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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 ANNUAL CAPS FOR EXISTING CONTINUING CONNECTED TRANSACTIONS AND REVISION OF ANNUAL CAP FOR YEAR 2022 FOR THE RESCUE SERVICES

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**

VINCO 榮高

Vinco Financial Limited

RENEWAL OF ANNUAL CAPS FOR EXISTING CONTINUING CONNECTED TRANSACTIONS

The Company has complied with the disclosure and Independent Shareholders' approval requirements under the Listing Rules in respect of the annual caps for the three years ending 31 December 2022 relating to the transactions conducted under the Subcontracting Arrangements entered into by the Group pursuant to the First Right of Operation Agreement. As the terms of such Subcontracting Arrangements run beyond 31 December 2022, the Company proposes to renew the annual caps for a further three years commencing on 1 January 2023 and ending 31 December 2025.

In addition, as the Rescue Services Entrustment Master Agreement will expire on 31 December 2022, the Company and GCGC agreed to renew the Rescue Services Entrustment Master Agreement for a further term of three years commencing on 1 January 2023 and ending on 31 December 2025, while the original terms of the Rescue Services Entrustment Master Agreement remain unchanged.

REVISION OF ANNUAL CAP FOR YEAR 2022 FOR THE RESCUE SERVICES

According to the recent evaluation of the Company, it is expected that the annual cap of RMB69,261,000 for the continuing connected transactions for the year ending 31 December 2022 under the Rescue Services Entrustment Master Agreement will not be sufficient to satisfy the business need of the Company. Accordingly, the Board has decided to revise the annual cap for the continuing connected transactions under Rescue Services Entrustment Master Agreement for the year ending 31 December 2022 to RMB136,000,000. All terms and conditions of the Rescue Services Entrustment Master Agreement remain unchanged except for the revision of the annual cap for the year ending 31 December 2022.

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. As such, GCGC is a connected person of the Company under the Listing Rules and the transactions contemplated under the Continuing Connected Transactions Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

With respect to the Continuing Connected Transactions for 2023 to 2025, as the highest applicable percentage ratio in respect of the Proposed Annual Caps for the relevant transactions as calculated under Rule 14.07 of the Listing Rules exceeds 5%, the Continuing Connected Transactions for 2023 to 2025 are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

With respect to Revision of Annual Cap for Year 2022 for the Rescue Services, as the highest applicable percentage ratio in respect of the Revised Annual Cap as calculated under Rule 14.07 of the Listing Rules exceeds 5%, continuing connected transactions for the year ending 31 December 2022 under the Rescue Services Entrustment Master Agreement (including the Revised Annual Cap) are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements.

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 on proposals in respect of (i) the Continuing Connected Transactions Agreements and the Continuing Connected Transactions for 2023 to 2025 contemplated thereunder (including the respective Proposed Annual Caps) and (ii) Revision of Annual Cap for Year 2022 for the Rescue Services.

Meanwhile, the Company has appointed Vinco Financial as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on proposals in respect of (i) the Continuing Connected Transactions Agreements and the Continuing Connected Transactions for 2023 to 2025 contemplated thereunder (including the respective Proposed Annual Caps) and (ii) Revision of Annual Cap for Year 2022 for the Rescue Services.

EGM

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve, among other things, the proposals in respect of (i) the Continuing Connected Transactions Agreements and the Continuing Connected Transactions for 2023 to 2025 contemplated thereunder (including the respective Proposed Annual Caps) and (ii) Revision of Annual Cap for Year 2022 for the Rescue Services.

GCGC and its associates and those who are interested in (i) the Continuing Connected Transactions Agreements and the Continuing Connected Transactions for 2023 to 2025 contemplated thereunder and (ii) Revision of Annual Cap for Year 2022 for the Rescue Services will be required to abstain from voting on the related resolutions. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in (i) the Continuing Connected Transactions Agreements and the Continuing Connected Transactions for 2023 to 2025 contemplated thereunder and (ii) Revision of Annual Cap for Year 2022 for the Rescue Services and therefore no other Shareholder is required to abstain from voting at the EGM on the relevant resolutions.

