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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)

DISCLOSEABLE TRANSACTION
DISPOSAL OF EQUITY INTERESTS IN A SUBSIDIARY

THE DISPOSAL

The Board is pleased to announce that on 28 November 2025, the Company entered into the Equity Transaction Agreement with Xiake Zhixing, pursuant to which Xiake Zhixing conditionally agreed to purchase and the Company conditionally agreed to sell 59.694% equity interests held in Shaoguan Yueyun at a consideration of RMB134,610,300. Upon completion of the Disposal, the Company will cease to hold any equity interests in Shaoguan Yueyun, and the financial results of Shaoguan Yueyun will no longer be consolidated into the financial statements of the Company.

LISTING RULES IMPLICATIONS

Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio in respect of the Disposal under the Equity Transaction Agreement is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 28 November 2025, the Company entered into the Equity Transaction Agreement with Xiake Zhixing, pursuant to which Xiake Zhixing conditionally agreed to purchase and the Company conditionally agreed to sell 59.694% equity interests held in Shaoguan Yueyun at a consideration of RMB134,610,300.

EQUITY TRANSACTION AGREEMENT

Date

28 November 2025

Parties

(1) The Company (as the seller)

(2) Xiake Zhixing (as the purchaser)

Subject of the Transfer

The 59.694% equity interests in Shaoguan Yueyun held by the Company.

Consideration and Basis of Determination

The consideration of RMB134,610,300 was determined by the parties after arm's length negotiations, with reference to the appraised value of the total shareholders' equity of Shaoguan Yueyun as at 30 September 2024 (being RMB225,500,452.68), based on a valuation conducted by the independent Valuer engaged by the Company.

Payment of Consideration

The consideration shall be paid in installments as follows:

(1) According to the Equity Transaction Agreement, Xiake Zhixing is required to pay the first installment, which represents 30% of the total price, amounting to approximately RMB40,383,090. After Guangdong United Assets and Equity Exchange has received the first installment and the handling fee payable by Xiake Zhixing, it will, within three working days from the following day, first deduct the Company's handling fee of RMB197,110.30, and transfer the remaining balance of RMB40,185,979.70, without interest, to the Company's designated account.

(2) According to the Equity Transaction Agreement, Xiake Zhixing shall pay the remaining balance (being 70% of the transaction consideration, RMB94,227,210) within one year from the effective date of the agreement. Xiake Zhixing shall also provide a guarantee acceptable to the Company within 30 days from the effective date of the Equity Transaction Agreement, and pay interest on any delayed payments during the delayed payment period at the prevailing bank loan interest rate, on a monthly basis. The remaining balance may be transferred in full or in installments by Xiake Zhixing through Guangdong United Assets and Equity Exchange. After receiving each payment, Guangdong United Assets and Equity Exchange will, within three working days from the following day, transfer the amount, without interest, to the Company's designated account.

Profit and Loss Distribution

The profits and losses arising from Shaoguan Yueyun during the period from the valuation benchmark date (i.e., 30 September 2024) to the date of completion of the business registration change (inclusive) will be borne and enjoyed by the shareholders of Shaoguan Yueyun after the completion of the business registration change, in proportion to their respective shareholdings.

Closing

The closing of the Disposal and the business registration change shall be completed within 30 calendar days from the date of signing the Equity Transaction Agreement.

VALUATION AND PROFIT FORECAST

The valuation of the total shareholders' equity of Shaoguan Yueyun by the independent Valuer constitutes the basis for determining the consideration for the Disposal. When preparing the valuation report, the independent Valuer used both the asset-based approach and the income approach, and after analyzing and comparing the results obtained from the two methods, adopted the valuation result from the asset-based approach as the valuation conclusion. A summary of the valuation of Shaoguan Yueyun (including, among others, valuation methods, key assumptions, inputs, sensitivity analysis and valuation results) is detailed in Appendix I to this announcement.

As the income approach was used as one of the valuation methods in the asset valuation report to reach the conclusion on the total equity value of Shaoguan Yueyun, this valuation, conducted using the income approach, is considered a profit forecast under Rule 14.61 of the Listing Rules. Therefore, the Company discloses the following valuation details in accordance with Rule 14.60A of the Listing Rules.

Details of the principal assumptions (including commercial assumptions) on which the profit forecast is based, extracted from the valuation report, are set out in Appendix I to this announcement.

The Company's auditor has confirmed that it has reviewed the arithmetical accuracy of the calculation of the discounted future cash flow forecast on which the valuation report is based and has issued a letter (the "**BDO Letter**") in this regard. Please refer to the BDO Letter set out in Appendix II to this announcement.

The Board has confirmed that the profit forecast has been made after due and careful enquiry. Please refer to the letter of the Board (the "**Letter of the Board**") set out in Appendix III to this announcement.

EXPERTS AND CONSENTS

The qualifications of the experts who have given statements in this announcement are as follows:

Name	Qualification	Date of opinion
Guangdong Caixing Asset Appraisal Land Real Estate Appraisal Co., Ltd. (廣東財興資產評估土地房地產估價有限公司)	Independent Valuer	20 May 2025
BDO CHINA Shu Lun Pan Certified Public Accountants LLP	Certified Public Accountants	28 November 2025

Guangdong Caixing and BDO have given their written consents to the publication of this announcement with copies of their reports and references to their names in the form and context in which they appear, and have not withdrawn such written consents to date.

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, Guangdong Caixing and BDO are third parties independent of the Group and are not connected persons of the Group. As at the date of this announcement, Guangdong Caixing and BDO do not directly or indirectly hold any equity interests in any member of the Group, nor do they have any right (whether legally enforceable or not) to subscribe for or nominate others to subscribe for securities of any member of the Group.

As at the date of this announcement, Guangdong Caixing and BDO do not have any direct or indirect interests in any assets which have been acquired or disposed of or leased by, or are proposed to be acquired or disposed of or leased by, any member of the Group since 31 December 2024 (the date to which the Group's latest published annual results were made up).

FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS FROM THE DISPOSAL

Upon completion of the Disposal, the Company will cease to hold any equity interests in Shaoguan Yueyun, and the financial results of Shaoguan Yueyun will no longer be consolidated into the financial statements of the Company.

The Group expects to record a loss on the Disposal of approximately RMB47,502 thousand, which is calculated by subtracting the Company's proportionate share of the consolidated net assets of Shaoguan Yueyun, as at the most recent financial statement date, at their book value, from the consideration. The actual loss to be recorded by the Group from the Disposal is subject to final audit by the Company's auditors.

The net proceeds from the Disposal are expected to be used for the general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Driven by the rapid development of rail transit, private cars and ride-hailing services, travel patterns have undergone fundamental changes, and the domestic road passenger transportation market has shrunk significantly. The complete exit from the passenger transportation business is a specific action to continuously implement the mechanism for phasing out underperforming enterprises and accelerate the divestment of non-core and non-advantageous businesses with low strategic alignment.

Shaoguan Yueyun is principally engaged in road passenger transportation business, with its profit having been declining continuously since 2020, and it is foreseeable that this trend will not be reversed in the future. The Valuer has valued the equity interests of Shaoguan Yueyun based on the income approach and the asset-based approach, and the valuation derived from the income approach is similar to that derived from the asset-based approach. The core benefits of the Disposal line in strategic stop-loss and resource optimization. By divesting Shaoguan Yueyun – a non-core business with high safety risks that does not align with strategic objectives of the Company – the Company can significantly enhance asset quality and operational safety, which will free up valuable management and financial resources, enabling the Company to focus more on and invest in its core businesses with competitive advantages and growth potential. Therefore, the decision of the Disposal is based on a comprehensive consideration of the strategic, financial and operational aspects, with a view to achieving the long-term sustainable development of the Company as well as maximizing shareholders' value.

In view of the above, the Directors are of the opinion that the Disposal is in the interests of the Company and the shareholders as a whole, and that the terms and conditions of the Equity Transaction Agreement and the transactions thereunder are fair and reasonable, on normal commercial terms, and in the interests of the Company and the shareholders as a whole.

INFORMATION ON THE PARTIES

Shaoguan Yueyun

Shaoguan Yueyun is a limited liability company established in the PRC with a registered capital of RMB142,780,000, principally engaged in road passenger transportation, road freight transportation, taxi operation, urban public transportation, tourism business and related services. As at the date of this announcement, the Company, Shaoguan Industrial Investment Holdings Group Co., Ltd. (韶關市產業投資控股集團有限公司), Shaoguan Jixun Enterprise Management Co., Ltd. (韶關市驥迅企業管理有限公司), Shaoguan Jihong Enterprise Management Co., Ltd. (韶關市驥鴻企業管理有限公司), Shaoguan Jichi Enterprise Management Co., Ltd. (韶關市驥馳企業管理有限公司), Shaoguan Jisheng Enterprise Management Co., Ltd. (韶關市驥昇企業管理有限公司) and Mr. Zhou Zhiwei hold approximately 59.694%, 36.7149%, 1.2802%, 1.0604%, 0.8254%, 0.3977% and 0.0273% of the equity interests in Shaoguan Yueyun, respectively.

The key financial data of Shaoguan Yueyun for the years ended 31 December 2023 and 2024 and the six months ended 30 June 2025, prepared in accordance with the Chinese Accounting Standards for Business Enterprises, are set out below:

Items	**For the year ended 31 December 2023 (Audited)** *(RMB)*	**For the year ended 31 December 2024 (Audited)** *(RMB)*	**For the six months ended 30 June 2025 (Unaudited)** *(RMB)*
Total assets	382,313,955.80	363,787,329.33	338,907,563.68
Net assets	243,953,823.33	235,881,146.01	218,909,225.73
Revenue	181,298,451.93	157,552,960.07	65,030,942.5
Profit/(loss) before taxation	18,741,006.75	5,347,703.23	(18,412,115.53)
Profit/(loss) after taxation	14,814,324.12	4,636,124.9	(16,994,779.19)

The Company

The Company was established under the laws of the PRC as a joint stock limited company with its H shares listed on the Stock Exchange. The Company is principally engaged in the business of travel services.

Xiake Zhixing

According to publicly available information, Xiake Zhixing is a limited liability company established under the laws of the PRC, principally engaged in road passenger transportation, taxi operation, urban public transportation, tourism business and related information technology services. As at the date of this announcement, Xiake Zhixing is a wholly-owned subsidiary of Guangzhou Citybus Smart Technology Co., Ltd. (廣州城巴數智科技有限公司). Guangzhou Citybus Smart Technology Co., Ltd. is held as to 51% and 49% by Guangzhou Kang'an Trading Co., Ltd. (廣州康桉貿易有限公司) and Beijing Hengjiu Wuxian Technology Co., Ltd. (北京恒久無限科技有限公司), respectively. Guangzhou Kang'an Trading Co., Ltd. is held as to 87% and 13% by Mr. Zhang Zhenping and Mr. Gong Dongliang, respectively. Beijing Hengjiu Wuxian Technology Co., Ltd. is wholly-owned by Beijing Xiaoju Technology Group Co., Ltd. (北京小桔科技集團有限公司), which is held as to 49.1900%, 48.2250%, 1.5530%, 0.7230% and 0.3090% by Mr. Cheng Wei, Mr. Wang Gang, Mr. Zhang Bo, Mr. Wu Rui and Mr. Chen Ting, respectively. Therefore, the ultimate beneficial owners of Xiake Zhixing include Mr. Zhang Zhenping, Mr. Gong Dongliang, Mr. Cheng Wei, Mr. Wang Gang, Mr. Zhang Bo, Mr. Wu Rui and Mr. Chen Ting.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Xiake Zhixing and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio in respect of the Disposal under the Equity Transaction Agreement is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this announcement shall have the following meanings:

"Board"	the board of directors of the Company
"Company"	Guangdong Yueyun Transportation Company Limited (Stock Code: 03399), a joint stock 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
"Director(s)"	the director(s) of the Company
"BDO"	BDO CHINA Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥))

"Disposal"	the disposal of all of the equity interests held by the Company in Shaoguan Yueyun to Xiake Zhixing in accordance with the terms and conditions of the Equity Transaction Agreement
"Equity Transaction Agreement"	the equity transfer agreement dated 28 November 2025 entered into between the Company and Xiake Zhixing
"Group"	the Company and its subsidiaries from time to time
"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
"Shaoguan Yueyun"	Shaoguan Yueyun Vehicles Transportation Co., Ltd. (韶關市粵運汽車運輸有限公司)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Valuer" or "Guangdong Caixing"	Guangdong Caixing Asset Appraisal Land Real Estate Appraisal Co., Ltd. (廣東財興資產評估土地房地產估價有限公司)
"Xiake Zhixing"	Xiake Zhixing (Guangzhou) Technology Co. Ltd. (霞客智行(廣州)科技有限公司)
"%"	per cent

By order of the Board
Guangdong Yueyun Transportation Company Limited
Zhu Fang
Chairman of the Board

Guangzhou, the PRC
28 November 2025

As at the date of this announcement, the Board comprises Mr. Zhu Fang, Mr. Huang Wenban, Mr. Hu Xianhua and Mr. Hu Jian as executive Directors of the Company, Mr. Yuan Dengping and Mr. Cai Fen as non-executive Directors of the Company, and Mr. Su Wujun, Ms. Huang Yuan, Mr. Zhang Xiangfa and Ms. Mu Huihua as independent non-executive Directors of the Company.

