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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)**

## **INSIDE INFORMATION IN RELATION TO WRITE-OFF OF ASSETS**

This announcement is made by Guangdong Yueyun Transportation Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **I. Overview of the write-off of assets**

In order to give a true and fair view of the financial position of the Company, the Company conducted financial write-off for the asset losses arising from prepayments to Tangshanshi Shuihou Zhagang Yi Chang\* (唐山市稅後軋鋼一廠), Tangshan Xingye Gongmao Jituan Co., Ltd\*. (唐山興業工貿集團有限公司), Tangshanshi Kaipingqu Xingye Zhazhichang\* (唐山市開平區興業軋制廠) (collectively referred to as “**Tangshan Xingye Group**”) in accordance with the Accounting Standards for Enterprises, the Administrative Measures for the Financial Supervision and Administration of Provincial Enterprises of Guangdong Province (《廣東省省屬企業財務監督管理辦法》) and the Company’s policies.

As the Company has made provision for bad debts in 2010, 2011, 2012 and 2014, respectively, for the aforesaid defaulted prepayments in previous years, and has made full provision for bad debts of RMB477,490,263.25 in 2014, the write-off of assets is expected to have no impact on the total profit in the financial statements of Company and the Group for the year 2022.

### **II. Description of basis, amount and reasons for the write-off of assets**

Prior to 2009, the Company made an advance payment to Tangshan Xingye Group in the total amount of RMB477,490,263.25 for the purchase of steel. As Tangshan Xingye Group was subsequently unable to continue to perform the supply obligation, the Company brought a legal proceeding before Guangzhou Intermediate People’s Court against Tangshan Xingye Group, to recover the sum paid in advance by the Company for purchase of steel, and to seek compensation for breach of contract by the above named defendants. The Company has applied to the court for a charging order against the defendants’ assets.

The Guangzhou Intermediate People's Court ruled on 7 June 2011 that the above defendants repay the prepayments made by the Company and pay compensation for the breach of contract. On 12 July 2011, the Guangzhou Intermediate People's Court issued a certificate of judgement (《裁判文書生效證明》) to confirm that the aforesaid ruling became effective on 30 June 2011. The Company has applied to the court to file a case for execution. During the course of execution, Tangshan Xingye Gongmao Jituan Co., Ltd., being the debtor, filed a bankruptcy petition to Tangshan Kaiping District People's Court on the ground of insolvency, and the court then decided to accept the bankruptcy petition on 28 February 2014. In March 2015, the bankruptcy administrator of Tangshan Xingye Gongmao Jituan Co., Ltd. notified the Company that Tangshan Kaiping District People's Court accepted the joint bankruptcy case in respect of seven related enterprises including Tangshanshi Shuihou Zhagang Yi Chang, Tangshan Xingye Gongmao Jituan Co., Ltd. and Tangshanshi Kaipingqu Xingye Zhazhichang. Guangzhou Intermediate People's Court later ruled that the above case was closed as the parties subject to enforcement were insolvent enterprises under the joint bankruptcy case in the course of execution of the above case.

The Company continued to strengthen its effort to recover the aforesaid defaulted prepayments. In 2015 and 2019, the Company received three sets of properties as set-off of the debt from the partners of Tangshanshi Kaipingqu Xingye Zhazhichang amounting to RMB3,424,779.00 and RMB5,301,120.45 allocated from the bankruptcy of Tangshan Xingye Gongmao Jituan Co., Ltd., respectively.

The balance of the prepayment defaulted by Tangshan Xingye Group to the Company is currently RMB468,764,363.80, which has been fully provided for impairment with net book value of zero. As the possibility of recovering the relevant amounts is uncertain, the Company hereby writes off such prepayments.

### III. The impact of the write-off of assets on the financial statements

The original amount for the write-off of assets by the Company amounted to RMB468,764,363.80, of which: RMB202,346,895.70 from Tangshanshi Shuihou Zhagang Yi Chang, RMB170,751,005.90 from Tangshan Xingye Gongmao Jituan Co., Ltd. and RMB95,666,462.20 from Tangshanshi Kaipingqu Xingye Zhazhichang. The aforesaid assets have been fully recognized for impairment in previous years. The write-off of assets is expected to have no impact on the total profit of the financial statements of the Company and the Group for the year 2022.

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

Guangzhou, the PRC  
9 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*