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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)**

### **(A) CONTINUING CONNECTED TRANSACTIONS — TAI PING INTERCHANGE MANAGEMENT AGREEMENT**

### **(B) CONTINUING CONNECTED TRANSACTIONS — ENTRUSTED MANAGEMENT AGREEMENT**

**AND**

### **(C) CHANGE IN COMPOSITION OF THE REMUNERATION COMMITTEE**

#### **(A) TAI PING INTERCHANGE MANAGEMENT AGREEMENT**

Reference is made to the announcement of the Company dated 29 December 2011 in relation to, among other things, the Existing Agreement. The term of the Existing Agreement will expire on 31 December 2014. On 30 December 2014, the Company and Humen Bridge Company entered into the Tai Ping Interchange Management Agreement, pursuant to which Humen Bridge Company agreed to provide certain entrusted toll fee collection and other operation management services at the Tai Ping Interchange to the Company for a term of three years commencing on 1 January 2015 and ending on 31 December 2017 at an annual entrusted management fee of RMB4,700,000.

#### **(B) ENTRUSTED MANAGEMENT AGREEMENT**

On 30 December 2014, the Company and Yueyun Investment Management entered into the Entrusted Management Agreement, pursuant to which Yueyun Investment Management entrusted its 100% equity interest in Meizhou Yueyun, 80% equity interest in Shenzhen Yueyun and 100% equity interest in Yangjiang Transportation and the business operation of such companies to the Company for a term of one year commencing from 1 January 2015 and ending on 31 December 2015 at an annual entrusted management fee of RMB7,662,000.

## **LISTING RULES IMPLICATIONS**

GCGC owns an aggregate of approximately 66.96% of the issued share capital of the Company. Humen Bridge Company is an associate of GCGC and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Tai Ping Interchange Management Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

At the date of this announcement, Yueyun Investment Management is a wholly-owned subsidiary of GCGC. Therefore, Yueyun Investment Management is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the transactions contemplated under the Entrusted Management Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since one or more applicable percentage ratios in respect of each of the proposed annual caps for the three years ending 31 December 2017 under each of the Tai Ping Interchange Management Agreement and the Entrusted Management Agreement are more than 0.1% but is less than 5%, the transactions contemplated under each of the Tai Ping Interchange Management Agreement and the Entrusted Management Agreement are subject to reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **(C) CHANGE IN COMPOSITION OF THE REMUNERATION COMMITTEE**

Mr. Tang Yinghai, an executive Director, has stepped down from his position as a member of the Remuneration Committee with effect from 30 December 2014. Mr. Li Bin, a non-executive Director, has been appointed by the Board as a member of the Remuneration Committee in place of Mr. Tang Yinghai, with effect from 30 December 2014.

## **(A) TAI PING INTERCHANGE MANAGEMENT AGREEMENT**

Reference is made to the announcement of the Company dated 29 December 2011 in relation to, among other things, the Existing Agreement. The term of the Existing Agreement will expire on 31 December 2014. On 30 December 2014, the Company and Humen Bridge Company entered into the Tai Ping Interchange Management Agreement in respect of provision of toll fee collection and other operation management services at the Tai Ping Interchange.

The principal terms of the Tai Ping Interchange Management Agreement are as follows:

<b>Date</b>	:	30 December 2014
<b>Parties</b>	:	(1) The Company (2) Humen Bridge Company
<b>Nature of transaction</b>	:	Provision by Humen Bridge Company to the Company of entrusted toll fee collection and other operation management services at the Tai Ping Interchange.
<b>Term</b>	:	1 January 2015 to 31 December 2017
<b>Service fees</b>	:	RMB4,700,000 per annum of which RMB2,350,000 will be payable in June and December every year.

The annual service fee payable under the Tai Ping Interchange Management Agreement was agreed between the parties after arm's length negotiations with reference to, among other factors, the Group's expected toll fee entitlement and the actual management costs incurred for collection of toll fees. These factors are consistent with those used for determination of the service fee payable under the Existing Agreement.