* *For identification purpose only*

I. VALUATION ASSUMPTION CONDITIONS

The valuation assumptions of this project consist of precedent assumption, important assumption, basic assumption, specific assumption and special assumption. The assumptions are as follows:

(I) Precedent assumptions

1. Transaction assumption: it is the most fundamental precedent assumption under which the asset valuation can be proceeded. It is assumed that the valuation target is in the process of being transacted, and the Valuer carries out the valuation based on the transactional conditions of the valuation target in a simulated market.

2. Open market assumption: it is assumed that the assets are to be appraised in an open market. An open market refers to a competitive market with fully developed and refined market conditions, where a willing buyer and a willing seller are equal in status and are granted with the opportunities and time to obtain sufficient market information, and conduct transaction activities on a voluntary, rational, and not compulsory or unrestricted basis.

3. Enterprise's going concern assumption: it is assumed that the appraised entity carries out operations in compliance with the laws and its business license can be extended after the expiration of the operating term. There will be no unforeseen factors that render its failure to continue as a going concern.

(II) Important assumptions

This valuation is carried out mainly under the following important assumptions. The valuation result shall be adjusted accordingly when the following important assumptions change significantly:

1. Assets owned by the appraised entity shall be continuously used at their original locations under their current condition;

2. This valuation considers neither the impact of additional costs and expenses that may be paid by the special transaction method on its appraised value, nor the impact of natural disasters and other force majeure on its appraised value;

3. The impact of inflation is not considered in this valuation. Under the assumptions of this valuation, the type of value in the estimation is determined to be market value based on the purpose of this valuation. All pricing standards in the estimation are the market price standards and value system as at the valuation benchmark date.

(III) Basic assumptions of the valuation

1. It is assumed that the management of the appraised entity is responsible and has the capability to take on their duties and responsibilities.

2. It is assumed that the appraised entity fully complies with all the relevant prevailing laws and regulations.

3. It is assumed that the accounting policies to be adopted by the appraised entity in the future will be fundamentally consistent in all material aspects with those adopted as at the valuation benchmark date.

4. It is assumed that there will be no significant changes in the industry, region and social and economic environment in the PRC in which the appraised entity operates, and there will be no significant changes in the prevailing national laws, regulations and social, political and economic policies that it shall be subject to.

5. It is assumed that there will be no significant changes in the tariff bases and policy charges.

6. It is assumed that the changes in deposit and lending rates after the valuation benchmark date are not considered in this valuation.

7. It is assumed that there will be no other force majeure and unforeseeable factors that have a material adverse effect on the appraised entity.

8. It is assumed that the cash inflow and cash outflow of the appraised entity are in equal portion.

(IV) Assumptions about the valuation target

1. It is assumed that the purchase and acquisition of the assets involved in the valuation target conform to the relevant national laws and regulations.

2. It is assumed that the assets involved in the valuation target are free from material defects, liabilities and restrictions that may affect their value.

3. It is assumed that there is no material adverse effect on the value of the relevant assets involved in the valuation target.

4. Although the valuation procedures we have implemented include the survey of the appraised assets, such surveys are only limited to the observation of the visible parts of the appraised assets, as well as random checks and limited understanding of relevant management, use and maintenance records, and have not adopted other professional testing and identification methods.

(V) Special assumption

This valuation is only based on the existing operating capacity as of the benchmark date, assuming that there will be no changes in financial leverage by taking no account of the expansion of operating capacity due to the management and operating strategies and investment increase in the future.

(VI) Valuation restrictions

1. The authenticity and accuracy of the legal document and relevant documents on economic behavior, property rights information, as well as the relevant documents and materials on valuation of technology and operation provided by the appraised entity, on which the valuation report is based, shall be responsible by the appraised entity. We have not verified with the relevant authorities and are not responsible for any legal matters relating to the ownership of the assets involved in the valuation target.

2. Unless otherwise specified therein, we take no account of the impact of existing or potential mortgage and guarantee matters, as well as the special transaction method on the assets involved in the valuation target.

3. This valuation report takes no account of the impact of major changes in national macroeconomic policies and force majeures and other unforeseeable factors on the asset value.

4. The appraisers are aware that the liquidity of the assets may have a significant impact on the value of the valuation target. However, due to the inability to obtain sufficient information on the industry and relevant asset ownership transactions, and the lack of analysis basis for asset liquidity, the impact of the liquidity of the valuation target on the valuation conclusion is not considered in this valuation.

When the changes in the above-mentioned restrictions and other circumstances, such as the valuation principles followed in this valuation, affect and change the valuation conclusion, this valuation report will cease to be valid.

II. ANALYSIS OF APPLICABILITY OF VALUATION APPROACHES

According to the Asset Valuation Standards – Enterprise Value, when performing an enterprise valuation engagement, asset appraisers shall analyze the applicability of the three basic asset valuation methods, namely, the income approach, the market approach and the asset-based approach based on the purpose of valuation, the valuation target, the type of value, the availability of information and other relevant conditions, and shall properly select one or more basic asset valuation methods. In this valuation, the asset-based approach and the income approach were both applied. The reasons for adopting these valuation approaches are as follows:

1. Analysis of applicability of the market approach

Given that the characteristics of the appraised assets and the low degree of marketisation and informatisation in China at present, it is hard to collect enough cases of equity transactions of similar enterprises, it is not appropriate to adopt the market approach.

2. Analysis of applicability of the income approach

As the business model of Shaoguan Yueyun has gradually developed, the future income can be reasonably predicted and the discount rate corresponding to the risk of the enterprise's future income can also be reasonably estimated under the condition of continuing the existing business and its scope. Therefore, the income approach can be used in this valuation.

3. Analysis of applicability of the asset-based approach

As Shaoguan Yueyun has access to complete financial and asset management information, and the relevant data and information sources of asset acquisition cost are wide, the asset-based approach is applicable for this valuation.

In summary, both the asset-based approach and income approach were used in this valuation.

III. KEY INPUTS AND COMPUTATION PROCESS OF THE ASSET-BASED APPROACH

1. Valuation method for current assets

(1) Cash at bank and on hand and centralized management of receivables

For bank deposit and centralized management of receivables, the real existence of the bank deposits is proved by checking the bank statement and confirming the bank deposit account. At the same time, it shall check whether there is any unrecorded bank loan and review the authenticity of the unreceived account in the Bank Deposit Balance Reconciliation Statement and the credit status after the valuation benchmark date and there is no outstanding account of bank deposits as at the benchmark date. The appraised values of bank deposit and centralized management of receivables are determined by the verified book value.

For cash, on-site verification shall be conducted and cash journal shall be used to tie it back to the valuation benchmark date. The appraised value is determined by the verified book value.

(2) Accounts receivable, prepayments and other receivables: appraisal professionals shall check the balance sheet, general ledger, sub-ledger, contract ledger and valuation breakdown prepared by the enterprise, check the manuscript with the auditor and examine whether their amount, content, quantity and date are consistent with the account statement. After checking and verification, the amount of cash and bank deposits shall be consistent with that of bank journal and cash journal. During the appraisal, the amount of each current account, the time and reason for the arrears, the funds, credit and business management status of the debtors shall be analyzed one by one, and a judgment shall be made on the possibility of recovering the funds. During the appraisal, the verified book balance is determined as the appraisal value.

(3) Inventory: it mainly consists of raw materials, and take the book value as the appraisal value after verification.

2. Valuation method for non-current assets

(1) Long-term equity investments

It has been verified that the principal business of long-term equity investment is similar to that of the parent company and there are some connected transactions, therefore, the valuation of long-term equity investment is based on the income approach on a consolidated basis. The Valuer also obtained the relevant investment agreements and interviewed the relevant persons in charge to understand the actual operating status of the target company to implement necessary valuation procedures. Guangdong Zhongsui Certified Public Accountants Co., Ltd. has conducted audits on the appraised entity and its subordinate investee companies respectively, and each company also provided detailed financial information, and with the assistance of the appointer, important physical information has been investigated on site. For the purpose of this valuation, the asset-based approach is adopted, and the net asset values of the investee companies as at the valuation benchmark date are obtained, which are then multiplied by the shareholding percentages to arrive at the values of the shareholders' equity. The calculation formula is as follows:

Appraised value of long-term equity investments = appraised net assets of the invested enterprise × investment ratio.

(2) Investment properties

For investment properties, this valuation is based on the investigation and analysis of the surrounding properties of the same type. The leasing market is active, and the current rent level of investment properties is the same as that of the surrounding properties of the same type. Therefore, the income approach is adopted to evaluate the market value of investment properties.

The income approach is a method of forecasting the future income of the valuation target and using the rate of return or capitalization rate and income multiplier to convert the future income into value to derive the value or price of the valuation target. The calculation formula under the income approach is as follows:

$$P = \frac{A}{(r-g)} \times \left[1-\left(\frac{1+g}{1+r}\right)^{n} \right]$$

Where: P = present value of future net income; r = rate of return; g = expected growth rate;

A = unchanged annual net income; n = finite income period.

(3) Fixed assets – buildings and structures

For fixed assets – buildings and structures, the cost method is adopted, except for adopting the market method for some residential buildings. Details are as follows:

① Cost approach

The calculation formula of cost approach: Appraised value = full replacement price × newness rate

Where: V1 represents unit replacement price, V2 represents full replacement price, M represents gross floor area.

The replacement cost of a building refers to the cost to rebuild the building and keep the building in use on the valuation benchmark date. The replacement cost of a building is the sum of comprehensive cost, upfront and other expenses and capital cost (including capital interest). Appraised value is full replacement price multiplied by newness rate.

The replacement value is all the necessary expenses that must be incurred to rebuild the building. It includes the unit price and the full price, expressed by the formula:

V1 (unit price) = Q+P+L +R+T

V2 (full price) = V1×M

② Market approach

The basic calculation formula of the market approach is:

Comparable price = transaction price of comparable cases × transaction correction coefficient × market condition adjustment coefficient × real estate condition adjustment coefficient

Among them, the real estate condition adjustment coefficient includes three coefficients, namely the adjustment coefficient for location condition, the adjustment coefficient for physical condition and the adjustment coefficient for equity condition. These three coefficients are calculated based on the transaction price of comparable cases, and the adjustment coefficient for real estate condition is calculated by multiplying the three coefficients.

(4) Fixed assets – equipment

① Machinery and equipment

Appraised value of machinery and equipment = full replacement price × newness rate

A. Determination of full replacement price of machinery and equipment

Full replacement price of machinery and equipment consists of the purchase price or construction costs of alternative same or similar equipment, transportation and miscellaneous expenses, installation and debugging costs, equipment foundation costs, joint commissioning fees and preparation expenses for process production, upfront costs and management fees necessary for apportioned fixed asset investments, as well as interest on funds utilized and reasonable profits. In accordance with the Notice of the Ministry of Finance and the State Taxation Administration on Several Issues Concerning the National Implementation of the Reform of Value-added Tax Transformation (《關於全國實施增值税轉型改革若干問題的通知》) (Cai Shui [2008] No. 170), since 1 January 2009, the input tax incurred due to the purchase or self-production (including reconstruction, expansion and installation) of fixed assets may be deducted from the output tax in accordance with the relevant provisions of the Provisional Regulations on Value-added Tax of the People's Republic of China (《中華人民共和國增值税暫行條例》) (State Council Decree No. 538) and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the People's Republic of China (《中華人民共和國增值税暫行條例實施細則》) (Ministry of Finance and State Taxation Administration Decree No. 50). Therefore, for productive machinery and equipment, the input value-added tax incurred upon the equipment purchase shall be deducted when calculating its full replacement price.

The calculation formula of full replacement price:

Full replacement price = equipment purchase cost or construction cost + transportation and miscellaneous expenses + installation and debugging cost + capital cost + other expenses

For electronic equipment within the scope of valuation that has small values, requires no installation (or the vendor is responsible for installation), and has lower transportation expenses, the full replacement price is determined with reference to the prevailing market purchase price.

a. Determination of equipment purchase price

For equipment for which the prevailing equipment purchase price is available, the price is determined by requesting for quotations from manufacturers, agents and distributors of such equipment; for equipment for which the market price as at the benchmark date is available, the price is determined based on the market price.

For equipment for which the prevailing equipment purchase price or construction cost is not available, the purchase price is calculated based on the original book value of the equipment verified by professional auditor to be true and reliable, and subject to adjustment according to the industrial producer ex-factory price index of the industry (e.g., general, special, and other equipment manufacturing industries) in which such equipment manufacturer operates.

The index method is used for adjustment of purchase cost.

Purchase cost = contract price of the asset × price index (chain-type price index, a1, a2...)

For recently acquired equipment, the purchase price is determined by verifying the original purchase price on the basis of relevant accounting documents.

b. Determination of transportation and miscellaneous expenses

Transportation and miscellaneous expenses of the equipment is the transportation expenses from the place of origin to the site where the equipment is installed. Transportation and miscellaneous expenses are calculated based on the purchase price of the equipment and varied rates applied according to the distance between the manufacturer and the location where the equipment is installed. If it is agreed in the conditions of supply that the supplier is responsible for transportation and installation (the price of which is included in the purchase price), no transportation and miscellaneous expenses will be charged.

c. Determination of installation, debugging and foundation costs

It consists of installation costs, equipment debugging costs and foundation costs, etc. With reference to information such as the Manual of Commonly Used Data and Parameters for Asset Valuation, installation, debugging and foundation costs is calculated at different installation rates and foundation rates in accordance with the process requirements, weight and difficulty of installation of the equipment, based on the tax-inclusive purchase price of the equipment.

