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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

ASPHALT TRANSPORTATION SERVICES FRAMEWORK AGREEMENT

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On 10 October 2017, South China Logistics Enterprise, a wholly-owned subsidiary of the Company, entered into the Asphalt Transportation Services Framework Agreement with Weisheng Logistics, for regulating the current and future asphalt transportation services agreements between South China Logistics Enterprise and its subsidiaries and Weisheng Logistics. South China Logistics Enterprise and its subsidiaries may extend, revise or renew the asphalt transportation services agreement(s) with Weisheng Logistics from time to time during the term of the Asphalt Transportation Services Framework Agreement. The term of the Asphalt Transportation Services Framework Agreement shall commence from 10 October 2017 and end on 31 December 2017.

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. Weisheng Logistics is indirectly held as to 100% by GCGC and is therefore an associate of GCGC and a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Asphalt Transportation Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual cap under the Asphalt Transportation Services Framework Agreement is more than 0.1% but less than 5%, the transactions contemplated under the Asphalt Transportation Services Framework Agreement are subject to the announcement, reporting and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 10 October 2017, South China Logistics Enterprise, a wholly-owned subsidiary of the Company, entered into the Asphalt Transportation Services Framework Agreement with Weisheng Logistics, for regulating the current and future asphalt transportation services agreement between South China Logistics Enterprise and its subsidiaries and Weisheng Logistics. South China Logistics Enterprise and its subsidiaries may extend, revise or renew the asphalt transportation services agreement(s) with Weisheng Logistics from time to time during the term of the Asphalt Transportation Services Framework Agreement. The term of the Asphalt Transportation Services Framework Agreement shall commence from 10 October 2017 and end on 31 December 2017.

Reference is made to the announcement of the Company dated 13 September 2016 in relation to, among other things, the Jiafu Asphalt Transportation Services Agreement entered into by Yueyun Jiafu (a wholly-owned subsidiary of South China Logistics Enterprise) and Weisheng Logistics. Upon signing of the Asphalt Transportation Services Framework Agreement, the Jiafu Asphalt Transportation Services Agreement shall be subject to the Asphalt Transportation Services Framework Agreement and the transaction amounts thereof for 2017 shall be included in the proposed annual caps as stated in this announcement.

ASPHALT TRANSPORTATION SERVICES FRAMEWORK AGREEMENT

The principal terms of the Asphalt Transportation Services Framework Agreement are set forth below:

Date : 10 October 2017

Parties : (1) South China Logistics Enterprise
(2) Weisheng Logistics

Nature of transactions : The parties have agreed that South China Logistics Enterprise or its subsidiaries may entrust Weisheng Logistics to conduct transportation management services for asphalt products.

The parties or their subsidiaries shall, based on the terms of the Asphalt Transportation Services Framework Agreement, enter into separate asphalt transportation services agreement for each actual transaction. Each separate asphalt transportation services agreement shall provide specific details of the asphalt transportation services and must be subject to the provisions of the Asphalt Transportation Services Framework Agreement in all material aspect.

- Term** : From 10 October 2017 to on 31 December 2017.
- Consideration** : The contractual unit price of a separate asphalt transportation services agreement entered into for each actual transaction is determined based on the results of the asphalt transportation service tender held by South China Logistics Enterprise or its subsidiaries. Reasonable price approach is adopted in the bidding to evaluate the tender proposals and determine which proposal will win the tender.
- Two or more independent third parties are invited to participate in the submission of tender proposals.
- Payment terms** : South China Logistics Enterprise or its subsidiaries shall settle the transportation fees with Weisheng Logistics in accordance with the specific contract price and the transportation fees shall be settled on a monthly basis.

