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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)

CONNECTED TRANSACTION EQUITY TRANSFER CONTRACT

EQUITY TRANSFER CONTRACT

On 4 November 2022, the Company, as the transferee, and Liyun Investment, as the transferor, entered into the Equity Transfer contract, pursuant to which, the Company will acquire the entire equity interest in Meizhou Investment from Liyun Investment at a total consideration of RMB18,862,800.

The consideration of the Equity Transfer was determined by the parties after arm's length negotiation with reference to the valuation of the entire equity interest of the shareholders of Meizhou Investment as at the base date of valuation as stated in the valuation report prepared by the independent valuer jointly entrusted by Guangdong Litong and the Company. The total consideration of the Equity Transfer will be funded with the Company's internal resources.

Upon completion of the Equity Transfer, Meizhou Investment will become a subsidiary of the Company, and its financial results will be consolidated into and accounted for in the financial statements of the Group.

IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, GCGC is holding approximately 74.12% of the total issued capital of the Company and 100% equity interest in Guangdong Litong. Liyun Investment is a wholly-owned subsidiary of Guangdong Litong. As such, Liyun Investment is a connected person of the Company under Chapter 14A of the Listing Rules, and the Equity Transfer contract entered into between the Company and Liyun Investment and the acquisition of 100% equity interest in Meizhou Investment from Liyun Investment thereunder constitute connected transactions of the Company.

Pursuant to Rule 14A.76 of the Listing Rules, as one or more percentage ratios in respect of the Equity Transfer as calculated under Rule 14.07 of the Listing Rules exceed 0.1% but is less than 5%, the Equity Transfer is subject to reporting and announcement requirements but are exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 4 November 2022, the Company, as the transferee, and Liyun Investment, as the transferor, entered into the Equity Transfer contract, pursuant to which, the Company will acquire the entire equity interest in Meizhou Investment from Liyun Investment at a total consideration of RMB18,862,800.

EQUITY TRANSFER CONTRACT

The salient terms of the Equity Transfer contract are as follows:

Contract Date

4 November 2022

Parties

Transferor: Liyun Investment
Transferee: the Company

Subject of the Transfer

100% equity interest in Meizhou Investment being held by Liyun Investment

Consideration

The total consideration of the Equity Transfer is RMB18,862,800, which was determined by the Company and Liyun Investment after arm's length negotiation with reference to the valuation of the entire equity interest of the shareholders of Meizhou Investment as at the base date of valuation, based on the asset-based approach, by Guangdong Excellence Real Estate Appraisal & Consulting Co., Ltd (廣東卓越土地房地產評估諮詢有限公司), the independent valuer, as stated in the Asset Valuation Report (《資產評估報告書》) (Yue Zhuo Yue Ping (2022) Zi Can 08 No. 0399).

According to the special audit report on consolidated assets clearance and capital verification (“**Audit Report for Asset Clearance and Capital Verification**”), on 31 December 2021, the total book value of net assets of Meizhou Investment was approximately RMB9,907,300 and the total book value of consolidated net assets of Meizhou Investment and its wholly-owned subsidiary was approximately RMB10,104,100. The independent valuer conducted the valuation on the basis of the total book value of net assets of Meizhou Investment alone as at the base date of valuation (i.e. 31 December 2021) as stated in the Audit Report for Asset Clearance and Capital Verification and reached the following conclusions:

As at the base date of valuation on 31 December 2021, the total book value of net assets of Meizhou Investment was RMB9,907,300 and the assessed value was RMB18,862,800, resulting in the appreciation in assessed value of RMB8,955,500 with an appreciation rate of 90.39%. The high assessed value is mainly due to the appreciation in value of properties and buildings leading to the appreciation in value of fixed assets, which is caused by the continuous increase of building materials and labor costs and property prices in recent years.

The Asset Valuation Report has been issued based on the industry standards in accordance with the laws, regulations and the asset appraisal standards. The Company takes it as the determination basis of the consideration, which, in the opinion of the Directors of the Company, is fair and reasonable.