For small equipment that do not require to be installed, installation and debugging costs are not taken into consideration. For equipment that do not need a separate foundation for installation, foundation costs are not taken into consideration.

d. Other expenses

Other expenses, including preliminary expenses and management fees of construction projects, joint commissioning fees and preparation expenses for process production and other expenses, are calculated based on the engineering construction investment amount of the appraised entity, according to the fee-charging standards stipulated by the industry, national or local government.

e. Capital cost

For an equipment or production line that requires pre-selection for ordering and long manufacturing lead time, the full replacement price should include capital cost.

Capital cost is the loan interest of the funds invested in engineering construction during the construction period. The interest rate adopted is calculated in accordance with the standard set by the People's Bank of China on the benchmark date, and the construction period is calculated based on the normal cycle of the construction, and is considered as an even investment:

Capital cost = (engineering construction and installation cost + preliminary and other expenses) × reasonable construction period × loan interest × 50%

B. Determination of newness rate

The newness rates of the appraised machinery and equipment are determined through on-site inspection and after understanding their working environment, the existing technology conditions and other information which serve as the scores of technology conditions in the on-site inspection.

② Vehicles

For vehicle appraisal, the cost approach or the market approach shall be adopted respectively based on the actual condition of the vehicles.

First, the replacement cost of a vehicle at the valuation benchmark date is estimated, which includes the replacement base price, purchase tax, registration fee and other expenses of a new vehicle. Then, according to the conditions of the vehicle and local market, the appraised value of the vehicle to be appraised is determined by deducting physical depreciation, any potential functional depreciation, economic depreciation and other forms of depreciation accordingly.

The calculation formula: the appraised value = replacement value × comprehensive newness rate

A. Determination of replacement value

Replacement cost mainly includes the market purchase price of the vehicle, including tax-exclusive vehicle price, purchase tax, registration fee and other expenses.

B. Determination of newness rate

First, according to the economic useful life of the vehicle and on-site inspection, the physical depreciation is determined by using the useful life approach, newness rate based on mileage and the inspection method. Then, the comprehensive newness rate of the vehicle is determined by taking into account the functional and economic depreciation of the vehicle in a comprehensive manner.

a. The comprehensive newness rate is calculated by weighting the theoretical newness rate and the newness rate during inspection, the calculation formula is as follows:

   Comprehensive newness rate = theoretical newness rate × weight + newness rate during inspection × weight

The theoretical newness rate is recognized on the newness rate under the useful life approach and the newness rate based on mileage, whichever is lower.

Newness rate under the useful life approach = (economic lifespan – serviced life)/economic lifespan × 100%

Newness rate based on mileage = (total theoretical mileage – travelled mileage)/total theoretical mileage × 100%

The newness rate based on inspection: the newness rate of a vehicle is determined by conducting on-site inspection and appraisal on all parts of a vehicle, and taking into account the useful functions, actual technical conditions of each component, load level, manufacturing quality and appearance maintenance score of a vehicle in a comprehensive manner.

b. The functional depreciation is mainly because the technological advances resulted in the incurrence of excess investment costs or excess operating costs of the original vehicle, thus creating a depreciation in value.

c. Economic depreciation is the depreciation in value of the vehicle caused by changes in the external environment, such as the depreciation due to the shortened useful life of the vehicle caused by the market economy, national laws and regulations relating to energy, environmental protection, etc.

C. Appraised value = replacement cost × comprehensive newness rate.

Among them: for second-hand purchased vehicles, the market approach is adopted for appraisal.

③ Electronic equipment

A. Determination of full replacement price

Full replacement price of equipment consists of the purchase price or construction costs of alternative same or similar equipment, transportation and miscellaneous expenses, installation and debugging costs, equipment foundation costs, preliminary and other expenses and capital cost, etc. In accordance with the Notice of the Ministry of Finance and the State Taxation Administration on Several Issues Concerning the National Implementation of the Reform of Value-added Tax Transformation (《關於全國實施增值税轉型改革若干問題的通知》) (Cai Shui [2008] No. 170), since 1 January 2009, the input tax incurred due to the purchase or self-production (including reconstruction, expansion and installation) of fixed assets may be deducted from the output tax in accordance with the relevant provisions of the Provisional Regulations on Value-added Tax of the People's Republic of China (《中華人民共和國增值税暫行條例》) (State Council Decree No. 538) and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the People's Republic of China《(中華人民共和國增值税暫行條例實施細則》) (Ministry of Finance and State Taxation Administration Decree No. 50). Therefore, for electronic equipment, the input value-added tax incurred upon the equipment purchase shall be deducted when calculating its full replacement price.

The calculation formula of full replacement price:

Full replacement price = equipment purchase cost (including transportation and miscellaneous expenses and installation and debugging costs, etc.) – input value-added tax incurred upon the equipment purchase

B. Determination of comprehensive newness rate

During this valuation, for large electronic equipment, its newness rate is comprehensively measured by useful life approach after determining the remaining useful life of the newness rate during inspection, with the Valuer rating for each component of the equipment based on its actual usage, which is determined by classification with reference to its economic lifespan while making on-site inspection on the usage of the equipment and reviewing information related to the operation and key technical indicators of the equipment, as well as making enquiries with relevant engineering technicians and operating staff about its technology conditions, fault conditions and maintenance. The calculation formula is as follows:

Comprehensive newness rate = newness rate based on the useful life approach × weight + newness rate during on-site inspection × weight × 100%

For small office electronic equipments such as computers, printers, and air conditioners, the comprehensive newness rate is determined by the newness rate based on the useful life approach in this valuation.

(5) Construction in progress

The appraisers verified the relevant sub-accounts, entry vouchers, and other materials of the construction in progress on the site, inspected the physical objects corresponding to the construction in progress, and determined the appraised value based on the verified book value.

(6) Right-of-use assets

The appraisers obtain the declaration form for right-of-use asset valuation, verifies the arithmetic correctness, and checks whether it is consistent with the general ledger and the breakdown; obtains the lease contracts, checks the main contents therein such as the amount of lease payments, payment method, lease period and disposal of related assets after end of lease period, verifies the appropriateness of measurement of right-of-use assets and lease liabilities, and understands the composition of the book value of right-of-use assets. The Valuer also verifies whether the depreciation of right-of-use assets meet the requirements of the accounting policies of the enterprise, whether the calculation of interest expenses of lease liabilities in each period during the lease period is appropriate, and whether the relevant accounting treatment is proper, and the verified book value is the appraised value.

(7) Intangible assets – Land use rights

For land use rights, the market approach and the benchmark land price coefficient correction approach are mainly adopted for calculation; details are as follows:

① Market approach

The market approach is a method that when determining the price of a parcel of land use rights to be appraised, according to the principle of substitution, the land use rights to be appraised is compared with similar land use rights that have been transacted in a relatively recent period, and based on the known price of the latter and with reference to the differences in transaction status, date, area and specific factors of the land use rights, adjustments are made to such price to derive the price of the land use rights to be appraised. The calculation formula is as follows:

Price of the land use rights to be appraised = price of comparative transaction × correction coefficient of transaction × correction coefficient of transaction date ×correction coefficient of remaining useful life × correction coefficient of regional factors × correction coefficient of equity factors × correction coefficient of physical factors

② Benchmark land price approach

The benchmark land price coefficient correction approach is based on the substitution principle and uses the results of benchmark land price appraisal to estimate the price of the valuation target. The benchmark land price coefficient correction approach is applicable to urban land price valuation where benchmark land price and a parcel price correction system are available. Its technical approach is as follows: by using urban benchmark land prices, benchmark land price correction coefficient tables and other valuation results, compares the geographical and individual conditions of the valuation target with the average conditions in that region, and corrects the benchmark land price using a correction coefficient with reference to the correction coefficient table in order to obtain the price of the valuation target on the valuation benchmark date. The basic calculation formula is as follows:

$$\mathbf{P = P_{1b} \times (1 + \sum K_i) \times K_j + D}$$

Where: P— Price of the valuation target;

P_{1b}— Benchmark land price for a specific use and grade (homogeneous area);

$\sum K_i$— Correction coefficients for the parcel price;

K_j— Valuation date, floor area ratio, land use term, and other correction coefficients;

D— Correction value for land development level.

(8) Intangible assets – Other intangible assets

Other intangible assets mainly consist of office software outsourced by enterprises and others. After considering the use and amortisation of the abovementioned intangible assets of the appraised entity as well as the current discrepancies in function upgradation among such intangible assets, the appraised value is determined based on the verified book value.

(9) Long-term deferred expenses

It mainly involves verifying the content, causes of formation, original amount incurred, accounting entry time, amortization period, and amortization balance of long-term deferred expenses to confirm whether other assets are valuable and actually existing. The appraised value is determined based on the verified book value in this valuation.

(10) Deferred income tax assets

Deferred income tax assets within the valuation scope are the differences between the book value of assets and their tax bases arising from the differences in the Accounting Standards for Business Enterprises and tax laws during the subsequent measurement process. Deferred income tax assets are recognised in accordance with the results of the calculation of temporary differences and the applicable income tax rate, and the appraised value is recognised based on verified book value.

3. Liabilities

During the process of checking, appraisal professionals check the balance sheet, general ledger, sub-ledger and valuation breakdown prepared by the enterprise, and review whether the amount, content, quantity and date are consistent with the ledger. For accounts with large amount, confirmation letters are sent by appraisal professionals for verification. For liabilities appraisal, appraisal professionals take the verified book value as the appraised value.

IV. KEY INPUTS AND CALCULATION PROCESSES OF THE INCOME APPROACH

II. Technical Notes on the Income Approach

(I) Valuation Assumptions

1. General Assumptions

(1) Enterprise's Going Concern Assumption

Enterprise's going concern assumption assumes that the appraised entity carries out operations in compliance with the laws and its business license can be extended after the expiration of the operating term. There will be no unforeseen factors that render its failure to continue as a going concern, and its assets will continue to be used in their current manner and location.

(2) Transaction Assumption

The transaction assumption assumes that all assets subject to appraisal are already in the process of being transacted, and the Valuer carries out the valuation based on the transactional conditions of the assets subject to appraisal in a simulated market. The transaction assumption is the most fundamental precedent assumption under which the asset valuation can be proceeded.

(3) Open Market Assumption

The open market assumption assumes that for assets transacted in the market, or intended to be transacted in the market, where a buyer and a seller are equal in status and are granted with the opportunities and time to obtain sufficient market information to make rational judgments regarding the assets' function, use and transaction price. The open market assumption is based on the premise that assets can be bought and sold openly in the market.

2. Specific Assumptions

(1) This valuation is based on the specific valuation purpose stated in the valuation report.

(2) Stable economic environment assumption: It is assumed that after the valuation benchmark date, there will be no significant changes to the nation's current laws, regulations, policies or macroeconomic situation. It is also assumed that there will be no significant changes to the political, economic and social environments in the regions where the parties to the transaction are located, and no other material adverse effects caused by unpredictable or force majeure factors.

(3) No significant change assumption: It is assumed that there will be no significant changes in national interest rates, exchange rates, tax bases, tax rates, or policy-related levies and fees.

(4) No adverse impact assumption: It is assumed that no other force majeure or unforeseen factors will cause a material adverse impact on the client's appraised entity.

(5) No defect assumption: It is assumed that Shaoguan Yueyun Company has no title defects on its assets, or that all existing title defects have been fully disclosed.

(6) Legal compliance assumption: It is assumed that Shaoguan Yueyun Company fully complies with all relevant laws and regulations.

(7) Data truthfulness assumption: It is assumed that Shaoguan Yueyun Company's annual financial reports truthfully reflect its actual condition. The financial reports, transaction data and other information relied upon by the appraisers are assumed to be true and reliable.

(8) Policy consistency assumption: It is assumed that there will be no significant changes to Shaoguan Yueyun Company's accounting policies and calculation methods.

(9) Advantage assumption: It is assumed that Shaoguan Yueyun Company will maintain its existing business advantages and enhance its corporate competitiveness.

(10) The current income forecast does not consider the impact of-changes arising from the equity transfer.

(11) Unless otherwise specified in this report, it is assumed that the value of the valuation target will not be affected by existing or potential future mortgages, guarantees, special transaction methods or other such factors.

(12) Unless otherwise specified, this valuation has not considered the impact of potential mortgages or guarantees that the appraised entity's equity or related assets may be subject to on the appraised value. It also has not considered the impact of changes in the nation's macroeconomic policies or the occurrence of natural forces and other force majeure events on the asset prices.

In accordance with the requirements of asset valuation, these assumptions are deemed to be valid as of the valuation benchmark date. Should significant changes occur in the future economic environment, the Valuer shall not hold responsibilities for any different valuation conclusions derived as a result of changes in these assumptions.

