of this announcement, GCGC is the controlling shareholder of the Company as it, directly or indirectly, holds approximately 74.12% of the total issued share capital of the Company. Therefore, GCGC is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Annual Caps under each of the Agreements is expected to exceed 0.1% but be less than 5%, the transactions contemplated under the Agreements, together with their respective Proposed Annual Caps, are subject to the reporting, announcement and annual review requirements, but are exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

F. INTERNAL CONTROL AND RISK MANAGEMENT MEASURES

In addition to compliance with the requirements on annual review by external auditors and independent non-executive Directors under the Listing Rules in respect of the Group's continuing connected transactions, the Company has set up the discipline inspection and audit department and the Securities and Legal Department in charge of internal control and risk management to perform internal review and control over the continuing connected transactions of the Company, including reviewing contracts signed between the Company and connected persons, supervising the performance of procedures prior to signing of contracts as well as the fulfilment of transactions thereunder, regularly inspecting specific terms of the Company's transactions with connected persons and comparing with the terms of the same type transactions of the Company entered into with non-connected persons, to ensure that the pricing and other contract terms for the Group's continuing connected transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders and that the continuing connected transactions are conducted as agreed in the contracts and in compliance with the laws and regulations.

The supervisory committee of the Company operates independently of the Board and performs supervisory duties over the Board, the Company's senior management and the Company. It conducts annual review over the Group's connected transactions and expresses its opinions in the annual supervisors' report regarding whether such connected transactions would damage the interests of the Shareholders and the Company.

The audit and corporate governance committee of the Company holds interim and annual meetings with its external auditors to, among other things, review and discuss the Group's connected transactions and make recommendations and provide advices to the Company in respect of matters discovered.

To ensure the continuing connected transactions do not exceed the annual caps, the relevant business departments and subsidiaries of the Company shall fill in and submit a monthly statistical chart for continuing connected transactions to the Securities and Legal Department for summary, analysis and follow-up. In the event that the amount of the continuing connected transactions incurred and to be incurred for a financial year is expected to possibly reach the annual caps, the Securities and Legal Department will follow up forthwith by reporting and proposing a response to the management of the Company, and in case that an amendment to the annual caps is required, report particulars to the Board and hold a Board meeting for considering the matters thereabout to ensure compliance of the requirements under the Listing Rules. The Company arranges compliance trainings for the Directors, supervisors, senior management and staff from the relevant departments of the Company and its subsidiaries from time to time, primarily focusing on the rules relating to connected transactions under Chapter 14A of the Listing Rules.

G. DEFINITIONS

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

“Agreements”	collectively, the Tai Ping Interchange Master Agreement and the Information Systems Services Master Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“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
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“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 associates
“General Pricing Principles”	<p>general principles for determination of prices as follows:</p> <ol style="list-style-type: none"> (1) State-prescribed prices, being the prices set by any relevant laws, regulations, decisions or orders issued by the relevant authorities of the Chinese government or set by such authorities in respect of the relevant kind of service or product; (2) where there is no State-prescribed price, then according to the State-reference prices, being the prices determined by the parties within the price ranges set by any relevant laws, regulations, decisions or orders issued by the relevant authorities of the Chinese government or set by such authorities in respect of the relevant kind of service or product; (3) where there is no State-reference price, then according to the relevant market prices, being the prices at which comparable services or products are provided by independent third parties in same or surrounding areas in the ordinary course of business; and (4) where there is no relevant market price, then according to the reasonable cost incurred for provision of the relevant services or products plus a reasonable profit margin.
“Group”	the Company and its subsidiaries
“Guangdong Province”	the Guangdong Province of the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Information Systems Services Master Agreement”	a master agreement dated 30 September 2013 between the Company and GCGC in relation to provision of information systems services by the GCGC Group to the Group
“Independent Shareholder(s)”	Shareholder(s) other than GCGC and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excluding Hong Kong, the Macau Special Administration of the People’s Republic of China and Taiwan
“Proposed Annual Caps”	the proposed annual caps in respect of the transactions under the Agreements for the years ending 31 December 2023, 2024 and 2025 respectively
“RMB”	Renminbi, the lawful currency of the PRC
“Securities and Legal Department”	the securities and legal department of the Company
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tai Ping Interchange Master Agreement”	a master agreement dated 9 August 2006 between the Company and GCGC in relation to provision of major repair and single item renovation services
“%”	per cent

By order of the Board
Guangdong Yueyun Transportation Company Limited
Guo Junfa
Chairman of the Board

Guangzhou, the PRC
17 October 2022

As at the date of this announcement, the Board comprises Mr. Guo Junfa, Mr. Zhu Fang, Mr. Huang Wenban, Mr. Su Huacai and Mr. Hu Xianhua as executive directors of the Company, Mr. Chen Min and Mr. Chen Chuxuan as non-executive directors of the Company, and Mr. Su Wujun, Ms. Huang Yuan, Mr. Shen Jialong and Mr. Zhang Xiangfa as independent non-executive directors of the Company.

* *For identification purposes only*