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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 20 May 2026, the Company entered into the Equity Transaction Agreement with Foshan Yingrui, pursuant to which Foshan Yingrui conditionally agreed to purchase and the Company conditionally agreed to sell 51% equity interests held in Foshan Yueyun at a consideration of RMB58,244,500. Upon completion of the Disposal, the Company will cease to hold any equity interests in Foshan Yueyun, and the financial results of Foshan 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 20 May 2026, the Company entered into the Equity Transaction Agreement with Foshan Yingrui, pursuant to which Foshan Yingrui conditionally agreed to purchase and the Company conditionally agreed to sell 51% equity interests held in Foshan Yueyun at a consideration of RMB58,244,500.

EQUITY TRANSACTION AGREEMENT

Date

20 May 2026

Parties

(1) The Company (as the seller)

(2) Foshan Yingrui (as the purchaser)

Subject of the Transfer

The 51% equity interests in Foshan Yueyun held by the Company.

Consideration and Basis of Determination

The consideration of RMB58,244,500 under the Equity Transaction Agreement was determined with reference to the following factors:

(a) the market value of the total shareholders' equity of Foshan Yueyun as at 31 July 2025 (the "**Valuation Benchmark Date**"), determined using the asset-based approach, as set out in the valuation report issued by Guangdong Huayi, a qualified independent valuer in the PRC, of approximately RMB126,894,300;

(b) the target equity interests in Foshan Yueyun to be sold by the Company under the Equity Transaction Agreement, representing 51% of the total equity of Foshan Yueyun; and

(c) the final transaction price of the target equity interests resulting from the public listing and solicitation of intended transferees conducted at the Guangdong United Assets and Equity Exchange (廣東聯合產權交易中心) (the "**Assets and Equity Exchange**").

During the period from 15 January 2026 to 11 February 2026, the Company publicly listed the target equity interests for transfer on the Assets and Equity Exchange, and the reserve price for the initial listing was the price determined based on the above appraised value and the proportion of the target equity interests, being RMB64,716,100. As no qualified intended transferees were solicited during the initial public listing period, in order to facilitate the transaction, the Company adjusted the reserve price for the second public listing to RMB58,244,500, representing a reduction of approximately 10% from the reserve price for the initial listing, in accordance with the relevant transaction rules for state-owned asset rights, and continued the public listing at the Assets and Equity Exchange. Ultimately, through the public listing procedure, Foshan Yingrui won the bid for the target equity interests and entered into the Equity Transaction Agreement with the Company.

The Board is of the view that, although the reserve price for the second public listing was adjusted downward from the reserve price for the initial listing, the reserve price for the second public listing was determined with reference to the failure to solicit qualified intended transferees during the initial public listing period, the market conditions of the target equity interests, and the relevant transaction rules for state-owned asset rights. The final consideration was ultimately determined through the public listing and bidding process on the Assets and Equity Exchange. Having considered all of the above factors, the Board is of the view that the consideration for the Disposal is fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

Payment of Consideration

The consideration shall be paid in installments as follows:

(1) Pursuant to the Equity Transaction Agreement, Foshan Yingrui shall pay a first installment representing 30% of the consideration, being approximately RMB17,473,350 (the "**First Installment**"). Upon receipt of the First Installment and the transaction fees payable by Foshan Yingrui, the Assets and Equity Exchange shall, within three business days from the next day, first deduct the transaction fees payable by the Company of RMB99,866.75, and transfer the remaining amount of RMB17,373,483.25 to the account designated by the Company without interest.

(2) Pursuant to the Equity Transaction Agreement, Foshan Yingrui shall pay the remaining balance within one year from the effective date of the Agreement (i.e., on or before 19 May 2027), representing 70% of the consideration, being RMB40,771,150 (the "**Remaining Balance**"). Foshan Yingrui is also required, within 10 business days from the effective date of the Equity Transaction Agreement, to provide the Company with a legally valid and enforceable letter of guarantee, acceptable to the Company, to secure the payment of the Remaining Balance, and to pay interest to the Company for the deferred payment period at a monthly rate equivalent to the prevailing bank loan interest rate. The Remaining Balance may be paid by Foshan Yingrui to the Company in a single installment or in multiple installments through the Assets and Equity Exchange, and the Assets and Equity Exchange shall, within three business days from the next day after receipt of each payment, transfer the amount to the account designated by the Company without interest.

Profit and Loss Distribution

Any profits or losses of Foshan Yueyun arising from the Valuation Benchmark Date up to and including the date on which the industrial and commercial registration is completed will be borne and enjoyed by the shareholders of Foshan Yueyun after the completion of the business registration change, in proportion to their respective shareholdings.

Closing

The completion of the Disposal and the industrial and commercial registration formalities shall be completed within 60 calendar days after Foshan Yingrui has paid the First Installment.

VALUATION AND PROFIT FORECAST

The valuation of the total shareholders' equity of Foshan Yueyun prepared by the independent Valuer constitutes the basis for determining the consideration for the Disposal. When preparing the asset 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 Foshan 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 adopted as one of the valuation methods in the asset valuation report in the process of arriving at the valuation conclusion of the total equity interests of Foshan Yueyun, such valuation conducted under the income approach is regarded as a profit forecast for the purposes of 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 asset valuation report, are set out in Appendix I to this announcement.