In conclusion, the entire equity of shareholders of Meizhou Investment was RMB18,862,800 as at the base date of valuation on 31 December 2021. The total consideration of the Equity Transfer will be paid, in lump sum, by the Company within 20 working days from the effective date of the Equity Transfer contract, and it will be funded with the Company's internal resources.

Debt Interests and Liabilities and Profit or Loss

Before and after the transfer of 100% equity interest in Meizhou Investment, the debt interests and liabilities of Meizhou Investment will continue to be enjoyed and borne by Meizhou Investment.

Commencing from 1 January 2022 (i.e. the day immediately after the Benchmark Date), all the profits and losses generated by Meizhou Investment will be enjoyed and borne by the Company.

The debt of the Meizhou Investment incurred prior to the Benchmark Date (including the base date) and not disclosed in the Audit Report for Asset Clearance and Capital Verification and the Asset Valuation Report shall be borne by the Company, and therefore if there are any losses arising therefrom to the Company or Meizhou Investment after the completion of the Equity Transfer, the Company or Meizhou Investment shall have the right to recover from the Liyun Investment.

Conditions Precedent

The validity of the Equity Transfer contract is subject to the fulfillment of all the following conditions:

- (1) the Equity Transfer contract having been duly entered into by the parties thereto;
- (2) Liyun Investment having obtained proper internal approval for the Equity Transfer;
- (3) the Company having obtained approval from the Board for the Equity Transfer; and
- (4) The Asset Valuation Report having been filed with GCGC.

As at the date of publication of this announcement, (1) to (4) of the above conditions precedent have been fulfilled.

Completion

Completion of Equity Transfer shall take place within 20 working days from the effective date of the Equity Transfer contract (that is, the date on which all the conditions precedent for the Equity Transfer contract have been fulfilled). The Company and Liyun Investment have agreed to complete the procedures for change of registration in connection with the Equity Transfer at the relevant authorities of the government in accordance with the relevant requirements of national, provincial and municipal regulations and the Equity Transfer contract.

The Company and Liyun Investment have agreed that the base date of Equity Transfer shall be 31 December 2021; the completion date of Equity Transfer shall be the date of completion of the procedures for change of registration in connection with the Equity Transfer.

The Company has agreed to assume the responsibility as a contributor to the capital of Meizhou Investment in accordance with the applicable laws upon the completion of transfer of equity interest in Meizhou Investment.

INFORMATION OF MEIZHOU INVESTMENT

Meizhou Investment is a company established pursuant to the laws of the PRC with limited liability, and a wholly-owned subsidiary of Liyun Investment. Meizhou Investment is principally engaged in, among others, the businesses of investment consulting service, property management and leasing of properties.

Based on the audited consolidated financial statements of Meizhou Investment prepared in accordance with the Accounting Standards for Business Enterprises promulgated by the Ministry of Finance of the PRC, the consolidated financial information of Meizhou Investment for the two years ended 31 December 2020 and 31 December 2021 is set out below:

	For the year ended	
	31 December 2021	31 December 2020
	(Audited)	(Audited)
	(RMB)	(RMB)
Revenue from operations	606,768.40	477,809.91
Profit before taxation	22,270.87	168,578.00
Profit after taxation	17,948.63	154,900.35
Total assets	10,815,916.10	10,773,445.45
Net assets	10,498,594.09	10,480,645.46

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER CONTRACT

The reasons are facilitating the reasonable coordination of the relevant business assets, further enhancing the management relationship of the Company and promoting the professional consolidation work. At present, the major assets of Meizhou Investment are mostly property assets related to passenger and cargo transportation terminals, which are closely related to the principal businesses of the Company, necessary premises for production and operating activities of the Company and its subsidiaries, have been used, operated and managed by the Company and its subsidiaries for a long period of time. After completion of the Equity Transfer, the Company will be directly related to Meizhou Investment in equity, may decide on its material issues directly, manage its financial budget and implementation status directly, and may consolidate its financial statements, which will facilitate further enhancing the operational and financial management relationship of the Company. At the same time, the professional consolidation work of entities at or below the second and third level can be proceeded effectively, facilitating the optimization and upgrading of management, and further focusing on the core businesses and optimizing the capital structure.