A circular containing, among other things, the following information will be dispatched to shareholders as soon as practicable:

- (a) further details on proposals relating to the Continuing Connected Transactions Agreements and the Continuing Connected Transactions for 2023 to 2025 contemplated thereunder (including the respective Proposed Annual Caps) and Revision of Annual Cap for Year 2022 for the Rescue Services;
- (b) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders on proposals in respect of the Continuing Connected Transactions Agreements and the Continuing Connected Transactions for 2023 to 2025 contemplated thereunder (including the respective Proposed Annual Caps) and Revision of Annual Cap for Year 2022 for the Rescue Services;
- (c) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of proposals on the Continuing Connected Transactions Agreements and the Continuing Connected Transactions for 2023 to 2025 contemplated thereunder (including the respective Proposed Annual Caps) and Revision of Annual Cap for Year 2022 for the Rescue Services;
- (d) other information as required under the Listing Rules; and
- (e) a notice convening the EGM.

The circular is expected to be dispatched to the Shareholders on or around 31 October 2022. It is expected that the circular will be issued more than 15 business days after the publication of this announcement, as more time is needed for the preparation of certain information to be included in the circular.

I. RENEWAL OF ANNUAL CAPS FOR EXISTING CONTINUING CONNECTED TRANSACTIONS

A. INTRODUCTION

Reference is made to (1) the announcement of the Company dated 27 September 2019; and (2) the circular of the Company dated 14 November 2019, in relation to, among other things, the continuing connected transactions between the Group and the GCGC Group under the First Right of Operation Agreement and the Rescue Services Entrustment Master Agreement.

The Company has complied with the disclosure and Independent Shareholders' approval requirements under the Listing Rules in respect of the annual caps for the three years ending 31 December 2022 relating to the transactions conducted under the Subcontracting Arrangements entered into by the Group pursuant to the First Right of Operation Agreement. As the terms of such Subcontracting Arrangements run beyond 31 December 2022, the Company proposes to renew the annual caps for a further three years commencing on 1 January 2023 and ending 31 December 2025.

In addition, as the Rescue Services Entrustment Master Agreement will expire on 31 December 2022, the Company and GCGC agreed to renew the Rescue Services Entrustment Master Agreement for a further term of three years commencing on 1 January 2023 and ending on 31 December 2025, while the original terms of the Rescue Services Entrustment Master Agreement remain unchanged.

B. THE FIRST RIGHT OF OPERATION AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER

Details of the transactions

Agreement:	The First Right of Operation Agreement
Parties:	(1) The Company (2) GCGC
Nature of transactions:	Pursuant to the First Right of Operation Agreement, GCGC has granted to the Company a first right to operate the expressway service zones on the expressways controlled by the GCGC Group.
Expressway Service Subcontracting Arrangements:	Upon exercise of the above first right, members of the Group may enter into, and have previously entered into, Expressway Service Subcontracting Arrangements with the owner of the relevant expressways (i.e. the GCGC Group), for the right to operate the expressway service zone by the Group in consideration of subcontracting fees payable by the Group to the GCGC Group.

The terms of the Expressway Service Subcontracting Arrangements are normally in line with the operating terms of the respective expressways.

The subcontracting fees charged by the GCGC Group are determined with reference to: (1) the value of the right of operation of the relevant expressway service zones as appraised by an independent valuer; (2) the discounted value of the total contracting fee calculated in proportion to the investment amount for different facilities at the relevant expressway service zones (using a discount rate based on the bank loan interest rate for the same period); and (3) the contracting fee calculated at a certain percentage (usually at approximately 50%) of the net profits of the service zones as a whole.