The Company's auditor has confirmed that, 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 to this announcement 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
Guangzhou Huayi Assets Appraisal Land Real Estate Appraisal Co., Ltd. (廣州華益資產評估與土地房地產估價有限公司)	Independent Valuer	10 October 2025
BDO CHINA Shu Lun Pan Certified Public Accountants LLP	Certified Public Accountants	20 May 2026

Guangzhou Huayi 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, Guangzhou Huayi and BDO are third parties independent of the Group and are not connected persons of the Group. As at the date of this announcement, Guangzhou Huayi 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, Guangzhou Huayi 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 2025 (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 Foshan Yueyun, and the financial results of Foshan 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 RMB5,739,000, which is calculated by subtracting the Company's proportionate share of the consolidated net assets of Foshan 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 auditor.

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

Due to the rapid development of the subway system and the significant increase in the ownership and usage of individual modes of transport, in particular electric bicycles, there has been a substantial change in public travel patterns, with the share of public bus travel continuing to decline. The disposal of the equity interests in Foshan Yueyun is a specific action to accelerate the divestment of non-main business and non-advantageous businesses with low strategic matching degree.

Foshan Yueyun primarily operates urban bus services in the central areas of Foshan under the Transport Community operating model. In recent years, its bus operations have continued to shrink. In line with the Company's strategic plans, Foshan Yueyun will no longer expand its operational scale, and this declining trend is expected to continue. The valuer conducted the valuation of Foshan Yueyun's equity interests using both the income approach and the asset-based approach, and the results under the two approaches were broadly comparable. The key benefit of the Disposal lies in optimising resources. By divesting Foshan Yueyun, a non-core business that does not align with the Company's strategy, the Company can significantly enhance asset quality and operational safety. This will free up valuable management and financial resources, allowing the Company to focus on and invest in its core businesses with competitive advantages and growth potential. Accordingly, the decision to proceed with the Disposal is based on a comprehensive assessment of strategic, financial, and operational factors, aimed at achieving the Company's long-term sustainable development and maximising shareholder 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

Foshan Yueyun

Foshan Yueyun is a limited liability company established in the PRC, principally engaged in urban public transportation, leasing of non-residential properties, advertising-related businesses, wholesale and retail of auto parts and accessories, sales of motor vehicle charging, operation of electric vehicle charging infrastructure, and repair and maintenance of motor vehicles. As at the date of this announcement, the Company and Foshan City Public Transportation Co., Ltd. hold approximately 51% and 49% of the equity interests in Foshan Yueyun, respectively. The single largest shareholder of Foshan City Public Transportation Co., Ltd. is Mr. Xu Huanhua, a natural person, who holds 32.0696% equity interest therein.

The key financial data of Foshan Yueyun for the years ended 31 December 2023, 2024 and 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 year ended 31 December 2025 (Audited)** *(RMB)*
Total assets	436,102,678.74	361,414,372.16	224,049,682.01
Net assets	295,884,624.99	292,111,783.87	137,904,646.53
Revenue	285,712,761.55	237,779,709.14	213,412,846.66
Profit before taxation	2,174,508.56	1,705,759.75	1,034,126.39
Profit after taxation	1,106,030.54	1,592,703.86	1,657,735.06

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.

Foshan Yingrui

Based on public information, Foshan Yingrui, as a limited liability company established under the PRC laws, is principally engaged in construction management services, investment activities with its own funds, transportation facility maintenance, and related consultancy services.

As at the date of this announcement, Foshan Yingrui was held as to 98.5222% and 1.4778% by Foshan Tonghe Urban Construction Investment Partnership (Limited Partnership) (佛山通合城市建設投資合夥企業(有限合夥)) ("**Tonghe Partnership**") and the State-owned Assets Supervision and Administration Commission of Foshan Chancheng District (佛山市禪城區國有資產監督管理局), respectively.

Tonghe Partnership was held as to 80.9996%, 18.9999% and 0.0005% by Foshan Chancheng Chantong Information Investment Co., Ltd. (佛山市禪城區禪通信息投資有限公司) ("**Chantong Investment**"), Foshan Chancheng Urban Construction Group Co., Ltd. (佛山市禪城區城建集團有限公司) ("**Chancheng Urban Construction**"), and Foshan Chancheng Chanying Investment Service Co., Ltd. (佛山市禪城區禪盈投資服務有限公司) ("**Chanying Investment**"), respectively.

Among them, both Chantong Investment and Chanying Investment were wholly-owned by the State-owned Assets Supervision and Administration Commission of Foshan Chancheng District (佛山市禪城區國有資產監督管理局); and Chancheng Urban Construction was held as to 85.1237%, 7.9610% and 6.9152% by Foshan Chancheng Holding Investment Co., Ltd. (佛山禪城控股投資有限公司) ("**Chancheng Holding**"), Foshan Investment Holding Group Co., Ltd. (佛山市投資控股集團有限公司) ("**Foshan Holding**"), and Guangdong Provincial Department of Finance (廣東省財政廳), respectively. Among them, Chancheng Holding was wholly-owned by the State-owned Assets Supervision and Administration Commission of Foshan Chancheng District (佛山市禪城區國有資產監督管理局), and the shareholders of Foshan Holding were the State-owned Assets Supervision and Administration Commission of the People's Government of Foshan Municipality (佛山市人民政府國有資產監督管理委員會) and the Guangdong Provincial Department of Finance (廣東省財政廳).

Accordingly, the ultimate beneficial owners of Foshan Yingrui were the State-owned Assets Supervision and Administration Commission of Foshan Chancheng District (佛山市禪城區國有資產監督管理局), the State-owned Assets Supervision and Administration Commission of the People's Government of Foshan Municipality (佛山市人民政府國有資產監督管理委員會), and the Guangdong Provincial Department of Finance (廣東省財政廳).