### ***Historical figures***

The table below sets out the historical figures paid by the Company to Humen Bridge Company for the toll fee collection and other operation management services at the Tai Ping Interchange under the Existing Agreement:

	<b>Year ended 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>(RMB' 000)</i>	<i>(RMB' 000)</i>	<i>(RMB' 000)</i>
<b>Annual cap</b>	4,200	4,200	4,200
<b>Actual amount</b>	4,200	4,200	4,200 <i>(Note)</i>

*Note: This figure is the historical figure for the period from 1 January 2014 to the date of this announcement, and is also the expected figure for the whole year of 2014.*

### ***Annual caps***

The table below sets out the proposed annual caps in relation to the Tai Ping Interchange Management Agreement for the three years ending 31 December 2017:

	<b>Year ending 31 December</b>		
	<b>2015</b>	<b>2016</b>	<b>2017</b>
	<i>(RMB' 000)</i>	<i>(RMB' 000)</i>	<i>(RMB' 000)</i>
<b>Proposed annual caps</b>	4,700	4,700	4,700

The proposed annual caps of transaction amounts for the three years ending 31 December 2017 were determined with reference to the annual service fees payable under the Tai Ping Interchange Management Agreement.

## **(B) ENTRUSTED MANAGEMENT AGREEMENT**

On 30 December 2014, the Company and Yueyun Investment Management entered into the Entrusted Management Agreement, pursuant to which Yueyun Investment Management entrusted its 100% equity interest in Meizhou Yueyun, 80% equity interest in Shenzhen Yueyun and 100% equity interest in Yangjiang Transportation and the business operation of such companies to the Company for a term of one year commencing from 1 January 2015 and ending on 31 December 2015 at an annual entrusted management fee of RMB7,662,000.

The principal terms of the Entrusted Management Agreement are as follows:

- Parties** : (1) Yueyun Investment Management (as appointor)  
(2) The Company (as appointee)
- Subject matter** : Yueyun Investment Management entrusted its 100% equity interest in Meizhou Yueyun, 80% equity interest in Shenzhen Yueyun and 100% equity interest in Yangjiang Transportation and the business operation of such companies to the Company.

The profit and loss attached to the entrusted equity interests belong to Yueyun Investment Management.

The Company has the right to:

- (1) exercise part of the shareholder rights attached to the equity interest of Meizhou Yueyun, Shenzhen Yueyun and Yangjiang Transportation without consent of Yueyun Investment Management (including, among other things, the right to (a) determine the operation direction and the investment plan related to the principal business of the companies; (b) nominate directors and non-employee representing supervisors and to determine their remuneration; (c) approve the board's and the supervisory board's reports; (d) approve annual financial budget; and (e) decide issue of corporate bonds for the ordinary course of principal business of the companies); and

(2) exercise part of the shareholder rights attached to the equity interest of Meizhou Yueyun, Shenzhen Yueyun and Yangjiang Transportation with prior notice to and negotiation with Yueyun Investment Management (including, among other things, the right to (a) amend articles of association; (b) increase or reduce registered capital; (c) change way of incorporation; (d) approve any third party guarantee, or any third party investment out of the principal business; (e) approve profit distribution plan and loss indemnification plan; (f) demerger, merger or liquidate, dismiss; (g) dispose all or part of the entrusted equity interest; and (h) approve connected transactions between the Company and the relevant companies).

**Term** : 1 January 2015 to 31 December 2015

**Entrustment fee** : The Company is entitled to RMB7,662,000 per annum as entrustment fee from Yueyun Investment Management under the Entrusted Management Agreement to be deposited in the designated bank account of the Company before 30 June 2015.

The annual entrustment fee payable under the Entrusted Management Agreement was agreed between the parties after the arm's length negotiations with reference to the asset size of Meizhou Yueyun, Shenzhen Yueyun and Yangjiang Transportation. In particular, the entrustment fees for Meizhou Yueyun, Shenzhen Yueyun and Yangjiang Transportation are RMB3,686,000, RMB3,526,700 and RMB449,300, respectively.