The investment amount for different facilities at the relevant expressway service zones is generally determined according to the following principles:

- (1) for operating facilities (which include facilities directly used for operating services, including restaurants, malls, tuck shops, inns, gas stations and vehicle repair stations) in the service zones constructed with the investment of the expressway owner (i.e. the GCGC Group), 100% of the relevant investment amount is accounted for;
- (2) for basic facilities (which include facilities for satisfying service and management needs, including office and accommodation buildings, staff canteens, permanent water and electricity facilities and wastewater treatment facilities and relevant buildings) in the service zones constructed with the investment of the expressway owner (i.e. the GCGC Group), 50% of the relevant investment amount is accounted for;
- (3) for public facilities (which include facilities for public services in the service zones, including deceleration lanes, ramps, car parks, public toilets, internal roads (including cross-section roads), plazas, greenery areas, monitoring systems, traffic signs and lines, lighting, slopes, side drains, retaining walls, etc.) in the service zones constructed with the investment of the expressway owner (i.e. the GCGC Group), the relevant investment amount is not accounted for.

Subcontracting fees for each year shall be calculated by dividing the total subcontracting fees based on the above principles by the number of years of subcontracting operation, and subcontracting fees for each year are usually settled in July (or such other month as determined after negotiations between the parties) during the year.

The Group shall carry out business negotiations and enter into the Expressway Service Subcontracting Arrangements with the GCGC Group with above basis for determination of the subcontracting fees.

In the process of business negotiations, depending on different expressways, the subcontracting fees are also determined on normal commercial terms after arms' length negotiation with reference to various factors such as location, traffic flow predication, business development level and financial analysis of relevant expressway service zones. The Group will consider whether the location of the road section where the service zone is located is in a region with a relatively high level of economic development. The higher the economic development of the location, the higher will be the pricing of the subcontracting fees; otherwise, the pricing will be lower. Meanwhile, the higher the forecast value of the traffic flow in the road section where the service zone is located, the more favorable is the operation of the service zone, and accordingly the subcontracting fees are higher; otherwise, the pricing will be lower. The higher the commercial maturity of the road section where the service zone is located, the easier it is to attract consumer groups, which is conducive to increasing the operating income of the service zone. Accordingly, subcontracting fees will be relatively higher; otherwise, the pricing will be lower. Therefore, by comprehensively considering the abovementioned circumstances, the Group determines the specific subcontracting fee with the owner through business negotiation. Therefore, the Board considers the subcontracting fees under the Expressway Service Subcontracting Arrangements are fair and reasonable.

Expressway Advertisement
Subcontracting
Arrangements:

Upon exercise of the above first right, members of the Group may enter into, and have previously entered into Expressway Advertisement Subcontracting Arrangements with the owner of the relevant expressways (i.e. the GCGC Group) for the right to operate the expressway advertisement resources.

The basis for determination of the advertisement subcontracting fees charged by the GCGC Group is with reference to approximately 30% of the operating revenue from the advertisements (the specific percentage is subject to the location of the expressways and determined after negotiations between the parties, usually at approximately 30%) shall be payable to the owner of the relevant expressways (i.e. the GCGC Group) as subcontracting fees.

The Group and the owner of the relevant expressways shall review and approve the operating revenue from the advertisements for the previous year, and 30% of the operating revenue from the advertisements shall be payable to the owner of the relevant expressways by the Group as subcontracting fees within 15 working days (or other payment date as determined after negotiations between the parties) after confirmation.

The Group shall carry out business negotiations and enter into the Expressway Advertisement Subcontracting Arrangements with the GCGC Group with above basis for determination of the advertisement subcontracting fees.

In the process of business negotiations, depending on different expressways, the advertisement subcontracting fees are also determined on normal commercial terms after arms' length negotiation with reference to various factors such as location, traffic flow predication, business development level and financial analysis of relevant expressway service zones.

Historical transaction amounts, existing annual caps and Proposed Annual Caps

As at the date of this announcement, the Group had entered into 80 implementation agreements in respect of the Expressway Service Subcontracting Arrangements with the GCGC Group, pursuant to which the expected total amount payable by the Group to the GCGC Group is approximately RMB236,670,000, RMB240,590,000 and RMB243,470,000 for the years ending 31 December 2023, 2024 and 2025, respectively.

As at the date of this announcement, the Group had entered into 67 implementation agreements in respect of the Expressway Advertisement Subcontracting Arrangements with the GCGC Group, pursuant to which the expected total amount payable by the Group to the GCGC Group is approximately RMB40,600,000, RMB47,840,000 and RMB55,010,000 for the years ending 31 December 2023, 2024 and 2025, respectively.