Given as stated above, the Directors believe that the Equity Transfer will further enhance the Group's growth in business and profitability, and hence are in the interest of the Group and the shareholders of the Company as a whole.

OPINIONS OF THE DIRECTORS

The consideration of the Equity Transfer was determined by the parties after arm's length negotiation with reference to the valuation of the entire equity interest of the shareholders of Meizhou Investment as at the base date of valuation as stated in the valuation report prepared by the independent valuer jointly entrusted by Guangdong Litong and the Company. In the opinions of the Directors (including independent non-executive Directors), although the transactions contemplated under the Equity Transfer contract are not entered into in the general and ordinary course of business of the Group, however the terms of the Equity Transfer contract are ordinary business terms and the provisions therein are fair and reasonable and in the best interest of the Company and its shareholders as a whole.

Mr. Guo Junfa, an executive director of the Company, is as the assistant to the general manager of GCGC; Mr. Chen Min, a non-executive director, is the chief legal counsel of GCGC, and Mr. Chen Chuxuan, a non-executive director, is the deputy chief accountant and head of strategic development department of GCGC. Therefore, they are deemed to have material interest in the Equity Transfer contract. Mr. Guo Junfa, Mr. Chen Min and Mr. Chen Chuxuan have abstained from voting on the resolutions for approval of the Equity Transfer contract and the equity transfer matters contemplated thereunder. Save as disclosed above, no other directors have any material interest in the Equity Transfer contract and the equity transfer matters contemplated thereunder and are required to abstain from voting on the relevant resolutions.

FINANCIAL EFFECTS OF THE EQUITY TRANSFER

Upon completion of the Equity Transfer, Meizhou Investment will become a subsidiary of the Company, and its financial results will be consolidated into and accounted for in the financial statements of the Group.

IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, GCGC is holding approximately 74.12% of the total issued capital of the Company and 100% equity interest in Guangdong Litong. Liyun Investment is a wholly-owned subsidiary of Guangdong Litong. As such, Liyun Investment is a connected person of the Company under Chapter 14A of the Listing Rules, and the Equity Transfer contract entered into between the Company and Liyun Investment and the acquisition of 100% equity interest in Meizhou Investment from Liyun Investment thereunder constitute connected transactions of the Company.

Pursuant to Rule 14A.76 of the Listing Rules, as one or more percentage ratios in respect of the Equity Transfer as calculated under Rule 14.07 of the Listing Rules exceed 0.1% but is less than 5%, therefore, pursuant to Rule 14A.76(2)(a) of the Listing Rules, the Equity Transfer is only subject to reporting and announcement requirements but are exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION OF OTHER PARTIES

The Group

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

GCGC

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 latest practicable date. GCGC is a state-owned enterprise in the PRC and is wholly-owned by Guangdong State-owned Asset Supervision and Administration 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 business.

Guangdong Litong

Guangdong Litong is principally engaged in integrated development and operation business by providing land and other supporting resources through coordinating the planning, development and management of land and property resources, with a focus on the development of land along expressways and urban integrated commercial complexes and the cultivation of platforms.

Liyun Investment

Liyun Investment is mainly engaged in the businesses of, among others, investment consulting service, investment management service, property management and leasing of properties.

DEFINITIONS

Expressions used in this announcement shall have the following meanings:

“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), 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 (Stock Code: 03399)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Equity Transfer”	the transfer by Liyun Investment and the acceptance by the Company of 100% equity as contemplated under the equity transfer contract entered into between the Company and Liyun Investment on 4 November 2022
“GCGC”	Guangdong Provincial Communication Group Company Limited* (廣東省交通集團有限公司), a state-owned enterprise established in accordance with the laws of the PRC and a controlling shareholder of the Company
“Group”	the Company and the subsidiaries owned by it from time to time
“Guangdong Litong”	Guangdong Litong Development and Investment Company Limited* (廣東利通發展投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of GCGC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Liyun Investment”	Guangzhou Liyun Investment and Development Company Limited* (廣州利運投資發展有限公司, a wholly-owned subsidiary of Guangdong Litong
“Meizhou Investment”	Meizhou Yueyun Investment Company Limited* (梅州市粵運投資有限公司)
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Guangzhou, the PRC
4 November 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