## **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

The arrangement of the toll collection and management of the Tai Ping Interchange by Humen Bridge Company was originally established under the arrangement approved by the relevant government authorities when the Tai Ping Interchange commenced operations in 1999. Details of the aforesaid arrangement were set out in the Prospectus. In addition, the Directors believe that the collection of toll fees and management of the Tai Ping Interchange by Humen Bridge Company on its behalf in accordance with the arrangement set out in the Tai Ping Interchange Management Agreement could achieve better cost and operating efficiency for the Company, and could save substantive human resources of the Company in managing the daily operations of the Tai Ping Interchange.

Prior to the asset swap between the Company and GCGC in 2012, each of Meizhou Yueyun, Shenzhen Yueyun and Yangjiang Transportation were subsidiaries of Vehicles Transportation Group, a wholly-owned subsidiary of the Company and the operations of each of Meizhou Yueyun, Shenzhen Yueyun and Yangjiang Transportation were developed by Vehicles Transportation Group. The Entrusted Management Agreement can facilitate unified management of members of the GCGC Group, which can increase efficiency and reduce costs, as well as provide the Company with a considerable amount of revenue and strengthen the Company's financial position.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of each of the Tai Ping Interchange Management Agreement and the Entrusted Management Agreement, the transactions and the proposed annual caps contemplated thereby are fair and reasonable and in the interest of the Company and its shareholders as a whole. The Directors are also of the view that each of the Tai Ping Interchange Management Agreement and the Entrusted Management Agreement are entered into and conducted in the usual and ordinary course of business of the Group, on arm's length basis and on normal commercial terms.

Mr. Liu Hong, a non-executive Director, serves as general counsel of GCGC and Mr. Li Bin, a non-executive Director, serves as the head of strategic development department of GCGC and are deemed to have a material interest in the transactions contemplated under the Tai Ping Interchange Management Agreement and the Entrusted Management Agreement. Each of Mr. Liu Hong and Mr. Li Bin has abstained from voting on the resolutions passed by the Board to approve the same.

Save as disclosed above, none of the other Directors has any material interest in the transactions contemplated under the Tai Ping Interchange Management Agreement and the Entrusted Management Agreement and none of them was required to abstain from voting on the resolutions passed by the Board to approve the same.

## **INFORMATION ON THE GROUP AND THE PARTIES TO THE CONTINUING CONNECTED TRANSACTIONS**

The Company was established in 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 motor transportation and auxiliary services, material logistics services and expressway-related services.

Humen Bridge Company is a company established in the PRC with limited liability and an associate of GCGC. It is principally engaged in the construction, the operations and the management of the Humen Bridge and auxiliary services.

Yueyun Investment Management is a company established in the PRC with limited liability and a wholly-owned subsidiary of GCGC. It is principally engaged in project investment management and consultation.

Meizhou Yueyun is a company established in the PRC with limited liability and a wholly-owned subsidiary of Yueyun Investment Management. It is principally engaged in the business of road transportation.

Shenzhen Yueyun is company established in the PRC with limited liability and a non-wholly owned subsidiary of Yueyun Investment Management. It is principally engaged in business of road transportation.

Yangjiang Transportation is a company established in the PRC with limited liability and a wholly-owned subsidiary of Yueyun Investment Management. It is principally engaged in the business of road transportation.

