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**廣東南粵物流股份有限公司**  
Guangdong Nan Yue Logistics Company Limited\*

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

(Stock Code: 03399)

## **CONNECTED TRANSACTION ENTRUSTED LOAN ARRANGEMENT**

On 14 July 2010, the Company entered into the Entrusted Loan Agreement with CITIC Bank and GD Oriental Thought entered into the Loan Agreement with CITIC Bank in respect of the Entrusted Loan Arrangement. Pursuant to the Entrusted Loan Arrangement, the Company will provide a short-term Entrusted Loan in an amount of RMB4,900,000 through CITIC Bank to GD Oriental Thought.

GD Oriental Thought is a non wholly-owned subsidiary of the Company, which is owned as to 30% by GD Kaiyang Freeway. GD Kaiyang Freeway is owned as to 53% by GD Provincial Freeway, which in turn is a wholly-owned subsidiary of GCGC, the controlling shareholder of the Company. Accordingly, GD Oriental Thought is a connected person of the Company under the Listing Rules.

The provision of the Entrusted Loan constitutes financial assistance provided by the Company not in the ordinary and usual course of business for the benefit of a connected person. Since one or more of the applicable percentage ratios in respect of the Entrusted Loan exceed 0.1% but are less than 5%, the Entrusted Loan Arrangement shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement pursuant to the Listing Rules.

## **ENTRUSTED LOAN ARRANGEMENT**

### **Date**

14 July 2010

### **Parties and agreements**

In respect of the Entrusted Loan Arrangement:

- (1) the Company (as lender) has entered into the Entrusted Loan Agreement with CITIC Bank (as lending agent); and
- (2) GD Oriental Thought (as borrower) has entered into the Loan Agreement with CITIC Bank.

### **Entrusted Loan Arrangement**

Under the Entrusted Loan Arrangement, the Company will provide an unsecured and interest-bearing Entrusted Loan of RMB4,900,000 to GD Oriental Thought at the prevailing RMB lending rate for the same loan period offered by The People's Bank of China minus 10%, being 4.374% for this Entrusted Loan Arrangement.

### **Period**

The Entrusted Loan Arrangement is commencing from 16 July 2010 and ending on 25 December 2010.

### **Repayment term**

GD Oriental Thought shall pay the interest of the Entrusted Loan on a monthly basis on the 20th of each month. The principal amount of the Entrusted Loan is repayable upon expiry of the term of the Entrusted Loan Arrangement.

## **REASONS FOR AND BENEFITS OF THE FINANCIAL ASSISTANCE**

The Entrusted Loan is provided to GD Oriental Thought to fund its working capital. The Company considers that the provision of the Entrusted Loan through CITIC Bank as the lending agent to GD Oriental Thought is crucial for the operation and development of the business of GD Oriental Thought.

The terms of the Entrusted Loan Arrangement, including the interest rate applicable, were agreed by the parties after arm's length negotiations having taken into account the prevailing market interest rates and practices.

The Directors (including all independent non-executive Directors) consider that the terms of the Entrusted Loan Arrangement are on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES REQUIREMENTS**

GD Oriental Thought is a non wholly-owned subsidiary of the Company, which is owned as to 30% by GD Kaiyang Freeway. GD Kaiyang Freeway is owned as to 53% by GD Provincial Freeway, which in turn is a wholly-owned subsidiary of GCGC, the controlling shareholder of the Company. Accordingly, GD Oriental Thought is a connected person of the Company under the Listing Rules.

The provision of the Entrusted Loan constitutes financial assistance provided by the Company not in the ordinary and usual course of business for the benefit of a connected person. Since one or more of the applicable percentage ratios in respect of the Entrusted Loan exceed 0.1% but are less than 5%, the Entrusted Loan Arrangement shall be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement pursuant to the Listing Rules.

## **GENERAL**

The Company was incorporated 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 integrated logistics services and expressway-related services.

GD Oriental Thought is principally engaged in the development of computer softwares and hardwares, consolidation of information technology system; development of and provision of technical services in the communication technology sector; and design and development of the office automate system.

## **DEFINITIONS**

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

“Board”	the board of Directors of the Company
“CITIC Bank”	China CITIC Bank Corporation Limited (中信銀行股份有限公司), Guangzhou branch, the lending agent of the Entrusted Loan

“Company”	廣東南粵物流股份有限公司 (Guangdong Nan Yue Logistics Company Limited**), a joint stock limited company incorporated under the laws of the PRC with limited liability
“Directors”	The directors of the Company
“Entrusted Loan”	the short-term facility of RMB4,900,000 provided by the Company to GD Oriental Thought through CITIC Bank under the Entrusted Loan Arrangement
“Entrusted Loan Agreement”	the entrusted loan agreement entered into between the Company and CITIC Bank on 14 July 2010 in relation to the Entrusted Loan Arrangement
“Entrusted Loan Arrangement”	the arrangement to provide the Entrusted Loan pursuant to the Entrusted Loan Agreement and the Loan Agreement
“GCGC”	廣東省交通集團有限公司 (Guangdong Provincial Communication Group Company Limited**), a state-owned enterprise established under the laws of the PRC and a controlling shareholder of the Company
“GD Kaiyang Freeway”	廣東開陽高速公路有限公司 (Guangdong Kaiyang Freeway Co., Ltd.**), a company established under the laws of the PRC
“GD Oriental Thought”	廣東東方思維科技有限公司 (Guangdong Oriental Thought Technology Company Limited**), a limited liability company established under the laws of the PRC and is owned as to 51% by the Company, as to 30% by GD Kaiyang and as to 19% by 北京東方思維信息技術有限公司 Beijing Oriental Thought Information Technology Co., Ltd*), an independent third party
“GD Provincial Freeway”	廣東省高速公路有限公司 (Guangdong Provincial Freeway Co., Ltd.**), a company established under the laws of the PRC, a wholly-owned subsidiary of GCGC
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited

“Loan Agreement”	the loan agreement entered into between GD Oriental Thought and CITIC Bank dated 14 July 2010 in relation to the Entrusted Loan Arrangement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board of  
**Guangdong Nan Yue Logistics Company Limited\***  
**LIU HONG**  
*Chairman of the Board*

Guangzhou, the People’s Republic of China

15 July 2010

*As at the date of this announcement, the Board comprises of Mr. Liu Hong, Mr. Wang Weibing, Mr. Deng Chongzheng, Mr. Lu Maohao and Mr. Zeng Gangqiang as executive Directors, Mr. Cao Xiaofeng, Mr. Lu Yaxing, Mr. Zheng Renfa, Mr. Cai Xiaoju and Mr. Cai Conghua as non-executive Directors, and Mr. Gui Shouping, Mr. Liu Shaobuo and Mr. Peng Xiaolei as independent non-executive Directors.*

*\* The Company is registered as a non-Hong Kong company under Part XI of the Companies Ordinance (Chapter 32 of the laws of Hong Kong) under its Chinese name “廣東南粵物流股份有限公司” and its English name “Guangdong Nan Yue Logistics Company Limited”.*

*\*\* for identification purposes only.*