The discounted future cash flow method is adopted in this valuation, that is, free cash flow of the enterprise is taken as the quantitative index of expected income of the enterprise, and the discount rate is calculated by weighted average cost of capital (WACC) model. The future cash flow of the enterprise is predicted on a consolidated basis, and the non-controlling interests is excluded to obtain the total equity value of the shareholders of the appraised entity. The specific formula is as follows:

Total equity value of shareholders of the appraised entity= appraised value of cash flow of the enterprise + value of surplus assets + value of non-operating assets – value of non-operating liabilities – interest-bearing liabilities – non-controlling interests

Among them:

1. Appraisal value of cash flow of the enterprise

$$V=\sum_{i=1}^{t}\frac{ai}{(1+r)^{t}}+\frac{a}{r(1+r)^{t}}$$

Where:

V— Appraised value of cash flow of the enterprise

ai— Annual operating free cash flow for the year i in the future

a— Annual annuity operating free cash flow after the next t years

r— Weighted average cost of capital

t— Years with variable annual expected returns

i— Year

Selection of main parameters when applying the income method:

(1) Expected income and time point of realizing income of the equity of the appraised enterprise

The expected income is forecasted by the free cash flow of the enterprise, and the specific forecasting formula is:

For total investment capital, ai= income from main operations – cost of main operations – selling expenses – administrative expenses – financial expenses + profit from other businesses – income tax + interest expense after tax + depreciation/amortization – increase in working capital – capital expenditure

Taking into account the actual cash flow of the appraised entity in the historical years, the time point set for realizing the income in this valuation is translated into the middle of the year.

(2) Duration of expected income of appraised enterprise

The relevant national laws and regulations do not limit the operating period of the enterprise, and the appraisers believe that under normal circumstances, the enterprise will continue to operate on a going concern basis. Therefore, the expected income of the appraised enterprise is calculated as perpetual operation. In particular, the first stage is from October 2024 to the end of 2029, during which the income situation is changing according to the operating conditions and business plans of the appraised enterprise; the second stage is perpetual operation from 2030, during which the appraised enterprise will maintain a stable profit level.

(3) Discount rate of expected income of appraised enterprise

There are various methods and approaches to determine the discount rate. According to the principle that the income is consistent with the discount rate, the income of this valuation is the free cash flow of the enterprise, and the discount rate is determined by weighted average cost of capital (WACC).

$$WACC=E/(D+E)K_e+D/(D+E)\times(1-T)\times K_d$$

Where: K_e: Cost of equity capital;

K_d: Cost of debt capital;

E: Market value of the target equity capital of the appraised enterprise;

D: Market value of the target debt capital of the appraised enterprise;

T: Enterprise income tax rate

The capital asset pricing correction model (CAPM) is adopted in this valuation to determine the capital cost K_e of the Company's ordinary equity, calculated as follows:

$$K_e=Rf+\beta(Ru-Rf)+a$$

Where: K_e— cost of equity capital;

R_f— Risk free rate of return;

β— Risk coefficient of reference enterprise;

Ru— Market rate of return;

a— Individual risk adjustment coefficient of the enterprise.

Determination of the cost of debt capital K_d

K_d: The cost of debt capital K_d is the loan interest rate actually implemented by the appraised entity;

2. Determination of the Value of Surplus Assets

Surplus assets refer to surplus assets held by an enterprise for the purpose of operation, but not directly related to the income of the enterprise during a specific period of time, which exceed the operational needs of the enterprise.

Judge whether the appraised entity has surplus assets through the analysis of assets allocation and enterprise income of the appraised entity, and further understanding of the enterprise's operation status. If the appraised entity has surplus assets after understanding and analysis, the value of surplus assets shall be separately valued and included in the overall value of the enterprise during the valuation process.

3. Determination of the Value of Non-operating Assets and Liabilities

Non-operating assets and liabilities are assets and relevant liabilities not directly relating to the normal operating income of the enterprise in the profit forecast, including those that generate no income or can generate income but are not included in the scope of this income forecast.

If the appraised entity has non-operating assets and liabilities, its value shall be valued separately and included in the overall value of the enterprise. To evaluate the value of non-operating assets and liabilities, appropriate valuation methods for different categories and conditions are chosen to estimate their values.

Assets and liabilities that are not involved in the forecast of free cash flow of the enterprise after the valuation benchmark date.

4. Determination of the Value of Interest-bearing Debts

Interest-bearing debts refer to the debts that the appraised enterprise needs to pay interest on the valuation benchmark date. Interest-bearing debts are analyzed and valued separately.

5. Excluding Non-controlling Interests

The income method valuation is calculated on a consolidated basis of appraised entities, and the non-controlling interests shall be excluded accordingly. After verification, as Shaoguan Yueyun Company holds 100% equity interests in the two subsidiaries within the scope of consolidation, non-controlling interests is nil.

(I) Determination of future earnings

This valuation is carried out on a consolidated basis, based on which the value of non-controlling interests is reduced, and finally the appraisal value of the total shareholders' equity of Shaoguan Yueyun Company is obtained. The specific forecasts are as follows:

1. Analysis and forecast of operating income

(1) Summary of historical operations

Shaoguan Yueyun Vehicles Transportation Co., Ltd. is mainly engaged in road passenger transportation, road passenger and cargo automobile transportation, public bus transportation and passenger terminal operation; road transportation qualification training (dangerous goods transportation driver), commercial trade, property rental, parking storage, etc.

At present, the main business of Shaoguan Yueyun Company is:

① Self-operated line business (including public transport business and long-distance passenger transport);

② Chartered bus business and school bus business;

③ Other business.

According to the above historical revenue profile, main business revenue of Shaoguan Yueyun Company includes transportation revenue, revenue from chartered bus business and revenue from other transportation business; other business income includes rental income and others. This valuation is divided into two stages of forecast. The first forecast is based on the 2024 annual audit report and the financial statements from January to April 2025 on a consolidated basis provided by the appraised entity. The forecast of operating income from October 2024 to April 2025 is recognized according to the actual amount of the enterprise. The second forecast is based on the historical annual revenue changes, taking into consideration the future business decisions of the management of Shaoguan Yueyun Company, and the comprehensive analysis of the current industry market situation. Meanwhile, according to the relevant decision-making documents provided by the entrusting party, it is expected to exit from the Lechang transport business in 2025. Therefore, the Lechang transport business is not included in this valuation and forecast process. To sum up, the revenue forecast of transportation business is shown in the table below:

Unit: RMB

No.	Category (breakdown)	Forecast year					
		October to December 2024	2025	2026	2027	2028	2029
I	**Transportation revenue**	**37,607,471.55**	**94,030,988.90**	**99,707,992.45**	**102,782,084.80**	**104,811,360.47**	**106,880,826.18**
1	Self-operated line	21,094,330.50	50,498,792.17	53,734,266.36	55,346,294.35	56,453,220.23	57,582,284.64
2	Chartered bus business	12,966,636.02	30,768,048.28	32,739,367.23	33,721,548.25	34,395,979.21	35,083,898.80
3	Other transportation revenue	3,546,505.03	12,764,148.45	13,234,358.86	13,714,242.20	13,962,161.03	14,214,642.74
II	**Other business income**	**6,572,920.05**	**22,436,336.17**	**23,176,628.46**	**23,869,227.02**	**24,584,298.89**	**25,322,610.13**
1	Rental income	3,050,077.20	12,505,316.51	12,817,949.42	13,138,398.16	13,466,858.11	13,803,529.56
2	Other business income	3,522,842.85	9,931,019.66	10,358,679.04	10,730,828.86	11,117,440.78	11,519,080.57
Total		**44,180,391.60**	**116,467,325.07**	**122,884,620.91**	**126,651,311.82**	**129,395,659.36**	**132,203,436.30**
Revenue growth		**-13.10%**	**-26.08%**	**5.51%**	**3.07%**	**2.17%**	**2.17%**

Revenue from transportation business includes revenue from self-operated line, chartered bus business and other transportation.

Self-operated line includes public transport business and long-distance passenger transport. Specifically, public transport business mainly represents public transportation services within the urban area and between various towns in Shaoguan. Based on the interview with the person in charge of the appraised entity, and the research by the appraisers on the capacity and daily passenger flow of public transportation services within the urban area and between various towns in Shaoguan, in recent years, due to the impact of the pandemic, the number of travelers has decreased significantly. At the same time, due to the serious illegal operation of five major illegal vehicles in Shaoguan, the public transport business in Shaoguan was significantly affected. However, considering that the floating population gradually increased and passenger flow has been rising in Shaoguan in recent years, the travel demand is relatively strong. Therefore, the revenue forecast of the public transport business in this valuation is made stably based on the average historical growth of the enterprise. The long-distance passenger transport mainly represents the long-distance transportation between Shaoguan and other prefecture-level cities in Guangdong Province. According to the historical data, the revenue from this business has declined significantly. Based on the interview with the relevant person in charge of the appraised entity, due to the impact of online ride-hailing services such as DiDi's carpooling service in recent years, the opening of high-speed railways and other factors, when choosing a means of transportation for travel, people gradually prefer to choose online ride-hailing services which can control the timing, high-speed railways which cost less time and other means of transportation. Based on the interview with the relevant person in charge of

the appraised entity, in the future, it will cooperate with online platforms such as DiDi to provide long-distance passenger transport service. Therefore, the revenue forecast of the long-distance passenger transport in this valuation is made stably based on the forecast data provided by the appraised entity, with reference to the revenue fluctuations in previous years.

Based on the interview with the management of Shaoguan Yueyun, the major customers of the chartered bus business and school bus business are government authorities, public institutions and schools in Shaoguan, with whom it has maintained relatively stable cooperative relationships. Therefore, the revenue forecast of the chartered bus business and school bus business in this valuation is made stably based on an annual growth rate of 1% to 2%.

The revenue forecast of other transportation business is made stably based on the average growth rate in previous years.

2. Forecast of operating costs

Based on the interview with the relevant person in charge of the appraised entity, in order to relieve the operational pressure, Shaoguan Yueyun Company will reduce labor costs through measures such as layoffs and salary cut, and control the changes in operating costs through measures such as lowering the operating costs of passenger terminals in the future. Therefore, in this valuation, the operating costs are reasonably forecasted based on the forecast data provided by the appraised entity, and the forecasted operating income, with reference to the fluctuation in gross profit margins of peer transportation companies, as detailed in the table below:

Unit: RMB

No.	Category (breakdown)	Forecast year					
		October to December 2024	2025	2026	2027	2028	2029
I	**Cost of principal businesses**	**16,898,262.19**	**92,236,836.74**	**97,390,097.86**	**100,104,639.87**	**101,731,595.72**	**103,416,023.40**
1	Self-operated line	7,328,619.14	49,101,642.23	52,247,639.82	53,817,139.43	54,893,482.22	55,991,351.86
2	Chartered bus business	8,520,357.07	27,815,042.68	29,597,262.56	30,490,504.35	31,100,314.44	31,722,320.72
3	Other transportation revenue	1,049,285.99	15,320,151.83	15,545,195.48	15,796,996.09	15,737,799.06	15,702,350.82
II	**Other operating costs**	**331,942.62**	**1,238,555.62**	**1,280,440.44**	**1,319,626.81**	**1,360,084.69**	**1,401,857.42**
1	Rental cost	293,889.28	1,229,719.35	1,271,604.17	1,310,790.54	1,351,248.42	1,393,021.15
2	Other operating costs	38,053.34	8,836.27	8,836.27	8,836.27	8,836.27	8,836.27
Total		**17,230,204.81**	**93,475,392.36**	**98,670,538.30**	**101,424,266.68**	**103,091,680.41**	**104,817,880.82**
Gross profit margin		**61.00%**	**19.74%**	**19.70%**	**19.92%**	**20.33%**	**20.71%**

3. Taxes and surcharges

The main taxes of Shaoguan Yueyun Company include city construction tax, education surcharge, local education surcharge, land use tax, property tax, vehicle and vessel tax and others. In this valuation, city construction tax, education surcharge and local education surcharge are forecasted based on the forecasted operating income, direct material costs and the effective tax rate of Shaoguan Yueyun Company; land use tax and property tax are forecasted based on the tax base and relevant tax rates, considering the input tax credit for the fixed asset under the capital expenditure during the future operations. The detailed forecast of taxes and surcharges for the forecast period and perpetual period is as follows:

Unit: RMB

No.	Tax	Forecast year					
		October to December 2024	2025	2026	2027	2028	2029
1	City maintenance and construction tax	115,394.68	441,313.69	461,800.89	477,315.41	489,503.72	501,924.97
2	Education surcharge	103,779.70	189,134.44	197,914.67	204,563.75	209,787.31	215,110.70
3	Local education surcharge	72,823.34	126,089.63	131,943.11	136,375.83	139,858.21	143,407.13
4	Property tax	578,102.04	1,722,812.45	1,720,225.31	2,062,892.89	2,050,784.75	2,127,963.18
5	Land use tax	274,505.03	441,139.87	441,139.87	441,139.87	441,139.87	441,139.87
6	Vehicle and vessel tax	73,588.96	144,130.16	152,945.57	157,403.91	160,508.00	163,673.51
7	Stamp duties	10,725.98	29,212.06	30,827.85	31,735.12	32,348.98	32,979.86
Total		**1,228,919.73**	**3,093,832.30**	**3,136,797.27**	**3,511,426.78**	**3,523,930.84**	**3,626,199.21**
Percentage		2.78%	2.66%	2.55%	2.77%	2.72%	2.74%

4. Selling expenses

According to the financial statements of Shaoguan Yueyun Company for recent years and the accounting policies adopted, it had no selling expenses. It is assumed that it will not incur selling expenses during the forecast period, and therefore no forecast of selling expenses is made in this valuation.

