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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

On 30 December 2022, Zhuhai Gongyun, a wholly-owned subsidiary of the Company, has entered into the following lease agreements:

- (1) Kee Kwan Lease Agreement, pursuant to which, Zhuhai Gongyun (as lessee) shall lease various parking spaces from Kee Kwan (as lessor) for a lease term commencing from 1 January 2023 and ending on 31 December 2023; and
- (2) Gongbei Lease Agreement, pursuant to which, Zhuhai Gongyun (as lessee) shall lease commercial premises, office premises and various parking spaces from Guangdong Gongbei (as lessor) for a lease term commencing from 1 January 2023 and ending on 31 December 2023.

IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, GCGC is the controlling shareholder of the Company, holding approximately 74.12% of the total issued shares of the Company. Each of Kee Kwan and Guangdong Gongbei is a wholly-owned subsidiary of GCGC. As such, each of Kee Kwan and Guangdong Gongbei is an associate of GCGC, and therefore a connected person of the Company. Therefore, entering into the Kee Kwan Lease Agreement and the Gongbei Lease Agreement and the transactions thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to IFRS 16, as the lease term for each of the Kee Kwan Lease Agreement and the Gongbei Lease Agreement is 12 months, the Group has elected not to recognize the right-of-use assets and lease liabilities associated with the leases under the Kee Kwan Lease Agreement and the Gongbei Lease Agreement, and the rent payable by Zhuhai Gongyun of the Group under the Kee Kwan Lease Agreement and the Gongbei Lease Agreement will be recognized as expenses through the profit and loss account of the Group during the period when they are incurred.

As the highest applicable percentage ratios in respect of the total amount of rent under the Kee Kwan Lease Agreement and the Gongbei Lease Agreement on aggregation basis exceeds 0.1% but is less than 5%, therefore entering into the Kee Kwan Lease Agreement and the Gongbei Lease Agreement and the transactions contemplated thereunder are subject to reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On 30 December 2022, Zhuhai Gongyun, a wholly-owned subsidiary of the Company, has entered into the following lease agreements:

- (1) Kee Kwan Lease Agreement, pursuant to which, Zhuhai Gongyun (as lessee) shall lease various parking spaces from Kee Kwan (as lessor) for a lease term commencing from 1 January 2023 and ending on 31 December 2023; and
- (2) Gongbei Lease Agreement, pursuant to which, Zhuhai Gongyun (as lessee) shall lease commercial premises, office premises and various parking spaces from Guangdong Gongbei (as lessor) for a lease term commencing from 1 January 2023 and ending on 31 December 2023.

The principal terms of each of the Kee Kwan Lease Agreement and the Gongbei Lease Agreement are set forth below:

Kee Kwan Lease Agreement

Date:	30 December 2022
Parties:	(1) Kee Kwan (as lessor); and (2) Zhuhai Gongyun (as lessee).
Premises:	Various parking spaces under the dam of Zhuxiandong Reservoir, Nanwan Avenue, Wanzai, Zhuhai
Term:	From 1 January 2023 to 31 December 2023. Upon expiration of the term and subject to compliance with the Listing Rules, Zhuhai Gongyun has the first right to renew the lease, provided it shall give Kee Kwan an advance notice in writing of not less than 30 days prior to the expiration date. The rent and fees for renewal will be determined separately.
Rent and other fees:	The monthly rent and fees payable by Zhuhai Gongyun are RMB1,500 (tax inclusive) for each parking space, which shall be settled on monthly basis. During the term of the lease, Zhuhai Gongyun shall pay the rent and fees for the respective month to Kee Kwan before the fifth day of each calendar month. Water, electricity, telephone, network and internet charges and other expenses incurred by Zhuhai Gongyun shall be borne by Zhuhai Gongyun.

For the year ended 31 December 2022, based on the business needs of Zhuhai Gongyun, it is estimated by the Company that pursuant to the Kee Kwan Lease Agreement, a maximum of 50 parking spaces will be leased from Kee Kwan for each month. Therefore, the maximum rent and fees payable for each month under the Kee Kwan Lease Agreement by Zhuhai Gongyun will be RMB75,000 (tax inclusive). The rent and fees payable for each month are determined after arm's length negotiation by reference to the market prices, and the rent and fees payable for a particular month will depend on the business needs of the Group and the ultimate number of parking spaces leased from Kee Kwan during that month, but the amount will not exceed RMB75,000 (tax inclusive).

Performance bond: The total amount of performance bond is RMB100,000, which is non-interest bearing, but is required to be refunded, without interest, to the lessee (subject to deduction, if applicable) upon expiration of the term of the agreement.

Gongbei Lease Agreement

Date: 30 December 2022

Parties: (1) Guangdong Gongbei (as lessor); and
(2) Zhuhai Gongyun (as lessor).

Premises:

1. Commercial premises situated at first floor of the waiting room of Gongbei Coach Station, No. 1 Lianhua Road, Gongbei, Zhuhai with a gross floor area of 200 sq.m.
2. Parking spaces situated at the carpark of Gongbei Coach Station, No. 1 Lianhua Road, Gongbei, Zhuhai with a gross floor area of 3,500 sq.m.
3. Commercial premises situated at second floor of the waiting room of Gongbei Coach Station, No. 1 Lianhua Road, Gongbei, Zhuhai with a gross floor area of 420 sq.m.
4. Office premises situated at first floor of the side wing of Gongbei Coach Station, No. 1 Lianhua Road, Gongbei, Zhuhai with a gross floor area of 30 sq.m.
5. Office premises situated at second floor of the side wing of Gongbei Coach Station, No. 1 Lianhua Road, Gongbei, Zhuhai with a gross floor area of 301.77 sq.m.
6. Office premises situated at fourth floor of the side wing of Gongbei Coach Station, No. 1 Lianhua Road, Gongbei, Zhuhai with a gross floor area of 71.34 sq.m.