The table below sets out the historical transaction amounts, the existing annual caps and the Proposed Annual Caps relating to the Subcontracting Arrangements entered into and/or to be entered into by the Group pursuant to the First Right of Operation Agreement on an accumulated basis:

Year ended 31 December 2020		Year ended 31 December 2021		Year ending 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)
265,930	173,326	280,937	198,066	288,739	170,632	235,340	277,270	288,430	298,480

The above Proposed Annual Caps were determined with references to: (i) the estimated value of transactions under new Subcontracting Arrangements that are expected to be entered into from 2023 to 2025; and (ii) the contractual sum and estimated value of transactions that are required to fulfill the obligations under the existing Subcontracting Arrangements.

Reasons for the transactions

The expressway service has been one of the Group's key businesses. In order to expand the network for the Group's expressway service operation, the Group will endeavour to subcontract new service zones and advertisement resources from expressway owners who may include the GCGC Group. Given the leading position of GCGC in the transportation network in the Guangdong Province, the Directors believe that it is in the interest of the Company to have a first right to operate new expressway service zones and advertisement resource network controlled by the GCGC Group so as to maintain the Group's leading position over other competitors in the Guangdong Province.

C. RESCUE SERVICES ENTRUSTMENT MASTER AGREEMENT AND TRANSACTIONS CONTEMPLATED THEREUNDER

Details of the transactions

Agreement:	The Rescue Services Entrustment Master
Agreement Parties:	(1) The Company (2) GCGC
Nature of transactions:	Pursuant to the Rescue Services Entrustment Master Agreement, the Group has agreed to provide the GCGC Group with the rescue services as described below: (1) vehicles towing services in the event of traffic accidents and malfunction of vehicles within the service area as stipulated under the relevant individual implementation agreements; (2) cleaning-up services on accident sites within the service area, namely, clearing of debris and oil spills and transportation of goods and passengers; (3) assistance in the management of cordoning of roads and maintaining traffic flow at the request of the traffic police department and the service provider; and (4) assistance in the maintenance of safety on accident sites.
Term:	The current term of the Rescue Services Entrustment Master Agreement will expire on 31 December 2022, which, subject to compliance with the relevant requirements under the Listing Rules, will 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 have agreed to renew the term of the Rescue Services Entrustment Master Agreement for a further term of three years commencing on 1 January 2023 and ending on 31 December 2025.
Condition:	The Rescue Services Entrustment 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 implementation agreements:	The GCGC Group and the Group may enter into individual implementation agreements from time to time in respect of the provision of the rescue services upon specific terms in compliance with those of the Rescue Services Entrustment Master Agreement as agreed between the relevant parties.
Consideration:	Service fees for the rescue services are determined based on the General Pricing Principles. According to the General Pricing Principles, such consideration shall be based on State-prescribed prices, State-referenced prices, market price, or if market-price is not available, based on the reasonable cost incurred for provision of the relevant services or products plus a reasonable profit margin. Based on the Group's experience in past transactions with the GCGC Group, reasonable cost for the relevant services or products is determined in accordance with industry norms and the historical cost incurred for similar types of services or products, and a reasonable profit margin is based on the nature of services or products provided and the scale of the business operations. Service fees for the rescue services are payable in such manner and in accordance with such timetable as agreed by the parties in the relevant individual implementation agreements.

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 Rescue Services Entrustment Master Agreement:

Year ended 31 December 2020		Year ended 31 December 2021		Year ending 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)
86,958	61,863	86,202	74,945	69,261	62,148	136,000	168,780	128,050	129,330

The Proposed Annual Caps in relation to the provision of the rescue services was determined with references to (i) the length of the expressway which the rescue services are engaged to be provided; and (ii) the fee schedule for the provision of the rescue services.

Reasons for the transactions

Pursuant to the requirements of notices and rules promulgated by the relevant PRC governmental authorities, in order to maintain traffic flow and ensure timely rescue services in the event of accidents and vehicle malfunctions and to comply with the policies of the relevant government authorities, the Rescue Services Entrustment Master Agreement was entered into by the parties for the provision by the Group of rescue services in respect of expressways managed by the GCGC Group. The Group benefits from the Rescue Services Entrustment Master Agreement as the Group is entitled to receive service fees from the GCGC Group.