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Foshan Yingrui 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:

"BDO"	BDO CHINA Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥))
"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
"Disposal"	the disposal of all of the equity interests held by the Company in Foshan Yueyun to Foshan Yingrui in accordance with the terms and conditions of the Equity Transaction Agreement
"Equity Transaction Agreement"	the equity transfer agreement dated 20 May 2026 entered into between the Company and Foshan Yingrui
"Foshan Yingrui"	Foshan Chancheng Yingrui Public Utilities Investment Co., Ltd. (佛山市禪城區盈瑞公用事業投資有限公司)
"Foshan Yueyun"	Foshan City Yueyun Public Transportation Co., Ltd.
"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
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Valuer" or "Guangdong Huayi"	Guangzhou Huayi Assets Appraisal Land Real Estate Appraisal Co., Ltd. (廣州華益資產評估與土地房地產估價有限公司)
"%"	per cent

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

Guangzhou, the PRC
20 May 2026

As at the date of this announcement, the Board comprises Mr. Zhu Fang, Mr. Huang Wenban and Mr. Hu Xianhua as executive Directors of the Company, Mr. Hu Jian as employee representative Director 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*

The contents set out in this Appendix are extracted from the valuation report issued by Guangzhou Huayi Assets Appraisal Land Real Estate Appraisal Co., Ltd. (廣州華益資產評估與土地房地產估價有限公司) in respect of the value of all shareholders' equity interests in Foshan Yueyun as at the Valuation Benchmark Date. Unless otherwise stated in this Appendix, all amounts are denominated in RMB.

I. VALUATION ASSUMPTION

(I) General assumptions

1. Transaction assumption: assuming that the valuation asset is already in the process of transaction, the Valuer assesses the value of the valuation asset by simulating the market based on the transaction conditions of the valuation asset and other factors.

2. Open market assumption: it is assumed that the market for the valuation asset is a fully developed and established market, and is a competitive market with willing buyers and willing sellers. The buyers and sellers are on equal footing, both have the opportunity and time to obtain sufficient market information, and the transaction behaviors of both buyers and sellers are voluntary and rational.

3. Going concern assumption: firstly, it is assumed that the valuation asset is currently in use, including both assets currently in operation and standby assets; secondly, based on relevant data and information, it is inferred that such assets in use will continue to be used in the future.

4. With respect to the legal description or legal matters (including its title or encumbrance restrictions) of the valuation asset in this valuation report, the Valuer has conducted a general investigation in accordance with the requirements of the relevant standards. Unless otherwise disclosed in the working report, it is assumed that the title to the valuation asset during the valuation process is good and marketable; and it is not subject to any liens, easements, infringements, and is free from other encumbrances.

5. It is assumed that there will be no material changes in the relevant prevailing national laws and regulations affecting the operations of the enterprise or in the fundamental policies of the industry in which the enterprise operates, and that there will be no material changes in the macroeconomic conditions; it is further assumed that there will be no material changes in the political, economic and social environments of the regions where the enterprise is located;

6. It is assumed that there will be no material changes in the prevailing national bank interest rates, exchange rates and taxation policies;

7. There will be no material adverse impact caused by other unforeseeable factors and force majeure events;

8. The impact of inflation factors has not been taken into account in this valuation.

(II) Special assumptions

1. The information and materials provided by the principal and the appraised entity are true, lawful and comprehensive;

2. The accounting policies to be adopted by the appraised entity in the future will be substantially consistent in all material respects with those adopted in the preparation of this report;

3. The Company fully complies with the relevant prevailing national and local laws and regulations, as well as the relevant local industry planning;

4. This valuation adopts the price standards prevailing as at the Valuation Benchmark Date as the basis for pricing.

5. The estimation in this valuation report is made on the assumption that all material and potential factors that may affect the value analysis have been fully disclosed between us and the appraised entity.

6. The Valuer has conducted due diligence on the intangible assets involved in the valuation target in terms of their substance, the technical advancement of their specific content, economic applicability, and market acceptance, and has interviewed relevant professionals, but has not organized specific expert assessments for the relevant assets. The process of recognizing the value of intangible assets is inevitably affected by the data collection process, differences in interviewees and contents, as well as the information obtained therefrom, which introduces a certain degree of subjectivity to the professional judgments formed by the Valuer. This valuation is conducted on the assumption that the relevant information obtained by the Valuer regarding the intangible assets involved in the valuation target corresponds to their actual conditions and satisfies the general circumstances of their purchase and construction, development, utilization, operation, and revenue generation.

7. It is assumed that the projected cash flows of the appraised entity occur in the middle of the year.

The valuation conclusion of this valuation report is valid as at the Valuation Benchmark Date under the above assumptions. In the event of any material changes to the aforementioned assumptions, the asset appraisers and the valuation agency shall not assume any responsibility for any different valuation conclusions derived from such changes in the assumptions.

II. VALUATION APPROACHES

(I) Selection of valuation approaches

In accordance with the asset valuation standards, the basic approaches to enterprise valuation include the asset-based approach, the market approach and the income approach. When conducting an enterprise valuation, it is necessary to analyze the applicability of the three basic asset valuation approaches based on relevant conditions including the purpose of the valuation, the valuation target, the value type, the market conditions at the time of valuation, the conditions of the valuation target during the valuation process, and the availability of information, in order to appropriately select one or more basic asset valuation approaches.

1. Asset-based approach

The asset-based approach refers to the valuation methodology that determines the value of the valuation target based on a reasonable assessment of the values of various assets and liabilities of the enterprise. Such approach determines the underlying asset value of the enterprise from the perspective of asset replacement. Its methodology primarily involves conducting a line-by-line inventory of each asset and liability of the asset-holding entity, pricing them accordingly, and ultimately deriving the overall enterprise value. The conditions for its application are as follows: (1) historical data is available for use; and (2) the costs incurred in the formation of the assets are necessary and should reflect the average level of the society or the industry, namely, the value of the assets depends on their costs and market prices.