Proposed annual cap

The proposed annual caps of the transactions under the Asphalt Transportation Services Framework Agreement are set forth in the table below, which have been determined with reference to (1) the annual cap of the transactions under the Jiafu Asphalt Transportation Services Agreement; (2) the expected transaction amount of the transactions under the asphalt transportation services agreements to be entered into by South China Logistics Enterprise and its subsidiaries:

	Proposed annual cap for the year ending 31 December 2017 (RMB'000)
Annual cap for the Jiafu Asphalt Transportation Services Agreement	13,800
Expected transaction amount of the transactions under the asphalt transportation services agreements to be entered into	20,310
Proposed annual cap for the Asphalt Transportation Services Framework Agreement	34,110

REASONS FOR THE ASPHALT TRANSPORTATION SERVICES FRAMEWORK AGREEMENT

South China Logistics Enterprise and its subsidiaries have successively won the bids for the road asphalt supply projects of the expressway construction projects in and outside Guangdong Province including Jiehui Expressway, Guangzhongjiang Expressway, Longlian Expressway, Renxin Expressway, Xinyang Expressway, Yanghua Expressway and the 2017 centralized procurement of Hubei Provincial Communications Investment Group Co., Ltd.. As such, South China Logistics Enterprise has to further enhance the asphalt transportation services.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Asphalt Transportation Services Framework Agreement, the transactions contemplated thereunder and the proposed annual cap are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As Mr. Li Bin and Mr. Chen Min, non-executive Directors, are the head of the strategic development department and the head of legal affairs department of GCGC, respectively, they are considered to have material interests in, and they have abstained from voting on, the resolutions passed by the Board to approve the Asphalt Transportation Services Framework Agreement and the transactions contemplated thereunder. Save as disclosed, none of the Directors has material interest in, or is required to abstain from voting on, the Board resolutions in relation to the Asphalt Transportation Services Framework Agreement and the transactions contemplated thereunder.

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 Supervision 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 advices 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 subsidiary shall fill in and submit a monthly statistical chart for continuing connected transactions to the Securities and Legal Department and the Financial 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.

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. Weisheng Logistics is indirectly held as to 100% by GCGC and is therefore an associate of GCGC and a connected person of the Company under the Listing Rules. Therefore, the transactions contemplated under the Asphalt Transportation Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual cap under the Asphalt Transportation Services Framework Agreement is more than 0.1% but less than 5%, the transactions contemplated under the Asphalt Transportation Services Framework Agreement are subject to the announcement, reporting and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION ON THE PARTIES TO THE ASPHALT TRANSPORTATION SERVICES FRAMEWORK AGREEMENT

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 travel service, modern logistics and resource development business.

GCGC is the controlling shareholder of the Company and holds approximately 74.12% of the total issued share capital of the Company as at the date of this announcement. 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 the Guangdong Province, and engaged in the transportation and logistics business.

South China Logistics Enterprise is a limited liability company established in the PRC and a wholly-owned subsidiary of the Company. It is principally engaged in the provision of material logistics services.

Weisheng Logistics is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of GCGC. It is principally engaged in the provision of transportation services.

DEFINITIONS

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

“Asphalt Transportation Services Framework Agreement”	the asphalt transportation services framework agreement dated 10 October 2017 between South China Logistics Enterprise and Weisheng Logistics, for regulating the current and future asphalt transportation services agreements between South China Logistics Enterprise and its subsidiaries and Weisheng Logistics, for a term from 10 October 2017 to 31 December 2017
“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
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“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
“Group”	the Company and its subsidiaries
“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 People’s Republic of China
“Jiafu Asphalt Transportation Services Agreement”	the 2016-2017 asphalt transportation services agreement (a two-votes system project) dated 13 September 2016 between Yueyun Jiafu and Weisheng Logistics
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“South China Logistics Enterprise”	Guangdong South China Logistics Enterprise Company Limited* (廣東南粵物流實業有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Weisheng Logistics”	Weisheng Dongguan International Logistic Co., Ltd.* (東莞威盛國際物流有限公司), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of GCGC

“Yueyun Jiafu”

Guangdong Yueyun Jia Fu Industrial Ltd.* (廣東粵運佳富實業有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company

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

Guangzhou, the PRC
10 October 2017

As at the date of this announcement, the Board comprises Mr. Xuan Zongmin, Mr. Tang Yinghai, Mr. Yao Hanxiong and Mr. Guo Junfa as executive directors of the Company; Mr. Li Bin and Mr. Chen Min as non-executive directors of the Company; and Mr. Gui Shouping, Mr. Peng Xiaolei, Mr. Jin Wenzhou and Ms. Lu Zhenghua as independent non-executive directors of the Company.

* *For identification purpose only*