II. REVISION OF ANNUAL CAP FOR YEAR 2022 FOR THE RESCUE SERVICES

A. INTRODUCTION

As disclosed in the announcement of the Company dated 27 September 2019, the Company convened a Board meeting on 27 September 2019 and approved, among other things, the annual cap of RMB69,261,000 for the Rescue Services Entrustment Master Agreement for the year ending 31 December 2022.

According to the recent evaluation of the Company, it is expected that the annual cap of RMB69,261,000 for the continuing connected transactions for the year ending 31 December 2022 under the Rescue Services Entrustment Master Agreement will not be sufficient to satisfy the business need of the Company. Accordingly, the Board has decided to revise the existing annual cap for the year ending 31 December 2022 to RMB136,000,000. All terms and conditions of the Rescue Services Entrustment Master Agreement, including the pricing mechanism, remain unchanged except for the revision of the annual cap for the year ending 31 December 2022.

B. HISTORICAL TRANSACTION AMOUNTS, EXISTING ANNUAL CAP AND THE REVISED ANNUAL CAP

Set out below are the historical transaction amounts, the existing annual caps and the Revised Annual Cap for year 2022 for the transactions contemplated under the Rescue Services Entrustment Master Agreement:

	Year ended 31 December 2020 (RMB'000)	Year ended 31 December 2021 (RMB'000)	For the period ended 31 August 2022 (RMB'000)
Historical transaction amounts	61,863	74,945	62,148

During the period from the beginning of 2022 to the date of this announcement, the aggregate amount of the continuing connected transactions under the Rescue Services Entrustment Master Agreement has not exceeded the existing annual cap of RMB69,261,000 for the year ending 31 December 2022.

The Revised Annual Cap for the year ending 31 December 2022 for the continuing connected transactions under the Rescue Services Entrustment Master Agreement is RMB136,000,000. The basis of the determination of the Revised Annual Cap is as follows:

- (i) the historical transaction amount for the period ended 31 August 2022;
- (ii) the expected additional expressway mileage in 2022 for the provision of rescue services under the individual implementation agreements relating to the provision of rescue services entered into in accordance with the Rescue Services Entrustment Master Agreement, increasing expressway mileage to be serviced by the Group to 7,001.57 kilometres from 6,965.74 kilometres;
- (iii) the increased fee schedule for the provision of rescue services for certain road sections; and
- (iv) the one-off subsidy granted to the Company by GCGC as the controlling shareholder of the Company based on the expressway mileage serviced by the Company in 2020 and 2021.

C. REASONS FOR AND BENEFITS OF THE REVISION OF THE ANNUAL CAP FOR YEAR 2022

Pursuant to the requirements of notices and rules promulgated by the relevant PRC governmental authorities, in order to maintain traffic flow and ensure timely rescue services in the event of accidents and vehicle malfunctions and to comply with the policies of the relevant government authorities, the Rescue Services Entrustment Master Agreement was entered into by the parties for the provision by the Group of rescue services in respect of expressways managed by the GCGC Group. The Group benefits from the Rescue Services Entrustment Master Agreement as the Group is entitled to receive service fees from the GCGC Group. Having taken into account the basis of determination of the Revised Annual Cap as set out in the section headed “Historical Transaction Amounts, Existing Annual Cap and the Revised Annual Cap”, the Board considers that revision of annual cap for year 2022 for the rescue services provided reasonable room for the conduct of continuing connected transactions relating to provision of rescue services by the Group to the GCGC and is in the interests of the Company and its Shareholders as a whole.

III. 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, 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 advice to the Company in respect of matters discovered.

To ensure the continuing connected transactions do not exceed the annual caps, the relevant business departments of the Company and its subsidiaries 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 subsidiary from time to time, primarily focusing on the rules relating to connected transactions under Chapter 14A of the Listing Rules.