The information regarding the various assets and liabilities of the appraised entity is complete, and the historical operational and financial data are sound. Based on the accounting policies, the operations of the appraised entity and other relevant circumstances, it is feasible to identify the various on-balance-sheet and off-balance-sheet assets and liabilities of the appraised entity. Meanwhile, market price information for the acquisition and construction of similar assets can be obtained in the market. For income-generating assets, their returns and risks can be matched through reasonable methods. Namely, the value of each asset can be derived by adopting appropriate specific valuation methods based on its specific conditions, which satisfies the requirements for applying the asset-based approach for valuation. Therefore, the asset-based approach is applicable to this valuation.

2. Market approach

The market approach refers to the valuation methodology that determines the value of the valuation target by comparing the valuation target with reference enterprises, enterprises with existing transaction cases in the market, equity interests, securities and other equity assets. The conditions for its application are as follows: (1) the existence of a fully developed and active asset market; and (2) the information relating to the comparables, as well as the comparable indicators, technical parameters and other data between the comparables and the appraised asset, can be collected and quantified.

Due to the constraints of the current disclosure regime for equity transactions of domestic enterprises, detailed transaction information is not easily obtainable, and there are numerous unquantifiable factors contributing to price differences in comparable cases. Furthermore, it is difficult to identify transaction cases in the open market with a mode of operation similar to the current one of the appraised entities. Therefore, it is not appropriate to adopt the market approach for this valuation.

3. Income approach

The income approach refers to the valuation methodology that determines the value of the valuation target by capitalizing or discounting the expected returns of the appraised enterprise. The basic conditions for its application are as follows: the enterprise possesses the foundation and conditions for continuous operation; there is a relatively stable corresponding relationship between its operations and returns; and its future expected returns and risks can be predicted and quantified.

Upon analysis, the appraisers are of the view that the appraised entity has the capability to generate returns; its operating returns, operating revenue, operating costs and other expenses can be reasonably forecasted; its operating risks can be reasonably estimated through the asset pricing model; and the income period is clearly defined. Therefore, the income approach can be adopted for this valuation.

(II) Overview of the asset-based approach

The asset-based approach in enterprise valuation takes the investment amount required to rebuild an enterprise or independent profit-making entity identical to the valuation target as at the Valuation Benchmark Date as the basis for determining the value of the overall asset. Specifically, it refers to the method of deriving the total equity interest of Shareholders by aggregating the appraised values of the various component assets constituting the enterprise and deducting the appraised values of the liabilities.

The basic formula for the asset-based approach is as follows:

Value of total equity interest of Shareholders = Sum of the appraised values of all assets – Sum of the appraised values of all liabilities.

1. Cash at bank

Cash at bank declared by the appraised entity include bank deposits and other monetary funds. The appraisers determine the appraised value based on the verified book value through reviewing bank statements and inspecting the bank confirmation letters dispatched and received provided by the accounting firm responsible for this special audit.

2. Receivables (accounts receivable and other receivables)

Regarding the valuation of receivables, after verification and confirmation, and based on historical data and current investigations, the valuers, having verified the receivables as accurate, analyzed the specific amounts, the age and reasons for the arrears, the recovery status, as well as the funds, credit, and current operational

and management conditions of the debtors. The valuation risk loss of accounts receivable is estimated using the specific identification method. For inter-company balances with connected enterprises where there are sufficient grounds to believe that they can be fully recovered, the valuation risk loss is assessed at 0; for those with conclusive evidence indicating that the amounts cannot be recovered or where the aging is excessively long, the valuation risk loss is assessed at 100%; for those where a portion of the amounts is highly likely unrecoverable and it is difficult to ascertain the unrecoverable amount, the valuation risk loss is estimated based on aging and historical recovery analysis, with reference to the enterprise's accounting method for calculating bad debt provisions. This is comprehensively determined based on the valuers' investigation and understanding of the debtor entities, aging analysis, and in combination with professional judgment.

3. Prepayments

For prepayments, the appraisers reviewed the relevant procurement or supply agreements and understood the services received and goods delivered during the period from the Valuation Benchmark Date to the date of on-site valuation work. No instances of bankruptcy, revocation, or inability to provide goods or services in a timely manner as stipulated in the contracts were identified. The appraised value is determined based on the verified book value.

4. Inventory

Inventory represents raw materials.

The inventories consumed in the production and operation of the appraised entity, including raw materials, are evaluated based on the estimated purchase price of the same batch of inventories of equal use and quality in the market as at the Valuation Benchmark Date. The appraised value is determined by deducting the corresponding depreciation amount in consideration of circumstances such as expiration, deterioration, damage, scrapping, uselessness, and physical wear and tear of such inventories.

5. Other current assets

Other current assets represent reclassified enterprise income tax and individual income tax. The appraisers verified the relevant accounting book records, tax returns, and the reversal of expenses subsequent to the benchmark date to confirm the authenticity of their value composition. The verified and confirmed book value is adopted as the appraised value.

6. Real estate assets

(1) Valuation method for fixed assets – buildings and structures

Under the assumption of continuous use of assets, the valuation methods for real estate typically include the market approach, the income approach, the cost approach, and the hypothetical development approach. The selection of valuation methods shall comply with the following provisions:

1) Where there are numerous transactions of real estate similar to the valuation target, the market approach should be selected.

2) Where the valuation target or its similar real estate generally generates rental or other economic income, the income approach should be selected.