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



## **LISTING RULES IMPLICATIONS**

GCGC owns an aggregate of approximately 66.96% of the issued share capital of the Company. Humen Bridge Company is an associate of GCGC and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Tai Ping Interchange Management Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

At the date of this announcement, Yueyun Investment Management is a wholly-owned subsidiary of GCGC. Therefore, Yueyun Investment Management is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the transactions contemplated under the Entrusted Management Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since one or more applicable percentage ratios in respect of each of the proposed annual caps under each of the Tai Ping Interchange Management Agreement and the Entrusted Management Agreement are more than 0.1% but is less than 5%, the transactions contemplated under each of the Tai Ping Interchange Management Agreement and the Entrusted Management Agreement are subject to reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **(C) CHANGE IN COMPOSITION OF THE REMUNERATION COMMITTEE**

The Board further announces that in light of changes in job arrangements:

- (1) Mr. Tang Yinghai, an executive Director, has stepped down from his position as a member of the Remuneration Committee with effect from 30 December 2014; and
- (2) Mr. Li Bin, a non-executive Director, has been appointed by the Board as a member of the Remuneration Committee in place of Mr. Tang Yinghai, with effect from 30 December 2014.

The Board would like to express its sincere appreciation to Mr. Tang Yinghai for his valuable contributions to the Remuneration Committee and would also like to extend its warmest welcome to Mr. Li Bin on his new appointment.

## DEFINITIONS

The following expressions in this announcement have the following meanings:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	board of Directors
“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 established 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”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Entrusted Management Agreement”	the entrusted management agreement dated 30 December 2014 entered into among Yueyun Investment Management as appointer and the Company as appointee in respect of the entrustment of 100% equity interest in Meizhou Yueyun, 80% equity interest in Shenzhen Yueyun and 100% equity interest in Yangjiang Transportation and their business operation
“Existing Agreement”	the existing toll fee collection and entrustment management agreement dated 29 December 2011 entered into between the Company and Humen Bridge Company, the term of which will expire on 31 December 2014
“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
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Humen Bridge”	the toll bridge located in Humen Town, Dongguan City, Guangdong Province of the PRC
“Humen Bridge Company”	Guangdong Humen Bridge Company Limited* (廣東虎門大橋有限公司), a company established under the laws of the PRC and an associate of GCGC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Meizhou Yueyun”	Meizhou Yueyun Vehicles Transportation Company Limited* (梅州市粵運汽車運輸有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Yueyun Investment Management
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus issued by the Company on 14 October 2005
“Remuneration Committee”	the remuneration committee of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shenzhen Yueyun”	Shenzhen Yueyun Investment Development Company Limited* (深圳粵運投資發展有限公司), a company established in the PRC with limited liability and a non-wholly owned subsidiary of Yueyun Investment Management
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tai Ping Interchange”	A transportation hub connecting the Guangshen Highway and the Humen Bridge, which is located at about four kilometers away from the east of Humen Town, Dongguan City and is linked up with the eastern approach road of the Humen Bridge to the west as well as the Guangshen Highway to the east

“Tai Ping Interchange Management Agreement”	the agreement dated 30 December 2014 entered into between the Company and Humen Bridge Company pursuant to which the Company has agreed to engage Humen Bridge Company to provide certain entrusted toll fee collection and other operation management services at the Tai Ping Interchange for a term of three years commencing on 1 January 2015 and ending on 31 December 2017
“Vehicles Transportation Group”	Guangdong Vehicles Transportation Company Limited* (廣東省汽車運輸集團有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Yangjiang Transportation”	Guangdong Yangjiang Vehicles Transportation Group Company Limited* (廣東陽江汽車運輸集團有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Yueyun Investment Management
“Yueyun Investment Management”	Guangdong Yueyun Investment Management Company Limited* (廣州粵運投資管理有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of GCGC

By Order of the Board  
**Guangdong Yueyun Transportation Company Limited**  
**Xuan Zongmin**  
*Chairman of the Board*

Guangzhou, the PRC, 30 December 2014

*As at the date of this announcement, the Board comprises Mr. Xuan Zongmin, Mr. Tang Yinghai, Mr. Yao Hanxiong, Mr. Fei Dachuan and Mr. Guo Junfa as executive Directors, Mr. Liu Hong and Mr. Li Bin as non-executive Directors, and Mr. Gui Shouping, Mr. Liu Shaobo, Mr. Peng Xiaolei and Mr. Jin Wenzhou as independent non-executive Directors.*

*\* For identification purposes only*