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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)

CONTINUING CONNECTED TRANSACTIONS — ENTRUSTED MANAGEMENT AGREEMENT

Reference is made to the announcement of the Company dated 30 December 2014 in relation to, among other things, the Existing Agreement. The term of the Existing Agreement will expire on 31 December 2015. On 11 December 2014, the Company and Yueyun Investment Management entered into the Entrusted Management Agreement, pursuant to which Yueyun Investment Management agreed to continue to entrust its 100% equity interest in Meizhou Yueyun, 80% equity interest in Shenzhen Yueyun and 100% equity interest in Yangjiang Transportation and the business operations of such companies to the Company for a term of three years commencing from 1 January 2016 and ending on 31 December 2018 at an annual entrusted management fee of RMB7,662,000.

LISTING RULES IMPLICATIONS

As at the date of this announcement, GCGC owns in aggregate approximately 66.96% of the issued share capital of the Company and Yueyun Investment Management is a wholly-owned subsidiary of GCGC, therefore, Yueyun Investment Management is a connected person of the Company, and 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 2018 under the Entrusted Management Agreement are more than 0.1% but less than 5%, the transactions contemplated under 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.

ENTRUSTED MANAGEMENT AGREEMENT

Reference is made to the announcement of the Company dated 30 December 2014 in relation to, among other things, the Existing Agreement. The term of the Existing Agreement will expire on 31 December 2015. On 11 December 2015, the Company and Yueyun Investment Management entered into the Entrusted Management Agreement, pursuant to which Yueyun Investment Management agreed to continue to entrust its 100% equity interest in Meizhou Yueyun, 80% equity interest in Shenzhen Yueyun and 100% equity interest in Yangjiang Transportation and the business operations of such companies to the Company for a term of three years commencing from 1 January 2016 and ending on 31 December 2018 at an annual entrusted management fee of RMB7,662,000.

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

- Date** : 11 December 2015
- 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 operations 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 shareholders' 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 representative supervisors and to determine their remuneration; (c) approve reports from the board of directors and the supervisory board; (d) approve annual financial budget; and (e) decide on the issue of corporate bonds for the purpose of ordinary operation of the principal businesses of the companies); and

(2) exercise part of the shareholders' 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 the form of organization; (d) approve any third party guarantee, or any third party investment other than the principal business; (e) approve profit distribution plan and loss indemnification plan; (f) effect spin off, merger or liquidation, dissolution; (g) dispose of all or part of the entrusted equity interest; and (h) approve connected transactions between the Company and Meizhou Yueyun, Shenzhen Yueyun and Yangjiang Transportation).

Term : 1 January 2016 to 31 December 2018

Entrustment fee : The Company is entitled to receive 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 of each year.

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

Historical figures

The Company will receive RMB7,662,000 as entrustment fee from Yueyun Investment Management for the provision of entrustment and business operation services under the Existing Agreement for the year ending 31 December 2015.

Annual caps

Below are the proposal annual caps under the Entrusted Management Agreement for the three years ending 31 December 2018, which were determined with reference to the contracted entrustment fees:

	Annual Cap
For the year ending 31 December 2016:	RMB7,662,000
For the year ending 31 December 2017:	RMB7,662,000
For the year ending 31 December 2018:	RMB7,662,000

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Entrusted Management Agreement will facilitate unified management of members of the GCGC Group, which can increase efficiency, reduce costs, as well as provide the Company with a considerable amount of revenue in the form of management fees and benefit the Company's financial position.

The Directors (including the independent non-executive Directors) are of the view that the Entrusted Management Agreement is entered into and conducted in the usual and ordinary course of business of the Company on arm's length basis and on normal commercial terms, the terms and conditions of the Entrusted Management Agreement and the transactions contemplated thereunder and the annual caps were determined between the parties after the arm's length negotiations with reference to the asset size of the subject companies entrusted, which are fair and reasonable and in the interest of the Company and its shareholders as a whole.

Mr. Liu Hong, a non-executive Director, who serves as general counsel of GCGC and Mr. Li Bin, a non-executive Director, who serves as the head of strategic development department of GCGC, are therefore deemed to have a material interest in the transactions contemplated under the Entrusted Management Agreement. Each of Mr. Liu Hong and Mr. Li Bin has abstained from voting on the resolutions of the Board to approve the Entrusted Management Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors has any material interest in the transactions contemplated under the Entrusted Management Agreement and none of them was required to abstain from voting on the resolution of the Board to approve the Entrusted Management agreement and the transactions contemplated thereunder.

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 and its H Shares are listed on the Stock Exchange. The Group is principally engaged in the provision of motor transportation and auxiliary services, integrated logistics services and expressway-related services.

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.

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

LISTING RULES IMPLICATIONS

As at the date of this announcement, GCGC owns in aggregate approximately 66.96% of the issued share capital of the Company and 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 and 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 2018 under the Entrusted Management Agreement are more than 0.1% but less than 5%, the transactions contemplated under 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.

DEFINITION

The following expressions in this announcement shall have the following meanings:

“Board”	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 company incorporated in 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
“controlling shareholder”	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 11 December 2015 entered into between 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 operations
“Existing Agreement”	the entrusted management agreement dated 30 December 2014 entered into between 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 operations, the term of which will expire on 31 December 2015

“GCGC”	Guangdong Provincial Communication Group Company Limited* (廣東省交通集團有限公司), a state-owned enterprise established under the laws of the PRC and a controlling shareholder of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 People’s Republic of China and Taiwan
“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
“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”

Guangzhou 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, 11 December 2015

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*