3) Where the valuation target can be assumed as an independent development and construction project for redevelopment and reconstruction, the cost approach is appropriate; when there are no or very few transactions of real estate similar to the valuation target, and neither the valuation target nor its similar real estate generates rental or other economic income, the cost approach should be selected.

4) Where the valuation target possesses development or redevelopment potential and its value upon completion of development can be estimated using methods other than the cost approach, the hypothetical development approach should be selected.

For this valuation, where there are numerous transactions of similar real estate, the market approach is adopted, which primarily applies to the office buildings in Anthony Commercial Building (安東尼商務大廈辦公樓); for buildings and structures with fewer transactions that can be redeveloped, the cost approach is adopted, which primarily applies to the Chengxi maintenance workshop and office building (城西維修車間及辦公樓). For the five charging station projects, pursuant to the Foshan Chancheng District Public Transportation Route Operation Service Contract (《佛山市禪城區公交線路運營服務合同》), the government provides compensation in the form of depreciation expenses for the vehicles and their supporting facilities purchased by the enterprise for the operation services of public transport routes within the bid section during the contract period. Upon expiration of the operation service period, if the enterprise fails to secure the winning bid for the next round of public transport operation service tenders, the buses and public transport facilities for which depreciation provision has not been fully made upon the expiration of the operation service period shall be included in the scope of handover. Vehicles and public transport facilities for which depreciation has been fully accounted for and for which the operational service period is not extended shall be treated as scrapped upon handover. The enterprise shall properly handle the scrapping or other appropriate disposal of the vehicles within the timeframe required by Foshan Public Transport Management Co., Ltd.

(佛山市公共交通管理有限公司), and the proceeds from scrapping and disposal shall belong to Party A. Therefore, the appraised value of the charging station projects in this valuation is determined based on their net book value confirmed by the audit. The four projects at the Chengdong Maintenance Yard (城東保養場) were respectively constructed between 2016 and 2017. As the site where the Chengdong Maintenance Yard is located has been leased since 2016, according to the Minutes of the Working Meeting of the People's Government of Chancheng District, Foshan Municipality [2017] No. 15 (《佛山市禪城區人民政府工作會議紀要》[2017]15 號), the land parcel where the Chengdong Public Transport Maintenance Yard is located is reserved construction land for Phase IV of the Zhen'an Sewage Treatment Plant. According to the plan, the construction of this land parcel is expected to commence before 2030. The enterprise depreciates these four projects over 14 to 15 years; hence, the appurtenances on this leased site should actually be treated as long-term amortized expenses. In this valuation, their appraised value is determined based on their net book value confirmed by the audit. For the two Chengxi parking lot road projects, their value has been considered in the land and will not be separately appraised here.

(2) Valuation method selected for intangible assets – land use rights

1) The designated use of the valuation target stated on the certificate is transportation land, and there are few transaction cases of similar land in the market; therefore, it is not appropriate to adopt the market approach for valuation.

2) There are no rental cases of the same or similar type as the appraised parcel of land in the area where the valuation target is located; therefore, it is not appropriate to adopt the income approach for valuation.

3) The appraised parcel of land in this instance is state-owned granted land, with the designated use of transportation land. Since there are few transactions after construction, and its market value after development is difficult to estimate, it is not appropriate to adopt the residual method for valuation.

4) Chancheng District of Foshan Municipality has established a relatively sound benchmark land premium and its adjustment system. The appraised parcel of land is located within the coverage of the published benchmark land premium, and its benchmark land premium system is constantly being updated; therefore, it is appropriate to adopt the published land price coefficient adjustment method for valuation.

5) The valuation target is located in an area with a relatively well-developed real estate market, and the results obtained through the cost summation method often deviate significantly from the objective market value; therefore, it is not appropriate to adopt the cost approximation method.

(3) Overview of the selected methods

1) The "market approach" for real estate is a valuation methodology that compares the asset to be appraised with similar real properties that have been recently transacted in the market, and assesses the market value of the asset by making adjustments to the known prices of such similar real properties in respect of transaction circumstances, market conditions and property conditions. The calculation formula is as follows:

Unit price of the valuation target = Unit price of the comparable market transaction instances as at the Valuation Benchmark Date × Transaction circumstances adjustment coefficient × Market conditions adjustment coefficient × Property conditions adjustment coefficient

Where: Property conditions adjustment coefficient = locational conditions adjustment coefficient × physical conditions adjustment coefficient × rights conditions adjustment coefficient

Appraised value = unit price of the valuation target × gross floor area of the valuation target

2) The "cost approach" for buildings and structures assumes the existence of a potential purchaser, and that the reasonable expenses required to reconstruct a real property capable of generating equivalent utility as the real property to be appraised should also serve as a measure of the value of the real property to be appraised. It is a valuation method that determines the value of the real property subject to valuation based on the sum of all necessary expenses required for the development or construction of the real property subject to valuation or similar real properties, adding normal investment interest and development profit, and deducting the corresponding depreciation of the buildings. The calculation formula is as follows:

A. Real property value = land replacement cost + building reproduction or replacement cost – building depreciation = land acquisition cost + development cost + management expenses + selling expenses + investment interest + sales taxes and surcharges + development profit – building depreciation

Building depreciation = building reproduction or replacement cost × depreciation rate

B. Building value = building reproduction or replacement cost – building depreciation

Building reproduction or replacement cost = development and construction cost + management expenses + selling expenses + investment interest + sales taxes and surcharges + development profit

Building depreciation = building reproduction or replacement cost × depreciation rate