IV. DIRECTORS' VIEW

On 17 October 2022, the Company convened a board meeting and reviewed proposals on the Continuing Connected Transactions for 2023 to 2025 and Revision of Annual Cap for Year 2022 for the Rescue Services. The Board is of the opinion that continuing connected transactions contemplated under the Continuing Connected Transactions 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.

The Directors (other than the independent non-executive Directors who will express their views after considering the advice from the Independent Financial Adviser) are of the view that the Continuing Connected Transactions Agreements and the Continuing Connected Transactions for 2023 to 2025 contemplated thereunder (including the respective Proposed Annual Caps) and the Revision of Annual Cap for Year 2022 for the Rescue Services are conducted in the ordinary and usual course of business of the Group and are on normal commercial terms, and that the relevant terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Guo Junfa, executive Director of the Company, is the assistant to the general manager of GCGC, Mr. Chen Min, non-executive Director, is the general legal counsel of GCGC, and Mr. Chen Chuxuan, non-executive Director, is the deputy chief accountant and head of strategic development department of GCGC. Mr. Guo Junfa, Mr. Chen Min and Mr. Chen Chuxuan are considered to have a material interest in, and therefore they have abstained from voting on the resolutions of the Board in relation to (i) the Continuing Connected Transactions Agreements and the Continuing Connected Transactions for 2023 to 2025 contemplated thereunder (including the respective Proposed Annual Caps) and (ii) Revision of Annual Cap for Year 2022 for the Rescue Services. Save as disclosed above, none of the Directors has material interest in, or is required to abstain from voting on, the relevant Board resolutions.

V. 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 under the Continuing Connected Transactions Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

With respect to the Continuing Connected Transactions for 2023 to 2025, as the highest applicable percentage ratio in respect of the Proposed Annual Caps for the relevant transactions as calculated under Rule 14.07 of the Listing Rules exceeds 5%, the Continuing Connected Transactions for 2023 to 2025 are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

With respect to Revision of Annual Cap for Year 2022 for the Rescue Services, as the highest applicable percentage ratio in respect of the Revised Annual Cap as calculated under Rule 14.07 of the Listing Rules exceeds 5%, continuing connected transactions for the year ending 31 December 2022 under the Rescue Services Entrustment Master Agreement (including the Revised Annual Cap) are subject to reporting, annual review, announcement and Independent Shareholders' approval requirements.

VI. 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 provision of travel service business.

Information on the GCGC Group

GCGC is a wholly state-owned enterprise under the supervision of the Guangdong State-owned Assets 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.

VII. 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 on proposals in respect of (i) the Continuing Connected Transactions Agreements and the Continuing Connected Transactions for 2023 to 2025 contemplated thereunder (including the respective Proposed Annual Caps) and (ii) Revision of Annual Cap for Year 2022 for the Rescue Services.

In addition, the Company has appointed Vinco Financial as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on proposals in respect of (i) the Continuing Connected Transactions Agreements and the Continuing Connected Transactions for 2023 to 2025 contemplated thereunder (including the respective Proposed Annual Caps) and (ii) Revision of Annual Cap for Year 2022 for the Rescue Services.

VIII. EGM

The EGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the proposals in respect of (i) the Continuing Connected Transactions Agreements and the Continuing Connected Transactions for 2023 to 2025 contemplated thereunder (including the respective Proposed Annual Caps) and (ii) the Revision of Annual Cap for Year 2022 for the Rescue Services.

GCGC and its associates and those who are interested in (i) the Continuing Connected Transactions Agreements and the Continuing Connected Transactions 2023 to 2025 contemplated thereunder and (ii) Revision of Annual Cap for Year 2022 for the Rescue Services will be required to abstain from voting on the related resolutions at the EGM. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in (i) the Continuing Connected Transactions Agreements and the Continuing Connected Transactions for 2023 to 2025 contemplated and (ii) Revision of Annual Cap for Year 2022 for the Rescue Services and therefore no other Shareholder is required to abstain from voting at the EGM for the relevant resolutions.