- Term:** From 1 January 2023 to 31 December 2023. Upon expiration of the term and subject to compliance with the Listing Rules, Zhuhai Gongyun has the first right to renew the lease, provided it shall give Guangdong Gongbei an advance notice in writing of not less than 30 days prior to the expiration date. The rent and fees for renewal will be determined separately.
- Rent and other fees:** The monthly rent and fees payable by Zhuhai Gongyun are RMB203,000 (tax inclusive), which shall be settled on a monthly basis.
- During the term of the lease, the rent and fees for the respective month shall be payable by Zhuhai Gongyun to Guangdong Gongbei before the fifth day of each calendar month.
- Water, electricity, telephone, network and internet charges, security fee, maintenance fee and other expenses incurred by Zhuhai Gongyun shall be borne by Zhuhai Gongyun.
- The monthly rent and fees payable were determined after arm's length negotiation taking into account the actual requirements of the lessee, the market prices of the regions and/or the rental fees charged by an independent third party for the leasing the premises of similar size at the same or nearby locations.
- Performance bond:** The total amount of deposit is RMB619,200, which is non-interest bearing, but is required to be refunded, without interest, to the lessee (subject to deduction, if applicable) upon expiration of the term of the agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE KEE KWAN LEASE AGREEMENT AND GONGBEI LEASE AGREEMENT

Zhuhai Gongyun is a wholly-owned subsidiary of the Company. It is principally engaged in passenger transportation service, charter coach, operation of bus terminals and tourist transportation service. In order to maintain a smooth daily operation in relevant areas, Zhuhai Gongyun needs to lease offices, commercial premises and parking spaces from third parties. As the terms offered by Kee Kwan and Guangdong Gongbei are more favourable than those available from independent third parties and having considered the flexibility in the leasing arrangement and the optimal geographic locations of those leased premises, the Group entered into the Kee Kwan Lease Agreement and the Gongbei Lease Agreement. The rent and fees payable by the Group under the Kee Kwan Lease Agreement and the Gongbei Lease Agreement have been determined between the parties after arm's length negotiations by reference to the prevailing market prices, being the relevant prices charged by independent third parties on normal commercial terms for leasing similar premises at the same or nearby locations.

The Directors (including the independent non-executive Directors) are of the view that the Kee Kwan Lease Agreement and the Gongbei Lease Agreement have been entered into in the ordinary and usual course of business of the Group, the transactions contemplated under the Kee Kwan Lease Agreement and the Gongbei Lease Agreement are on normal commercial terms, and the transaction amounts mentioned above and the terms of the Kee Kwan Lease Agreement and the Gongbei Lease Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Guo Junfa, an executive Director of the Company, serves as the assistant to the general manager of GCGC. Mr. Chen Min, a non-executive Director of the Company, is the general counsel of GCGC. Mr. Chen Chuxuan, a non-executive Director of the Company, serves as the deputy chief accountant and head of the strategic development department of GCGC. Therefore, they are deemed to have established business relationship with GCGC and its associates. Each of Mr. Guo Junfa, Mr. Chen Min and Mr. Chen Chuxuan has abstained from voting on the resolution approving the Kee Kwan Lease Agreement and the Gongbei Lease Agreement and the transactions thereunder. Save as disclosed above, none of the other Directors has any material interest in the Kee Kwan Lease Agreement and the Gongbei Lease Agreement requiring them to abstain from voting on the relevant resolution.

INFORMATION OF THE PARTIES INVOLVED

The Group

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 the provision of travel service business.

Zhuhai Gongyun

Zhuhai Gongyun is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in passenger transportation service, charter coach, operation of bus terminals and tourist transportation service.

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 date of this announcement. GCGC is a state-owned enterprise in the PRC and is wholly-owned by 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 are also engaged in the logistics and transportation businesses.

Kee Kwan

Kee Kwan is a company established in the PRC with limited liability and a wholly-owned subsidiary of GCGC. It is principally engaged in passenger and freight transportation in expressways.

Guangdong Gongbei

Guangdong Gongbei is a company established in the PRC with limited liability and a wholly-owned subsidiary of Kee Kwan, which in turn is a wholly-owned subsidiary of GCGC. It is principally engaged in the transportation, leasing and management of ancillary properties as well as hotel management services, etc.

IMPLICATIONS OF THE LISTING RULES

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DEFINITIONS

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

“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: 3399), 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
“controlling shareholder”	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
“Guangdong Gongbei”	Guangdong Gongbei Vehicles Transportation Company Limited* (廣東省拱北汽車運輸有限責任公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of GCGC
“H Share(s)”	the overseas listed foreign share(s) in the share capital of the Company with an 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
“Kee Kwan”	Kee Kwan Motor Road Company Limited* (岐關車路有限公司), a company established in the PRC and a wholly-owned subsidiary of GCGC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excluding Hong Kong, the Macau Special Administration of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Zhuhai Gongyun”

Zhuhai Gongyun Coach Terminal Company Limited* (珠海市拱運汽車客運站有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company

“%”

per cent

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

Guangzhou, the PRC
30 December 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*