5. Administrative expenses

The administrative expenses of Shaoguan Yueyun Company mainly consist of labor costs, business entertainment expenses, office expenses, depreciation and amortisation. The administrative expenses during the forecast period are forecasted based on the future operating decisions of the appraised entity and its management's future proposed plans for the entity, considering the changes in forecasted operating income, increase in labor costs and other factors, and are reasonably adjusted based on the forecast data provided by the appraised entity. In addition, the depreciation and amortisation are reasonably forecasted on the basis of total future depreciation and amortisation at the ratio of the depreciation and amortisation under the administrative expenses to the total depreciation and amortisation for previous years. Moreover, according to the Party Committee Meeting Resolution of Shaoguan Yueyun Vehicles Transportation Co., Ltd. (No.: [2025] 11) and related filing information provided by the management of Shaoguan Yueyun Company, it is expected that a total of 330 employees will be laid off due to business contraction caused by the deterioration of the market environment. Furthermore, Shaoguan Yueyun anticipates total additional expenses of RMB32.47 million resulting from the exit from the Lechang Bus Station transport business and other related matters, which is expected to be incurred in 2025. The detailed forecast data is shown in the table below:

Unit: RMB

Year / Item	Forecast year					
	October to December 2024	2025	2026	2027	2028	2029
Employee benefits	6,341,708.90	23,640,902.97	10,810,800.00	11,189,178.00	11,580,799.23	11,986,127.20
Other administrative expenses	3,057,691.57	6,937,637.07	6,010,541.64	5,579,426.54	4,992,920.90	4,980,821.08
Termination benefits and costs related to liquidation personnel	0.00	32,470,000.00	0.00	0.00	0.00	0.00
Total	**9,399,400.47**	**63,048,540.04**	**16,821,341.64**	**16,768,604.54**	**16,573,720.13**	**16,966,948.28**

6. R&D expenses

According to the financial statements of Shaoguan Yueyun Company for recent years and the accounting policies implemented, it had no R&D expenses. It is assumed that it will not incur R&D expenses during the forecast period, therefore no forecast of R&D expenses is made in this valuation.

7. Financial expenses

Financial expenses of Shaoguan Yueyun Company mainly represent interest expenses, interest income and financial handling charges. Interest expenses mainly arise from bank loans at present. According to the enquiry with the relevant personnel of the appraised entity, in order to ensure the entity's reasonable capital structure and capital turnover requirements, the entity used funds from financings such as bank loans to support its daily operations in previous years, which will generally continue in the coming years. Therefore, the corresponding financial expenses will be incurred. The detailed forecast of financial expenses for the next five years is shown in the table below:

Unit: RMB

No.	Year / Item	Forecast year					
		October to December 2024	2025	2026	2027	2028	2029
I	**Short-term loans**						
1	Increase (decrease) in loans for the period						
2	Balance of short-term loans	400,000.00	400,000.00	400,000.00	400,000.00	400,000.00	400,000.00
3	Interest rate of short-term loans	3.35%	3.35%	3.35%	3.35%	3.35%	3.35%
4	Interest on short-term loans						
II	**Long-term loans**						
1	Increase (decrease) in loans for the period						
2	Balance of long-term loans	–	–	–	–	–	–
3	Interest rate of long-term loans						
4	Interest on long-term loans						
III	**Increase in interest-bearing debts**	–	–	–	–	–	–
IV	**Balance of interest-bearing debts**	400,000.00	400,000.00	400,000.00	400,000.00	400,000.00	400,000.00
V	**Average interest rate**						

No.	Year / Item	Forecast year					
		October to December 2024	2025	2026	2027	2028	2029
VI	**Financial expenses**						
1	Interest expenses	**506.67**	**13,400.00**	**13,400.00**	**13,400.00**	**13,400.00**	**13,400.00**
2	Interest income (as shown with "-")	–	–	–	–	–	–
3	Amortisation of unrecognised finance expenses	–	–	–	–	–	–
4	Interest expenses from lease liabilities	–	–	–	–	–	–
5	Others	–	–	–	–	–	–
Total		506.67	13,400.00	13,400.00	13,400.00	13,400.00	13,400.00

8. Asset impairment loss

Based on the impairment loss on receivables in previous years and their credit period, the asset impairment loss will not be forecasted in this valuation.

9. Other income

According to the historical data, other income mainly represents government subsidies. Based on the interview with the relevant person in charge of the appraised entity, in recent years, Shaoguan Yueyun Company has received relatively large amount of subsidies from the national or local governments, which are related to the entity's business operations and are recurring. Along with the overall economic downturn in China, the subsidies obtained by Shaoguan Yueyun Company in recent years continued to decrease. Moreover, due to the impact of the government's funds and the allocation process and for other objective reasons, Shaoguan Yueyun has not obtained the corresponding subsidies on time. In recent years, Shaoguan Yueyun has also been actively communicating fully with the Shaoguan government and other relevant departments, and applying for subsidies in accordance with relevant laws and regulations. Based on the application materials and the proposed subsidy items provided by the appraised entity, other income is forecasted as follows:

Unit: RMB

No.	Item	Forecast year					
		October to December 2024	2025	2026	2027	2028	2029
1	Government grants related to assets	1,290,764.37	4,207,672.55	2,990,894.98	1,774,117.41	557,339.84	–
2	Government grants related to income	13,228,951.33	12,406,321.73	10,524,270.33	10,848,743.60	11,062,935.52	11,281,369.53
Total		**14,519,715.70**	**16,613,994.28**	**13,515,165.31**	**12,622,861.01**	**11,620,275.36**	**11,281,369.53**

10. Forecast of non-operating income and expenses

Given that non-operating income is deemed non-recurring and its future fluctuations are unpredictable, it has been excluded from this valuation.

11. Forecast of investment income

As at the valuation benchmark date, the appraised entity had no external investments on a consolidated basis. Following the principle of prudence, the investment income will not be forecasted in this valuation.

12. Forecast of enterprise income tax

According to the Enterprise Income Tax Law of the People's Republic of China and its implementation regulation and other requirements, as at the valuation benchmark date, the current enterprise income tax rate of Shaoguan Yueyun Company is 25%. In this valuation, it is assumed that Shaoguan Yueyun Company continues to be entitled to income tax rate of 25% during the forecast period. For details, please refer to the table of forecast based on the income approach.

13. Capital expenditure and forecast of depreciation and amortisation

(1) Capital expenditure

Based on the interview with the appraised entity, the future capital expenditure mainly includes expenses relating to vehicle renewal and spare parts, and payments for purchase of equipment during the ordinary operations.

Unit: RMB

No.	Item	Forecast year					
		October to December 2024	2025	2026	2027	2028	2029
I	**Additional capital expenditure**	**0.00**	**1,500,000.00**	**2,000,000.00**	**2,000,000.00**	**2,000,000.00**	**2,000,000.00**
1	Subtotal of additional fixed assets	0.00	1,500,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00
(1)	Buildings and structures						
(2)	Equipment		1,500,000.00	2,000,000.00	2,000,000.00	2,000,000.00	2,000,000.00
2	Subtotal of additional intangible assets and long-term deferred expenses	0.00	0.00	0.00	0.00	0.00	0.00
(1)	Land use rights						
(2)	Other intangible assets						
(3)	Long-term deferred expenses						

No.	Item	Forecast year					
		October to December 2024	2025	2026	2027	2028	2029
II	**Amortisation of additional capital expenditure**	**0.00**	**142,500.00**	**332,500.00**	**522,500.00**	**712,500.00**	**902,500.00**
1	**Subtotal of additional fixed assets**	0.00	142,500.00	332,500.00	522,500.00	712,500.00	902,500.00
(1)	Buildings and structures	0.00	0.00	0.00	0.00	0.00	0.00
(2)	Equipment	0.00	142,500.00	332,500.00	522,500.00	712,500.00	902,500.00
2	**Subtotal of additional intangible assets and long-term deferred expenses**	0.00	0.00	0.00	0.00	0.00	0.00
(1)	Land use rights	0.00	0.00	0.00	0.00	0.00	0.00
(2)	Intangible assets including software	0.00	0.00	0.00	0.00	0.00	0.00
(3)	Long-term deferred expenses	0.00	0.00	0.00	0.00	0.00	0.00

(2) Forecast of depreciation and amortisation

Unit: RMB

Item		Forecast year					
		October to December 2024	2025	2026	2027	2028	2029
I	**Total existing fixed assets**	**6,832,831.03**	**27,331,324.11**	**23,139,896.58**	**17,923,120.03**	**7,610,851.92**	**4,430,672.05**
1	Buildings and structures	1,107,668.01	4,430,672.05	4,430,672.05	4,430,672.05	4,430,672.05	4,430,672.05
2	Machinery and equipment	189,803.23	759,212.91	759,212.91	288,788.91	0.00	0.00
3	Transportation equipment	3,300,914.77	13,203,659.07	13,203,659.07	13,203,659.07	3,180,179.87	0.00
4	Electronic equipment	2,234,445.02	8,937,780.08	4,746,352.55	0.00	0.00	0.00
5	Utensils, instruments and tools						
II	**Intangible assets and long-term deferred expenses**	**1,299,726.53**	**4,089,339.87**	**3,937,878.80**	**2,857,629.97**	**1,827,107.16**	**1,827,107.16**
1	Land use rights	440,722.08	1,762,888.32	1,762,888.32	1,762,888.32	1,762,888.32	1,762,888.32
2	Software use right	16,054.71	64,218.84	64,218.84	64,218.84	64,218.84	64,218.84
3	Line license use right and joint operating earning right	315,256.83	151,461.07	0.00	0.00	0.00	0.00
4	Long-term deferred expenses	527,692.91	2,110,771.64	2,110,771.64	1,030,522.81	0.00	0.00
III	**Existing investment properties**	**269,440.74**	**1,077,762.95**	**1,077,762.95**	**1,077,762.95**	**1,077,762.95**	**1,077,762.95**
IV	**Amortisation of additional capital expenditure**	**0.00**	**142,500.00**	**332,500.00**	**522,500.00**	**712,500.00**	**902,500.00**
Total		**8,401,998.29**	**32,640,926.93**	**28,488,038.32**	**22,381,012.95**	**11,228,222.03**	**8,238,042.16**

14. Debt interest, net of tax

Considering that the entity may have certain short-term loans in the future, in this valuation, the debt interest (net of tax) is forecasted based on the loan interest actually paid the appraised entity, net of the enterprise income tax. For details, please refer to the table of forecast based on the income approach.

15. Forecast of additional working capital

The forecast of additional working capital is as follows:

Unit: RMB

Item	Forecast year					
	2024	2025	2026	2027	2028	2029
Total operating income	157,552,960.07	116,467,325.07	122,884,620.90	126,651,311.81	129,395,659.36	132,203,436.30
Total operating cost	136,592,467.55	93,475,392.36	98,670,538.30	101,424,266.67	103,091,680.40	104,817,880.82
Expenses for the period	**37,788,972.89**	**66,155,772.34**	**24,410,976.57**	**24,682,551.16**	**24,564,356.85**	**25,121,653.94**
Taxes and surcharges	3,352,205.67	3,093,832.30	3,136,797.27	3,511,426.78	3,523,930.84	3,626,199.21
Selling expense	–	–	–	–	–	–
Administrative expense	32,910,597.33	63,048,540.04	16,821,341.64	16,768,604.54	16,573,720.13	16,966,948.28
R&D expense	–	–	–	–	–	–
Financial expense	754,591.56	13,400.00	13,400.00	13,400.00	13,400.00	13,400.00
Income tax expense	771,578.33	–	4,439,437.66	4,389,119.84	4,453,305.87	4,515,106.45
Depreciation of right-of-use assets						
Interest expenses from lease liabilities						
Actual lease payment						
Full cost	**174,381,440.44**	**159,631,164.70**	**123,081,514.87**	**126,106,817.83**	**127,656,037.25**	**129,939,534.77**
Non-cash costs	**33,607,993.16**	**32,640,926.93**	**28,488,038.32**	**22,381,012.95**	**11,228,222.03**	**8,238,042.16**
Depreciation/amortization	33,607,993.16	32,640,926.93	28,488,038.32	22,381,012.95	11,228,222.03	8,238,042.16
Cash costs	**140,773,447.28**	**126,990,237.77**	**94,593,476.55**	**103,725,804.88**	**116,427,815.22**	**121,701,492.61**
Month(s) for security cash on hand	2.00	2.00	2.00	2.00	2.00	2.00
Minimum cash on hand	**23,462,241.21**	**21,165,039.63**	**15,765,579.42**	**17,287,634.15**	**19,404,635.87**	**20,283,582.10**
Cash at bank and on hand as at the benchmark date (including centralized management payment of receivable funds)						
Surplus funds						
Cash at bank and on hand	23,462,241.21	21,165,039.63	15,765,579.42	17,287,634.15	19,404,635.87	20,283,582.10
Bills receivable						
Accounts receivable	19,007,907.05	9,664,856.94	10,197,386.10	10,509,958.99	10,737,694.34	10,970,693.27
Receivables financing balance						
Prepayments	9,529,382.56	6,521,316.95	6,883,756.65	7,075,870.69	7,192,197.92	7,312,626.41