3) Overview of the benchmark land premium coefficient adjustment method

The published land price coefficient adjustment method is based on the principle of substitution, utilizing the results of benchmark land premium assessments to estimate the price of the valuation target. The benchmark land premium coefficient adjustment method is applicable to the valuation of urban land prices where there are established benchmark land premiums and parcel price adjustment system outcomes. Its technical approach is as follows: utilizing assessment outcomes such as the urban benchmark land premium and the benchmark land premium adjustment coefficient system, it compares the regional and individual conditions of the parcel where the valuation target is located against the average conditions of its corresponding region. By selecting the corresponding adjustment coefficients from the adjustment coefficient system, the benchmark land premium is adjusted, thereby deriving the price of the parcel where the valuation target is located as at the Valuation Benchmark Date.

$$P_{parcel} = P_{land} \times K_t \times (1 + \sum_{i=1}^{n} K_i) \times K_y \times K_q \times K_g \pm D$$

Where:

P_{parcel} — Unit area land price of the land parcel to be valued
P_{land} — Unit area land price of the grade where the land parcel to be valued is located
K_t — Correction coefficient of secondary land use type
K_i — Correction coefficient of the i-th regional factor
K_y — Correction coefficient of land use term
K_q — Correction coefficient of valuation date
K_g — Correction coefficient of other individual factors
D — Correction value of the degree of land development

7. Equipment assets

The equipment assets included within the scope of valuation comprise three categories: machinery and equipment, vehicles, and electronic equipment.

According to the purpose of this valuation and in accordance with the principle of continuous use, the analysis and valuation of equipment assets are conducted based on market prices, taking into consideration the characteristics of the equipment and the gathered documentations.

According to the Foshan Chancheng District Public Transportation Route Operation Service Contract (《佛山市禪城區公交線路運營服務合同》), for the vehicles and their supporting facilities purchased by the enterprise for the operation services of the public bus routes within the section during the contract period, the government will provide compensation based on the depreciation expenses. Upon the expiration of the operation service period, if the enterprise fails to win the bid for the next round of public bus operation service tendering projects, the operation service period will expire, and the public buses and public bus facilities for which the provision for depreciation has not been fully made shall be included in the scope of handover. Vehicles and public bus facilities for which the provision for depreciation has been fully made and the operation service period is not extended shall be handed over and treated as scrapped. The enterprise shall complete the scrapping of the vehicles or other appropriate disposal work within the time limit required by Foshan Public Transport Management Co., Ltd. (佛山市公共交通管理有限公司), and the income from such scrapping and disposal shall belong to Party A. The machinery and equipment and electronic equipment primarily comprise 40 charging pile facilities and 1 pre-duty closed-loop system project server, while the vehicles comprise 728 operating public buses. For this valuation, the appraised value is determined based on the audited net book value. Apart from the above, the remaining equipment assets are valued in accordance with the following methods.

(1) Machinery and equipment and electronic equipment

As the second-hand trading market for in-use equipment similar to the valuation targets is underdeveloped and inactive, and there are relatively few comparable transaction cases, it is not appropriate to adopt the market approach for valuation.

As equipment identical or similar to the valuation targets does not have a mature and feasible operating model primarily based on such equipment, and the operating income attributable to such equipment is difficult to be reasonably separated from the overall income, it is difficult to adopt the income approach to value the valuation targets.

As equipment identical or similar to the valuation targets is generally obtained through self-purchase and construction of brand-new equipment, which satisfies the conditions for adopting the replacement cost approach for valuation, the replacement cost approach is adopted.

Under the replacement cost approach, the full replacement price of the

equipment as at the Valuation Benchmark Date is first estimated. Then, based on the current operation and maintenance status of the equipment and its expected future usage, various depreciations, such as physical depreciation and any potential functional and economic depreciations, are correspondingly deducted to determine the appraised value of the equipment to be valued. The various depreciation factors are substituted by the comprehensive newness rate in the calculation.

Appraised value of equipment = full replacement price × comprehensive newness rate

1) Full replacement price

① Full replacement price of machinery and equipment

The full replacement price of machinery and equipment comprises the purchase price or construction cost of substitutable equivalent or similar equipment, value-added taxes, transportation and miscellaneous expenses, installation and commissioning expenses, other expenses including joint trial operation and preparation expenses for process production and necessary preliminary and management expenses for fixed asset investment, as well as interest on capital occupied and reasonable profit.

Calculation formula of the full replacement price:

Full replacement price = equipment purchase fee or construction cost + value-added taxes + transportation and miscellaneous expenses + installation, commissioning and foundation expenses + other expenses + cost of capital + construction profit – input value-added tax incurred from equipment purchase

A. Equipment purchase fee

Through price inquiries with the manufacturers, agents, and distributors of the equipment, for equipment whose market price as at the benchmark date can be ascertained, the purchase price is determined based on the market price;

For equipment whose prices cannot be obtained from the market, the purchase price is determined by reviewing information such as electromechanical product prices in recent years and through online price inquiries;

For the equipment value of self-manufactured non-standard equipment, it is primarily determined by comprehensively ascertaining the unit material (main material) cost (calculated in RMB/ton) based on the incurred material costs, transportation and miscellaneous expenses, labor costs, and machinery shift costs, and then multiplying it by the total weight of the equipment.

B. Transportation and miscellaneous expenses

Equipment transportation and miscellaneous expenses refer to the transportation costs from the production site to the equipment installation site. The transportation and miscellaneous expense rate is based on the equipment purchase price, and is calculated and levied at different rates according to the varying distances between the manufacturer and the location where the equipment is installed. If the supply terms stipulate that the supplier is responsible for transportation and installation (and such costs are already included in the purchase price), transportation and miscellaneous expenses are not calculated.