A circular containing, among other things, the following information will be dispatched to shareholders as soon as practicable:

- (a) further details on proposals relating to the Continuing Connected Transactions Agreements and the Continuing Connected Transactions for 2023 to 2025 contemplated thereunder (including the respective Proposed Annual Caps) and Revision of Annual Cap for Year 2022 for the Rescue Services;
- (b) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders on proposals in respect of the Continuing Connected Transactions Agreements and the Continuing Connected Transactions for 2023 to 2025 contemplated thereunder (including the respective Proposed Annual Caps) and Revision of Annual Cap for Year 2022 for the Rescue Services;
- (c) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of proposals on the Continuing Connected Transactions Agreements and the Continuing Connected Transactions for 2023 to 2025 contemplated thereunder (including the respective Proposed Annual Caps) and Revision of Annual Cap for Year 2022 for the Rescue Services;
- (d) other information as required under the Listing Rules; and
- (e) a notice convening the EGM.

The circular is expected to be dispatched to the Shareholders on or around 31 October 2022. It is expected that the circular will be issued more than 15 business days after the publication of this announcement, as more time is needed for the preparation of certain information to be included in the circular.

IX. DEFINITIONS

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

“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
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions Agreements”	collectively, the First Right of Operation Agreement, and the Rescue Services Entrustment Master Agreement
“Continuing Connected Transactions for 2023 to 2025”	the Continuing Connected Transactions for 2023 to 2025 contemplated under the Continuing Connected Transactions Agreements by the Group
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the proposals in respect of (i) the Continuing Connected Transactions Agreements and the Continuing Connected Transactions for 2023 to 2025 contemplated thereunder (including the respective Proposed Annual Caps) and (ii) Revision of Annual Cap for Year 2022 for the Rescue Services
“Expressway Advertisement Subcontracting Arrangements”	the individual expressway advertisement subcontracting arrangements and relevant implementation agreements entered into and/or proposed to be entered into by the Group pursuant to the First Right of Operation Agreement
“Expressway Service Subcontracting Arrangements”	the individual expressway service subcontracting arrangements and relevant implementation agreements entered into and/or proposed to be entered into by the Group pursuant to the First Right of Operation Agreement

“First Right of Operation Agreement”	an agreement dated 15 September 2005 between the Company and GCGC under which GCGC has granted to the Company a first right to operate the expressway service zones on the expressways controlled by the GCGC Group, as amended and supplemented by the Supplemental First Right of Operation Agreement
“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
“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 they 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 board committee of the Company comprising all the independent non-executive Directors pursuant to Listing Rules to advise the Independent Shareholders on proposals in relation to (i) the Continuing Connected Transactions Agreements and the Continuing Connected Transactions for 2023 to 2025 contemplated thereunder (including the respective Proposed Annual Caps) and (ii) Revision of Annual Cap for Year 2022 for the Rescue Services
“Independent Financial Adviser” or “Vinco Financial”	Vinco Financial Limited, a corporation licensed to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) and being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on proposals in respect of (i) the Continuing Connected Transactions Agreements and the Continuing Connected Transactions for 2023 to 2025 contemplated thereunder (including the respective Proposed Annual Caps) and (ii) Revision of Annual Cap for Year 2022 for the Rescue Services
“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 Cap(s)”	the proposed annual cap(s) for the year(s) ending 31 December 2023, 2024 and/or 2025 (as the case may be)
“Rescue Services Entrustment Master Agreement”	a master agreement dated 30 September 2013 between the Company and GCGC in relation to provision of rescue services by the Group to the GCGC Group
“Revised Annual Cap”	the revised annual cap for the continuing connected transactions for the years ending 31 December 2022 under the Rescue Services Entrustment Master Agreement
“Revision of Annual Cap for Year 2022 for the Rescue Services”	the proposed revision of the annual cap(s) for the continuing connected transactions for the year ending 31 December 2022 under the Rescue Services Entrustment Master Agreement

“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
“Subcontracting Arrangements”	Expressway Advertisement Subcontracting Arrangements and Expressway Service Subcontracting Arrangements
“Supplemental First Right of Operation Agreement”	the supplemental agreement to the First Right of Operation Agreement dated 14 September 2018 entered into between the Company and GCGC
“%”	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 purpose only*