Item	Forecast year					
	2024	2025	2026	2027	2028	2029
Contract assets						
Other receivables	22,237,013.55	16,438,189.95	17,343,926.63	17,875,557.12	18,262,894.13	18,659,183.57
Inventories	1,940,986.83	1,328,290.71	1,402,114.03	1,441,244.67	1,464,938.71	1,489,468.12
Non-current assets due within one year		0.00	0.00	0.00	0.00	0.00
Other current assets		0.00	0.00	0.00	0.00	0.00
Total amount included in operating current assets	**76,177,531.20**	**55,117,694.18**	**51,592,762.83**	**54,190,265.61**	**57,062,360.97**	**58,715,553.47**
Bills payable						
Accounts payable	12,869,437.56	8,807,042.93	9,296,517.99	9,555,968.13	9,713,068.14	9,875,706.89
Advances from customers	1,348,275.43	996,680.94	1,051,597.60	1,083,831.44	1,107,316.48	1,131,344.31
Contract liabilities	8,143,116.07	6,019,607.29	6,351,284.87	6,545,966.08	6,687,807.54	6,832,927.33
Employee benefits payable	12,425,016.64	8,502,908.88	8,975,480.88	9,225,971.42	9,377,646.28	9,534,668.62
Taxes payable	1,892,055.72	1,294,805.30	1,366,767.58	1,404,911.76	1,428,008.49	1,451,919.53
Other payables	37,762,707.47	25,842,449.16	27,278,712.66	28,040,015.54	28,500,993.06	28,978,222.90
Non-current liabilities due within one year		0.00				
Other current liabilities		0.00				
Total amount included in operating current liabilities	**74,440,608.90**	**51,463,494.50**	**54,320,361.58**	**55,856,664.38**	**56,814,839.98**	**57,804,789.58**
Working capital	**1,736,922.29**	**3,654,199.68**	**-2,727,598.75**	**-1,666,398.77**	**247,521.00**	**910,763.89**
Increase in working capital	**-2,437,890.64**	**1,917,277.38**	**-6,381,798.43**	**1,061,199.99**	**1,913,919.76**	**663,242.89**

16. Determination of long-term annuity

Based on the revenue trend of Shaoguan Yueyun Company in the following years and the principle of prudence, considering the forecast operability, the perpetual equal net revenue that will be recorded from 2030 will be stabilized at the same level of 2029.

17. Determination of discount coefficient

Discount rate calculation model: in the valuation of an enterprise's value, when utilizing the cash flow of the enterprise's investment capital as an indicator of economic benefit, since the investment capital of the enterprise comprises of both debt capital and equity capital, the weighted average capital cost shall be calculated on the basis of calculating the debt capital cost and equity capital cost respectively, and may be calculated using the WACC model, with the calculation formula as follows:

$$WACC = \frac{E}{D+E} \times K_e + \frac{D}{D+E} \times (1-t) \times K_d$$

Where: K_e — cost of equity capital;

K_d — cost of debt capital;

E — prevailing market value of equity;

D — prevailing market value of interest-bearing liabilities;

E/(D+E) and D/(D+E) — capital structure;

t — prevailing income tax rate of the entity as at the benchmark date.

(1) Risk-free rate of return is a compensation for the time value of capital. In this valuation, the risk-free rate of return has been determined at 2.15% based on the Wind Information (萬得資訊) and the average yield to maturity of treasury bonds with a term of not less than 10 years, which was searched with and calculated according to the yield curve of China's treasury bonds published by the China Appraisal Society (中國資產評估協會).

(2) Risk coefficient β

The risk coefficient measures the risk premium of the appraised entity relative to the overall return of the capital market. It also serves as an indicator for the extent to which individual stocks are affected by the general economic environment, including price fluctuations in stock market. Since the appraised entity is currently a non-listed company, it is generally difficult to directly calculate the indicator value of such coefficient. The appraiser selected listed companies in relevant industries as reference companies, and searched with the Wind Information system for the adjusted β coefficient (βU) (eliminating financial leverage) relative to Shanghai and Shenzhen stock exchanges for the three years preceding the valuation benchmark date. The average value of βU without financial leverage of each of the reference companies was adopted as the βU of the appraised entity. Specific process is as follows:

Based on the selection of listed companies in the transportation industry, and the criteria such as principal business and asset scale, four cases similar or comparable to the appraised entity were selected. After such selection, we chose listed companies such as Fulin Transport, Three Gorges Tourism, Shanghai Jiao Yun, and Haiqi as reference companies, and searched with the Wind Terminal (萬得終端) for the adjusted β coefficient (βU) (eliminating financial leverage) relative to Shanghai and Shenzhen stock exchanges for the three years preceding the valuation benchmark date. The average value of βU without financial leverage of each of the reference companies was adopted as the βU of the appraised entity, and then the βL with financial leverage of the appraised entity is calculated based on the target capital structure of the appraised entity, βL=βU*[1+(1-T)*D/E].

(3) Determination of excess rate of return in the market (ERP)

The equity risk premium (ERP, i.e. rm-rf) reflects the risk compensation in excess of the risk-free rate that investors demand for as they invested in relatively high-risk capital markets. The securities trading index serves as a comprehensive indicator reflecting stock transactions in the stock market, and the return rate of the securities trading index can represent the stock investment return rate in the stock market. Therefore, considering the factors such as the scale of the business of the appraised entity, the 10-year average rate of return of CSI 300 Index is selected as the index of stock investment income in this valuation to calculate and determine the market expected return rate.

According to the data searched with the financial terminal system of iFinD, the 5-year average yield of CSI 300 Index as of the benchmark date is the market return rate (rm), and rm=8.70%. Thus, the equity risk premium (ERP) is calculated based on: 8.70% – 2.15% = 6.55%.

(4) Determination of individual risk return rate (Rs) of the enterprise

Since Shaoguan Yueyun Company is a non-listed company, it has certain difference as compared with comparable listed companies in terms of financing conditions, capital liquidity, and corporate governance structure. Therefore, the shareholders' expected return rate shall also take into account the specific and individual risks that may arise from such difference. After a comprehensive analysis and consideration of factors such as the position of the appraised entity in its industry, its scale, historical operation performance, operational risks, financial risks, continuity of business markets, distribution of operations, products and regions, internal management and control mechanisms, experience and qualifications of management personnel, and reliance on major customers, the following scoring method is adopted to determine the individual risk return rate (Rs) of the entity.

Risk factors	**Influencing factors**	**Value of Influencing factors**	**Weight**	**Adjusted coefficient**
Enterprise scale	Lower than the average of comparable companies	4.00%	10	0.40%
Development stage of the entity	Monotonous business, and in an upward development stage	5.00%	15	0.75%
Core competitiveness of the entity	Moderate core competitiveness	4.00%	15	0.60%
Reliance of the entity on the upstream and downstream entities	Relatively high concentration of its customers and moderate bargain power	3.00%	15	0.45%
Financing capability and costs of the entity	Moderate financing capability and reasonable capital requirements for the following years	3.20%	18	0.58%
Stability of profit forecast	Relative stable profit forecast, and the growth rate for the following years is closely linked to the industry level and national policies	2.50%	17	0.43%
Other factors	Relatively sufficient supportable materials for profit forecast, and good realizability	3.00%	10	0.30%
Total		**3.50%**		

Based on the above calculation, the individual risk return rate (Rs) of the entity = 3.5%

(5) Determination of D/E

The weighted average of the data of listed companies in the same industry is adopted in this valuation, which is calculated as 17.86%. The specific process is as detailed above.

(6) Cost of debt capital

This valuation is conducted based on the Announcement on Loan Prime Rate (LPR) Authorized to Release by the National Interbank Funding Center dated 20 September 2024 (《2024 年 9 月 20 日全國銀行間同業拆借中心授權公佈貸款市場報價利率(LPR)公告》) published by the People's Bank of China, which confirms that the 5-year and above LPR is 3.85%, i.e. the debt cost is calculated based on 3.85% × (1 – 25%) = 2.89%.

(7) Calculation of discount rate (i.e. WACC model)

Industry weighted average according to the searching with Wind (D/E)	17.86%
E/(D+E) of the appraised entity	84.848%
D/(D+E) of the appraised entity	15.152%
Income tax rate applicable to the entity (T)	25.00%
Industrial β	0.7061
β of the appraised entity	0.8007
Risk-free rate of return (Rf)	2.15%
Excess rate of return in the market (ERP)	6.55%
Company-specific risk excess return rate (Rs)	3.50%
Cost of equity capital (R_e)	10.89%
Cost of debt capital (R_d)	2.89%
Weighted average of total capital return rate (WACC)	9.68%

Note: ① levered β=Unlevered β×[1+(1-*T*)(*D/E*)]

Where: D－debt value; E－equity value; T: applicable income tax rate;

②

$$R_d = \left(\frac{\text{Short-term loans}}{\text{Interest-bearing loans}} \times \text{Interest rate of bank loan due within one year} + \frac{\text{Long-term borrowings}}{\text{Interest-bearing loans}} \times \text{Interest rate of bank loan with a term of 5 years or above} \right) \times (1\text{-applicable income tax rate})$$

③ $$\text{WACC} = R_e \frac{E}{D+E} + R_d \frac{D}{D+E}$$

Where: WACC refers to weighted average of total capital return rate; E refers to equity value; R_e refers to share capital return rate; D refers to value of interest-bearing debts; and R_d refers to debt return rate.

④ The debt cost (R_d) is determined by considering the loan rate currently ruling in the appraised entity, and the debt cost determined by referring to the optimal capital structure of listed companies in the same industry, net of income tax.

Based on above results, this valuation adopts 9.68% as the discount rate.

18. Appraised value of non-operating assets (or liabilities) and surplus assets (or liabilities)

The non-operating (non-profitable) assets (or liabilities) and surplus assets in this valuation primarily include accounts receivable, other current assets and other accounts payable, etc. The non-operating assets (or liabilities) are calculated using the cost method in this valuation, details of which are as follows:

Unit: RMB

Item	**Carrying amount**	**Appraised value**
Cash at bank and on hand	37,660,816.97	37,660,816.97
Minimum cash on hand	25,393,593.17	25,393,593.17
Idle cash at bank and on hand	12,267,223.80	12,267,223.80
Non-operating assets:		
Other accounts receivable	36,946.00	36,946.00
Off-book buildings and structures	–	1,002,980.00
Long-term equity investments	10,476,906.65	8,476,906.66
Deferred tax assets	959,278.88	959,278.88
Total	11,473,131.53	10,476,111.54
Non-operating liabilities:		
Other accounts payable	2,009,840.00	2,009,840.00
Dividends payable	19,553,709.25	19,553,709.25
Total	21,563,549.25	21,563,549.25
Value of surplus assets	**2,176,806.08**	**1,179,786.09**

(1) Surplus assets

Surplus assets refer to assets that are not directly related to the earnings of the appraised entity and exceed its operational requirements. Based on the analysis, the appraised value of the surplus net assets of the appraised entity is RMB12,267,223.80. Details are as follows:

Surplus assets – cash at bank and on hand: the carrying amount is RMB37,660,816.97, and the appraised value is RMB37,660,816.97, and the difference between them is recognized as surplus monetary assets due to the minimum cash on hand of the entity as at the benchmark date amounting to RMB25,393,593.17 based on the calculation.

(2) Non-operating assets

① Non-operating assets – total other accounts receivable: the carrying amount is RMB36,946.00. Such amount represents the assets not involved in the forecast of the free cash flow of the entity after the valuation benchmark date and is therefore considered as non-operating assets. The cost method was adopted for calculation in this valuation, and the appraised value, after evaluation, is RMB36,946.00.

② Non-operating assets – off-book buildings and structures, as of the valuation benchmark date, the off-balance sheet assets declared by the entity primarily include unrecorded buildings and structures. Details are as follows:

No.	Title certificate number	Location	Structure	Purpose of building	Gross floor area (sq.m.)
1	Yue (2017) Renhua Bu Dong Chan Quan No. 0002218	Duty Room, Renhua Bus Station, No. 135-2 Jianshe Road, Renhua County	Mixed structure, 1st floor	Others	16.05
2	Yue (2017) Renhua Bu Dong Chan Quan No. 0002219	Workshop, Renhua Bus Station, No. 135-2 Jianshe Road, Renhua County	Reinforced concrete structure, 1st floor	Public transportation	799.1
3	Yue (2018) Wengyuan County Bu Dong Chan Quan No. 0000330	Wengcheng Bus Station, Wengcheng Street, Wengcheng Town, Wengyuan County	Half-timbered structure, 1st floor	Public transportation	67.38
4	No certificate	Wengcheng Bus Station, Wengcheng Street, Wengcheng Town, Wengyuan County	Mixed structure, 1st floor	Toilet	62.4
5	No certificate	No. 76 Jianshe 1st Road, Longxian Town, Wengyuan County	Mixed structure, 1st floor	Business office	300

The cost method was adopted for calculation in this valuation. The appraised value of the off-book buildings and structures is RMB1,002,980.00 after evaluation.