C. Installation, commissioning and foundation expenses

These include installation engineering expenses, equipment commissioning expenses and foundation expenses. With reference to documentations such as the Manual of Commonly Used Data and Parameters for Asset Valuation (《資產評估常用數據與參數手冊》), these expenses are calculated based on the tax-inclusive equipment purchase price at different installation and foundation rate levels, taking into account the process requirements, weight, and installation complexity of the equipment.

For small-sized equipment that does not require installation, installation and commissioning expenses are not considered. For equipment that does not require an independent foundation for installation, foundation expenses are not considered.

D. Other expenses

Other expenses, including preliminary and management expenses for construction projects, joint trial operation and preparation expenses for process production, are calculated and levied based on the project construction investment amount of the asset group in accordance with the charging standards stipulated by the industry, national, or local governments.

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%

② the full replacement price of electronic equipment

Full replacement price = current market price of assets before tax = current market price of assets including tax/(1+ value-added tax rate)

Basis for obtaining the current market price of assets: mainly determined on the basis of quotations from relevant asset manufacturers and sales agents as of the Valuation Benchmark Date.

2) Newness rate

① the newness rate of machinery and equipment

For productive machinery and equipment, after reviewing relevant information, its newness rate N would be determined by calculating the theoretical newness rate over useful life N1 (40%) and the on-site inspection newness rate N2 (60%) and then obtaining the newness rate N by weight average, the calculation formula is as follows:

N=N1×40%+N2×60%

In which N1=(1 – actual serviced life÷economic useful life)×100%

N2 is adjusted and determined by the appraisers on the basis of the newness rate under the useful life approach, based on their observations of the equipment's original manufacturing quality, production and operating conditions, degree of utilization, quality of manufactured products, maintenance conditions, appearance and completeness.

For equipment that has exceeded its economic useful life but remains in normal operating condition, the lower limit of the comprehensive condition percent shall be 15%, as stipulated in the Manual of Commonly Used Data and Parameters for Asset Valuation. For idle machinery and equipment or those pending repair, the comprehensive condition percent shall be 10%.

② the newness rate of electronic equipment

The comprehensive newness rate of electronic equipment is primarily determined based on its economic useful life. The calculation formula is as follows:

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

(2) Valuation of vehicles

The vehicles included within the scope of this valuation comprise official vehicles, wrecker trucks and public buses. As sufficient transaction cases for official vehicles can be found in the second-hand trading market, the market approach is adopted; wrecker trucks are valued using the replacement cost approach; and public buses are recognized based on their audited net book value.

1) Valuation of Non-operating Vehicles Using the Market Approach

① Definition and Basic Principles of the Market Approach

Basic definition: based on the principle of substitution, it is a method that compares the vehicles to be valued with comparable transaction cases of similar vehicles that have occurred in the recent period, and makes adjustments for relevant factors to derive the price of the vehicles to be valued as at the Valuation Benchmark Date.

② Basic Formula of the Market Approach

By selecting automobile transaction instances from the recent second-hand vehicle trading market that fall within the same supply and demand scope as the valuation target, and which possess strong relevance and substitutability, analyses, comparisons, and adjustments are made for factors affecting the market price of second-hand vehicles, such as the remaining drivable mileage, transaction date factors, and the condition of the transacted vehicles, based on the specific conditions of the valuation target and the comparable instances, so as to determine the market price of the valuation target. The calculation formula is as follows:

Appraised value = price of comparative transaction × correction coefficient of transaction status × correction coefficient of transaction date × correction coefficient of vehicle useful life × correction coefficient of vehicle mileage × correction coefficient of vehicle condition factors × correction coefficient of individual factors × correction coefficient of regional factors

2) Valuation of Wrecker Trucks Using the Replacement Cost Approach

A. Replacement Cost of Vehicles

The replacement cost of vehicles mainly consists of the purchase price (excluding value-added tax). The purchase price is primarily determined with reference to the latest trading market price of similar vehicle models. Therefore, the calculation formula for this valuation is:

Full replacement price = current tax-exclusive purchase price

B. Determination of the Comprehensive Newness Rate

For the newness rate of transportation vehicles, the comprehensive newness rate method is adopted. The calculation formula is as follows:

Comprehensive newness rate = theoretical newness rate × 40% + newness rate during inspection × 60%

Among them, the theoretical newness rate is determined based on the newness rate under the useful life approach.

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

C. Determination of the Valuation Value of Vehicles

Appraised value = full replacement price × newness rate

3) For public buses, the appraised value is determined based on the audited net book value.

8. Right-of-use assets

The appraisal professionals verified the original lease contracts, relevant accounting records, original accounting certificates and other documentations to ascertain their authenticity and completeness. Upon verification, it is confirmed that the book value as at the benchmark date is true and accurate. The appraised value of the right-of-use assets was determined upon reviewing the reasonableness of the original incurred amount of the assets, as well as the usable months and the remaining beneficial months of the project.

9. Other intangible assets

Other intangible assets are software usage rights.

The software usage rights of the appraised entity were sourced from external purchases. As there are numerous sellers of similar software in the market with transparent market prices and the replacement cost is easily determinable, the cost approach is adopted for this valuation.

Through market research and price inquiries, the appraisers determined the replacement cost based on the market selling price (tax-exclusive price) of similar products as at the Valuation Benchmark Date. The formula is appraised value = replacement cost × (1 – amortization ratio). Where amortization ratio = serviced life of the software ÷ (serviced life of the software + remaining useful life of the software).