③ Non-operating assets – total long-term equity investments: the carrying amount is RMB10,476,906.65. Such long-term equity investment is not included in the scope of consolidation and shall belong to associates. Such amount represents the assets not involved in the forecast of the free cash flow of the entity after the valuation benchmark date and is therefore considered as non-operating assets. The cost method was adopted for calculation in this valuation. The details of such calculation are set out in the asset-based approach – valuation techniques for long-term equity investments. The appraised value, after evaluation, is RMB8,476,906.66.

④ Non-operating assets – deferred tax assets recorded a carrying amount of RMB959,278.88. Such amount represents the assets not involved in the forecast of the free cash flow of the entity after the valuation benchmark date and is therefore considered as non-operating assets. The cost method was adopted for calculation in this valuation, and the appraised value, after evaluation, is RMB959,278.88.

(3) Non-operating liabilities

① Non-operating liabilities

Non-operating liabilities – other accounts payable recorded a carrying amount of RMB2,009,840.00. Such amount represents the liabilities not involved in the forecast of the free cash flow of the entity after the valuation benchmark date and is therefore considered as non-operating liabilities. The cost method was adopted for calculation in this valuation, and the appraised value, after evaluation, is RMB2,009,840.00.

② Non-operating liabilities – dividend payable recorded a carrying amount of RMB19,553,709.25. Such amount represents the liabilities not involved in the forecast of the free cash flow of the entity after the valuation benchmark date and is therefore considered as non-operating liabilities. The cost method was adopted for calculation in this valuation, and the appraised value, after evaluation, is RMB19,553,709.25.

19. Value of interest-bearing debts

Interest-bearing debts mainly refer to short-term borrowings, the total appraised value of which amounted to RMB400,000.00.

Unit: RMB

Item	Carrying amount	Appraised value
Short-term borrowings	400,000.00	400,000.00
Total interest-bearing debts	400,000.00	400,000.00

20. Calculation of proportion of minority shareholders

This income approach valuation is calculated for the appraised entity on a consolidated basis, it is required to exclude the minority interests accordingly. Upon verification, since the two subsidiaries within the scope of consolidation are both 100% owned by Shaoguan Yueyun Company, thus, there is no minority interests.

Therefore, the proportion of minority shareholders is 0.00%, and the appraised value of which is RMB0.00.

21. Summary of calculation utilizing the income approach

This valuation assumes that Shaoguan Yueyun Company will operate on a perpetual basis. The following is arrived at by calculating the net cash flow and discount rate based on the forecast data set out above:

Unit: RMB'0000

Year / Item	October to December 2024	2025	2026	2027	2028	2029	Perpetual growth after 2030
I. Operating income	4,418.04	11,646.73	12,288.46	12,665.13	12,939.57	13,220.34	13,220.34
Less: operating cost	1,723.02	9,347.54	9,867.05	10,142.43	10,309.17	10,481.79	10,481.79
Taxes and surcharges	122.89	309.38	313.68	351.14	352.39	362.62	362.62
Selling expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Administrative expense	939.94	6,304.85	1,682.13	1,676.86	1,657.37	1,696.69	1,696.69
R&D expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financial expense	0.05	1.34	1.34	1.34	1.34	1.34	1.34
Asset impairment loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Plus: other income	1,451.97	1,661.40	1,351.52	1,262.29	1,162.03	1,128.14	1,128.14
Investment income	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gains from changes in fair value	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Asset disposal income	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Year / Item	October to December 2024	2025	2026	2027	2028	2029	Perpetual growth after 2030
II. Operating profit	3,084.11	-2,654.98	1,775.78	1,755.65	1,781.32	1,806.04	1,806.04
Plus: non-operating income	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: non-operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
III. Total profit	3,084.11	-2,654.98	1,775.78	1,755.65	1,781.32	1,806.04	1,806.04
Less: income tax	623.74	0.00	443.94	438.91	445.33	451.51	451.51
IV. Net profit	2,460.37	-2,654.98	1,331.84	1,316.74	1,335.99	1,354.53	1,354.53
Plus: depreciation of fixed assets and amortization of intangible assets	840.20	3,264.09	2,848.80	2,238.10	1,122.82	823.80	823.80
Debt interests (net of tax)	0.04	1.01	1.01	1.01	1.01	1.01	1.01
Less: capital expenditure	0.00	150.00	200.00	200.00	200.00	200.00	823.80
Increase in working capital	-243.79	191.73	-638.18	106.12	191.39	66.32	0.00
Net cash flows	3,544.40	268.39	4,619.83	3,249.73	2,068.43	1,913.02	1,355.54
Discount year(s)	0.125	0.75	1.75	2.75	3.75	4.75	n
Discount rate	9.68%	9.68%	9.68%	9.68%	9.68%	9.68%	9.68%
Discount coefficient	0.9885	0.9330	0.8507	0.7756	0.7072	0.6448	6.6612
Net present value	3,514.53	323.44	3,542.14	2,537.41	1,481.55	1,251.07	9,280.32
Value of operating assets	21,930.46						
Value of surplus assets	117.98						
Less: value of interest-bearing debts	40.00						
Value of total shareholders' equity	22,008.44						

22. Sensitivity analysis

If the factors such as revenue, costs, gross profit margin, expenses for the period, and working capital remain unchanged, a sensitivity analysis of the appraised value conducted by altering the discount rate is as follows:

(1) if the discount rate increases by 1%, the appraised value will decrease by RMB14,521,600, and the adjusted appraised value will be RMB205,562,800, representing a decrease of 7.06%;

(2) if the discount rate decreases by 1%, the appraised value will increase by RMB17,634,100, and the adjusted appraised value will be RMB237,718,500, representing an increase of 7.42%;

(3) if the discount rate increases by 0.5%, the appraised value will decrease by RMB7,588,300, and the adjusted appraised value will be RMB212,496,100, representing a decrease of 3.57%;

(4) if the discount rate decreases by 0.5%, the appraised value will increase by RMB8,360,300, and the adjusted appraised value will be RMB228,444,700, representing an increase of 3.66%.

V. VALUATION CONCLUSION

Guangdong Caixing Asset Appraisal Land Real Estate Appraisal Co., Ltd. appraised the value of the total shareholders' equity of Shaoguan Yueyun Company as at the valuation benchmark date (i.e., 30 September 2024), by using the asset-based approach and the income approach, in accordance with the relevant national laws, regulations, rules and valuation standards on asset valuation, in line with the principles of independence, impartiality, scientificity and objectivity, in compliance with statutory and requisite asset valuation procedures and subject to certain assumptions. The valuation result is as follows:

1. Conclusion and analysis of the asset-based approach

(1) Valuation conclusion of the asset-based approach

As at the valuation benchmark date (i.e., 30 September 2024), Shaoguan Yueyun Vehicles Transportation Co., Ltd. had total assets with a book value of RMB331,587,405.81 and an appraised value of RMB369,971,481.61, representing an increase of RMB38,384,075.80 or 11.58%; total liabilities with a book value of RMB112,001,028.93 and an appraised value of RMB144,471,028.93, representing an increase of RMB32,470,000.00 or 28.99%; and net assets with a book value of RMB219,586,376.88 and an appraised value of RMB225,500,452.68, representing an increase of RMB5,914,075.80 or 2.69%. (For details, please refer to the Table of Summary of Asset Valuation Result and the Verification Schedule of Asset Valuation)

After evaluation, the market value of the total shareholders' equity of Shaoguan Yueyun Vehicles Transportation Co., Ltd. as at the valuation benchmark date (i.e., 30 September 2024) was RMB225,500,452.68 (in words: Renminbi two hundred and twenty-five million five hundred thousand four hundred and fifty-two point sixty eight).

(2) Comparison of asset-based approach appraisal result with book value and reasons for variation

① The appraised value of long-term equity investments was RMB11,452,815.91, representing an impairment of RMB15,313,220.74 compared to the book balance, with an impairment rate of 57.21%. The impairment was because: A. Certain subsidiaries have been deregistered or have completed capital reduction procedures, resulting in a difference between the appraised value and the historical cost book value; B. Certain subsidiaries were in a loss-making status, where the appraised net asset value was lower than the investment cost.

② The appraised value of investment properties was RMB91,392,990.00, representing an appreciation of RMB48,929,192.55 compared to the book balance, with an appreciation rate of 115.23%. The appreciation was mainly because: A. The appraised value of investment properties was recognized at market value, whereas the book value reflects the historical acquisition cost, and property market prices in the region have risen in recent years; B. The appraisal approach of property and land integration was adopted in the valuation, whereby the land use rights corresponding to the investment properties were appraised together, while the book value only represented the historical cost of the above-ground buildings of the investment properties, thus resulting in an appraisal appreciation.

③ The appraised value of fixed assets – buildings and structures was RMB58,848,529.16, representing an appraisal appreciation of RMB18,437,056.92 compared to the book balance, with an appreciation rate of 45.62%. The appreciation was mainly attributable to the fact that the properties were acquired relatively early, and with economic development, the overall property market has appreciated, and the relevant cost levels such as labor, materials, and machinery expenses have increased.

④ The appraised value of fixed assets – machinery and equipment (including electronic equipment) was RMB4,036,316.00, representing an impairment of RMB3,754,838.87 compared to the book balance, with an impairment rate of 48.19%. The impairment was mainly because: A. The valuation was conducted based on the current market value of the equipment, while accounting calculated accumulated depreciation based on the historical cost of equipment purchase. Therefore, fluctuations in the equipment market price would result in a significant difference between the historical cost in accounting and the replacement cost in valuation, leading to the impairment. B. The difference between the accounting depreciation life of the equipment and the economic useful life adopted for the equipment appraisal has caused the impairment. C. The fluctuations in the market price of second-hand equipment and the difference from the historical cost shown in the accounts have caused the depreciation.

⑤ The appraised value of fixed assets – vehicles was RMB28,708,219.00, representing an impairment of RMB26,340,087.18 compared to the book balance, with an impairment rate of 47.85%. The impairment was mainly because: A. The valuation was conducted based on the current market value of the vehicles, while accounting calculated accumulated depreciation based on the historical cost of vehicle purchase. Therefore, fluctuations in the vehicle market price would result in a significant difference between the historical cost in accounting and the replacement cost in valuation, leading to the impairment. B. The difference between the accounting depreciation life of the vehicle and the economic useful life adopted for the vehicle appraisal has caused the impairment. C. The fluctuations in the market price of second-hand vehicles and the difference from the historical cost shown in the accounts have caused the impairment.

⑥ The appraised value of intangible assets was RMB77,121,936.40, representing an appraisal appreciation of RMB19,576,036.17 compared to the book balance, with an appreciation rate of 34.02%. The appreciation was mainly because: The land use rights were acquired relatively early. With the development of the economy and society and the growth of the urban population, the demand for land resources has increased accordingly. The facilities and environment around the land have been improved, and the land price has risen. Therefore, the land use rights of the valuation target have appreciated.

⑦ The appraised value of other payables was RMB89,975,878.07, representing an appraisal appreciation of RMB32,470,000.00 compared to the book balance, with an appreciation rate of 56.46%. The appreciation was mainly attributable to the fact that the additional expenses due to matters such as employee layoffs initiated by the management of Shaoguan Yueyun Company have been included in the scope of this valuation.

2. Valuation conclusion and analysis of the income approach

(1) Valuation conclusion of the income approach

As of the valuation benchmark date, the book value of the owners' equity of Shaoguan Yueyun Company was RMB219,586,376.88, and the appraised value of the total shareholders' equity of Shaoguan Yueyun Company by using the income approach was RMB220,084,400.00, representing an appreciation of RMB498,023.12 or 0.23%.

(2) Valuation conclusion analysis of the income approach

The valuation result of the income approach reflects the overall value of an enterprise from the perspective of its future profitability, while the book value reflects the overall value of the enterprise from the perspective of capital input. The valuation result of the income approach mainly embodies the enterprise's future profit-making capacity. The book value reflects the accounting value recorded in accordance with accounting standards for business enterprises and accounting policies. It is a book value formed based on historical cost measurement, rather than the market value. Therefore, the valuation value derived from the income approach shows a high appreciation rate compared with the book value.

(II) Analysis of valuation results

In this valuation, the value of the total shareholders' equity of Shaoguan Yueyun Company was RMB225,500,452.68 calculated by using the asset-based approach. The value of the total shareholders' equity of Shaoguan Yueyun Company calculated by using the income approach was RMB220,084,400.00. The valuation conclusion of the asset-based approach was RMB5,416,052.68 or 2.46% higher than that of the income approach. The primary reasons are as follows:

The asset-based approach valuation is based on the replacement cost of the asset, reflecting the socially necessary labor consumed in the asset input (acquisition and construction cost), such acquisition and construction cost will usually change with the changes in the national economy; the income approach valuation is based on the expected return of the asset, reflecting the asset's output ability (profitability), such profitability will usually be affected by various conditions such as macroeconomy, government control and effective use of assets. Furthermore, Shaoguan Yueyun Company is subject to influences from high-speed rail services, passenger traffic, and fuel prices, which may lead to significant volatility in its future earnings. Consequently, the appraisal result derived from the income approach also carries considerable uncertainty. The purpose of this valuation is for equity transfer. In light of the asset status and operating conditions of the appraised entity, the result of the asset-based approach could better reflect the value of the total shareholders' equity for the valuation purpose. Therefore, the result of the asset-based approach was selected as the final valuation result of this valuation.

That is: after evaluation, under the premise of the economic activity corresponding to the specific appraisal purpose, the appraised value of the total shareholders' equity of Shaoguan Yueyun Company as at the valuation benchmark date (i.e., 30 September 2024) was RMB225,500,452.68 (in words: Renminbi two hundred and twenty-five million five hundred thousand four hundred and fifty-two point sixty eight), representing an appreciation of RMB5,914,075.80 or 2.69% compared with the carrying value of net assets of RMB219,586,376.88.

Without considering the potential impact of premiums or discounts to the appraised value arising from factors such as controlling rights and minority interests, the appraised value of the shareholders' equity relating to the 59.694% shareholding in Shaoguan Yueyun Vehicles Transportation Co., Ltd. held by Guangdong Yueyun Transportation Company Limited is RMB134,610,240.23 (in words: Renminbi one hundred and thirty-four million six hundred and ten thousand two hundred and forty point twenty three). (Specific calculation: RMB225,500,452.68 × 59.694% = RMB134,610,240.23).

VI. EXPLANATIONS ON SPECIAL MATTERS

In this valuation, the following matters are brought to the attention of the users of the report:

(I) Significant subsequent events

During the validity period, if there is any change in the quantity of assets and the valuation criteria after the valuation benchmark date, the following principles shall be applied:

1. If the quantity of assets changes, the amount of assets shall be adjusted accordingly based on the original valuation approach.

2. In the event that a change in the asset valuation criteria imposes a significant impact on the appraised value of the assets, the client shall promptly engage a qualified valuation agency for revaluation.

3. In the event of any change in the quantity of assets and valuation criteria after the valuation benchmark date, in realizing the purpose of valuation, the client shall give full consideration to the actual valuation of the assets and make corresponding adjustments.

(II) Other matters requiring explanation

1. According to the declaration materials provided by the appraised entity, as of the valuation benchmark date, among the investment properties and building and structures declared by the enterprise, most of the buildings have been issued with property ownership certificates, while a small portion have not yet obtained such certificates. Pursuant to the commitment made by the appraised entity, these unregistered buildings are all owned by the appraised entity. In this valuation, it was assumed that the appraised entity held complete ownership of these unregistered buildings, and the impact of the failure to obtain property ownership certificates on the valuation conclusion has not been taken into account.

2. The result of this valuation reflects that the current market value is determined based on the purpose of this valuation and under the premises of continued use and an open market, without taking into account the impact of possible future mortgage, guarantee, and the additional price for the special transaction method on the appraised value, and the impact of changes in national macroeconomic policies, natural forces and other force majeure events on asset prices.

3. Users of this report should note that the value of the total shareholders' equity in this valuation report does not take into account the premium or discount resulting from factors such as controlling rights and minority interest and the impact of liquidity on the appraised value.

4. The valuation agency and the appraisers shall not be liable for any other defects of the appraised entity that may affect the appraised value of the assets in the absence of any special explanation upon the engagement, which the appraisers cannot generally be aware of based on their professional experience.

5. According to the information provided by the appraised entity, as of the valuation benchmark date, certain buildings within the declared investment properties and buildings and structures have not yet obtained property ownership certificates. For this portion, the client and the appraised entity have not provided relevant area survey reports, and we were unable to measure the area on site. This valuation in respect of this portion relies on the building area as declared by the appraised entity. Should the actual building area of this portion differ in the future, the valuation conclusion will need to be adjusted accordingly. Users of this report are advised to take note of this.

6. Disclosure of mortgages and guarantees

None.

7. As of the issuance date of this report, Shaoguan Yuehong Bus Station Company Limited, a subsidiary of Shaoguan Yueyun Company, has been deregistered; Shaoguan Yueyun Company has withdrawn its investment in its subsidiary Shaoguan Danxia Tourist Bus Co., Ltd. following the completion of a capital reduction. This valuation has considered the impact of these matters on the valuation conclusion. Users of this report are advised to take note of this.

8. This valuation conclusion does not reflect any changes in tax liabilities that may arise from an increase or decrease in the appraised value.

9. According to the information provided by the appraised entity and on-site inspection, the Lechang Bus Station at 2 Renmin North Road, Lecheng Subdistrict, Lechang, recorded under fixed assets – buildings and structures, was the old station. Pursuant to the Lechang Bus Station Land Swap and Building Demolition Compensation Agreement and its supplemental agreement signed in July 2014, the old station has been exchanged for the new station located at 9 Renmin South Road, Lechang. As the building area of the new station exceed that of the old station, Shaoguan Yueyun Company, the appraised entity, was required to pay a price difference of RMB1,715,073.75, which was recorded to increase the original book value of the new station in November 2022. This valuation has considered the impact of such exchange and is based on the new station.

10. According to the information provided by the appraised entity and on-site inspection, the land use rights (11,652 square meters) at 2 Renmin North Road, Lecheng Subdistrict, Lechang, recorded under intangible assets, was related to the site of the old station. Pursuant to the Lechang Bus Station Land Swap and Building Demolition Compensation Agreement and its supplemental agreement signed in July 2014, the old station has been exchanged for the new station at 9 Renmin South Road, Lechang. As the land area of the new station exceeded that of the old station, Shaoguan Yueyun Company, the appraised entity, was required to pay a price difference of RMB2,785,511.46, which was recorded to increase the original book value of the new station in December 2016. This valuation has considered the impact of such exchange and is based on the new station.

11. Pursuant to the Agreement on the Resumption of Land and Above-Ground Appurtenances, the Wushan Station property, comprising 151 square meters of buildings (recorded under fixed assets – buildings and structures) and 261 square meters of land (recorded under intangible assets) located next to the Makeng Street Farmers' Market, Wushan Town, was resumed by the People's Government of Wushan Town, Lechang in October 2022. The resumption compensation was RMB77,423. Based on accounting vouchers, the appraised entity received such compensation payment in November 2023. This valuation has considered the impact of this event on the valuation conclusion by reflecting such compensation amount.

12. According to the information provided by the appraised entity and on-site inspection, the above-ground buildings for three properties listed under fixed assets – buildings and structures, namely the Huangpu Waiting Room, Jincheng LeYi Store and the fuel depot, have been demolished, and the sites are now vacant land. This valuation has been conducted based on fact that these buildings have been demolished.

13. As of the valuation benchmark date, all investment properties included within the scope of this valuation have been fully leased. This valuation has considered the impact of these lease agreements on the valuation conclusion.

14. According to the Party Committee Meeting Resolution of Shaoguan Yueyun Vehicles Transportation Co., Ltd. (No.: [2025] 11) and related information provided by the appraised entity, it is expected that a total of 330 employees will be laid off due to business contraction caused by the deterioration of the market environment. Furthermore, Shaoguan Yueyun anticipates total expenses of RMB32.47 million resulting from the exit from the Lechang Bus Station transport business and other related matters. This valuation conclusion has considered the impact of these factors. Should the actual costs incurred for these matters differ in the future, the valuation conclusion will need to be adjusted accordingly. Users of this report are advised to take note of this.

15. According to the information provided by the appraised entity and on-site inspection, the land use rights (252.80 square meters) in the central management area of Shaxi Town, Qujiang County, recorded under intangible assets, was related to the original site of Shaxi Station. The site is currently occupied by the local neighborhood committee, which has constructed a 2-story reinforced concrete building thereon. This valuation has not considered the impact of such occupation, nor the value of the new building constructed by the neighborhood committee, on the valuation conclusion.

16. According to the information provided by the appraised entity and on-site inspection, the land use rights at Changweidong, Pingshi Town, Lechang, recorded under intangible assets, have a certified area of 14,117 square meters. A portion of this parcel (2,405.60 square meters) is currently occupied by the Pingshi Qingshan Water Plant. This valuation is based on the certified area of 14,117 square meters and has not considered the impact of such occupation on the valuation conclusion.

17. It is verified that none of the properties or land use rights within the scope of this valuation are included in any "Three-Olds" (referring to old towns, old factories and old villages) transformation or other old city renovation plans. This valuation is based on the assets' current state and their certified purposes, and does not reflect any potential impact of such transformation or renovation plans in the future (if any). Users of this report are advised to take note of this.

18. This valuation assumes a public equity transfer scenario. It does not consider the impact of any unpaid taxes owed by the valuation target or on the involved assets, nor does it account for various transaction taxes, charges and fees that may be incurred during the transaction. Furthermore, no provision has been made for any tax adjustments related to the appreciation in the valuation of the assets. Users of this report are advised to take note of this.

The following is the text of a report received from BDO CHINA Shu Lun Pan Certified Public Accountants LLP for the purpose of incorporation in this announcement.

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON THE DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF SHAOGUAN YUEYUN VEHICLES TRANSPORTATION CO., LTD.

Xin Kuai Shi Bao Zi [2025] No. ZC10410
(Page 1 of 2)

TO THE BOARD OF DIRECTORS OF GUANGDONG YUEYUN TRANSPORTATION COMPANY LIMITED

We have completed our assurance engagement to report on the arithmetical accuracy of calculations of the discounted future estimated cash flows on which the asset valuation report (Cai Xing Zi Ping Zi (2025) No. 282) (the "**Valuation**") dated 20 May 2025 prepared by Guangdong Caixing Asset Appraisal Land Real Estate Appraisal Co., Ltd. in respect of the appraisal of the fair value of the 100% equity interests in Shaoguan Yueyun Vehicles Transportation Co., Ltd. ("**Shaoguan Yueyun**") as at 30 September 2024 is based. The Valuation is set out in Appendix I of the announcement of the Guangdong Yueyun Transportation Company Limited (the "**Company**") dated 28 November 2025 (the "**Announcement**") in connection with the disposal of 59.694% of equity interests in Shaoguan Yueyun. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows, including the bases and assumptions set in Appendix I of the Announcement. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the discounted future estimated cash flows and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the China Code of Ethics for Certified Public Accountants (the "**Code**") issued by the Chinese Institute of Certified Public Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies China Standards on Quality Management for Firms 5101, Engagement Quality Management, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

It is our responsibility, pursuant to paragraph 14.60A (2) of the Listing Rules, to express an opinion on the arithmetical accuracy of calculations of the discounted future estimated cash flows, and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work in accordance with China Standard on Other Assurance Engagements No.3101 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform our work to form the opinion.

This assurance engagement involved performing procedures to obtain sufficient appropriate evidence as to whether the discounted future estimated cash flows, so far as the arithmetical accuracy of calculations are concerned, have been properly compiled, in all material respects, in accordance with the bases and assumptions set out in Appendix I of the Announcement. The extent of procedures selected depends on our judgement and our assessment of the engagement risk. Within the scope of our work, we, amongst others, checked the arithmetical accuracy of calculations of the discounted future estimated cash flows prepared in accordance with the bases and assumptions.

The discounted future estimated cash flows do not involve the adoption of accounting policies. The discounted future estimated cash flows have been prepared using a set of bases and assumptions that include hypothetical assumptions about future events and management's actions that cannot be confirmed and verified in the same way as past results and that are not necessarily expected to occur. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the discounted future estimated cash flows since other anticipated events frequently do not occur as expected and the variation may be material. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of Shaoguan Yueyun.

Opinion

In our opinion, based on the foregoing, so far as the arithmetical accuracy of calculations of the discounted future estimated cash flows are concerned, the discounted future estimated cash flows, have been properly compiled, in all material respects, in accordance with the bases and assumptions adopted by the directors of the Company as set out in Appendix I of the Announcement.

BDO CHINA Shu Lun Pan Certified Public Accountants LLP

Shanghai, China
28 November 2025

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)

Dear Sirs,

Re: Discloseable Transaction in Relation to the Disposal of 59.694% Equity Interests in Shaoguan Yueyun

Reference is made to the announcement of the Company dated 28 November 2025 (the "**Announcement**") in relation to the disposal of the 59.694% equity interests in Shaoguan Yueyun held by the Company. Unless otherwise stated, capitalized terms used in this announcement shall have the same meanings as defined in the Announcement.

As disclosed in the Announcement, as the income approach was used as one of the valuation methods in the asset valuation report to reach the conclusion on the total equity value of Shaoguan Yueyun, this valuation, conducted using the income approach, is considered a profit forecast under Rule 14.61 of the Listing Rules.

We have discussed with the Valuer various aspects, including the basis and assumptions based on which the valuation was prepared, and have reviewed the valuation for which the Valuer is responsible. We have also considered the letter from the Company's auditor, BDO CHINA Shu Lun Pan Certified Public Accountants LLP, regarding the discounted future estimated cash flows in connection with the valuation of Shaoguan Yueyun. We noted that, with respect to the arithmetical accuracy of the discounted future estimated cash flow calculation, the profit forecast is, in all material respects, in line with the basis and assumptions set out in the valuation report.

Based on the above and in accordance with Rule 14.60A(3) of the Listing Rules, the Board confirms that the profit forecast has been made after due and prudent enquiry.

Guangdong Yueyun Transportation Company Limited
Zhu Fang
Chairman of the Board
28 November 2025