10. Deferred tax assets

For the deferred tax assets, on the basis of confirming that the verification is correct, this valuation corroborated the authenticity and completeness of the assets by verifying relevant documentations and reviewing accounting records, and specifically analyzed factors such as the basis for recording, the tax base, the reasons for formation, and whether they can bring future economic benefits to the enterprise. On the basis of confirming that the verification is correct, the adjusted book value is taken as the appraised value.

11. Liabilities

For liabilities, the appraisers verified the accounting records, reviewed documentations such as lease contracts and tax returns, and verified large-sum payables through confirmation letters. The appraised value is determined based on the amount of debt that the appraised entity is actually obligated to bear after the Valuation Benchmark Date.

(III) Introduction to the Income Approach

The common methods used in the income approach include the dividend discount method and the discounted cash flow method. The dividend discount method is a specific method that discounts expected dividends to determine the value of the valuation target, which is generally applicable to the valuation of equity interests of minority shareholders who lack control. The discounted cash flow method generally includes the enterprise discounted free cash flow model and the discounted equity free cash flow model, where an appropriate discounted cash flow model is selected based on the future business model, capital structure, asset utilization, and trends in future earnings of the enterprise and other factors. Since the subject of this valuation is the value of owners' equity of the appraised entity, the discounted cash flow (DCF) method is applicable.

1. Basic Concept of Valuation

Based on the valuation investigation findings, the asset composition and characteristics of the principal business operations of the appraised entity, this valuation utilizes the scope of the financial statements of the appraised entity as the foundation for analyzing and calculating the value of the valuation target. The basic concept is as follows:

(1) The assets included in the scope of the financial statements are categorized into operating assets, surplus assets, and non-operating assets and liabilities, and are adjusted to the corresponding financial statements. Surplus assets and non-operating assets and liabilities include cash at bank and on hand existing as at the benchmark date that are not required for daily operations, current assets or liabilities such as current accounts arising from non-operating activities of the enterprise, non-operating external investments, and non-current assets or liabilities such as obsolete or idle equipment;

(2) For the assets and principal business included in the scope of the corresponding financial statements of operating assets, the expected income are estimated separately based on the trends of operating conditions before and after the benchmark date, as well as business types, and the value of the operating assets is calculated by applying the income approach valuation model;

(3) For surplus assets and non-operating assets and liabilities that are not included in the scope of the statements of operating assets, they are not taken into account in the estimation of expected income and the application of the income approach for valuation; instead, their values are assessed separately using the market approach or the cost approach;

(4) For the interest-bearing debts included in the capital of the enterprise, their values are assessed using the market approach or the cost approach;

(5) The total asset value of the appraised entity is determined by adding up the values of the abovementioned operating assets, surplus assets, and non-operating assets, and deducting the non-operating liabilities;

(6) The value of the equity interest of the appraised entity is calculated by deducting the interest-bearing debts from the total asset value.

2. Selection of Income Model

Taking into account the length of the business operating history, capital structure and financial information of the appraised entity, particularly with regard to the future business model, stability of income and development trend, expected changes in capital structure, and asset utilization, we adopt the enterprise discounted free cash flow model for valuation and calculation.

Total asset value = value of operating assets + surplus assets (liabilities)

Total equity value of shareholders = total asset value – interest-bearing debts

3. Determination of the Value of Operating Assets

This valuation adopts the multi-stage discounted income model to calculate the value of operating assets. The multi-stage discounted income model is as follows:

$$P = \sum_{i=1}^{t} \frac{Ki}{(1+r)^{i}} + \frac{A}{r} \times (1+r)^{-t}$$

Where: P — Appraised value of operating assets (discounted value);

Ki — non-constant expected free cash flow of the enterprise for the income period i in the future;

t — duration of the non-constant expected free cash flow of the enterprise (discrete forecast period);

r— selected discount rate;

A— fixed expected income.

In the above formula, the expected free cash flow of the enterprise varies up to and including year t, and remains constant after year t; the income period is infinite, and $r > 0$.

(1) Determination of Free Cash Flow of the Enterprise

Free cash flow of the enterprise = Net profit after tax + depreciation and amortization + interest expenses (net of tax effect) - capital expenditure – changes in net working capital + liquidation value

Where, net profit after tax = operating income – operating costs – taxes and surcharges – selling expenses – administrative expenses – research and development expenses – finance costs + non-operating income – non-operating expenses – income tax

(2) Discount Rate Model

In accordance with the principle of matching income with the discount rate, the WACC model is adopted to calculate the weighted average cost of capital as the discount rate.

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

Where: WACC —— weighted average cost of capital

K_e —— cost of equity capital

K_d—— cost of debt capital

T—— income tax rate;

D/E—— capital structure

4. Determination of Value of Surplus Assets and Non-operating Assets (Liabilities)

Surplus assets and non-operating liabilities refer to assets and liabilities that exceed the operational needs of the enterprise or are not related to the operating activities of the appraised entity, which are not involved in the forecast of the free cash flow of the enterprise after the Valuation Benchmark Date. For these assets or liabilities, we adopt the cost method to assess their value based on their identification.

5. Determination of the Value of Interest-bearing Debts

Interest-bearing debts refer to the liabilities that require interest payments as at the Valuation Benchmark Date in the enterprise's capital.

(IV) Determination of the Income Period

In order to reasonably forecast the future earnings of the enterprise, based on the characteristics of the production and operations of the enterprise, relevant laws and regulations, covenants, and contracts, this valuation assumes that the enterprise will continue to operate as a going concern. The income period is assumed to be indefinite, and the income period of the enterprise is divided into a finite period and an infinite period.

Based on the appraisers' forecast of the cash flows in future years of the enterprise, it is expected that the revenue, costs, and other metrics of the enterprise will no longer fluctuate and will remain stable after 2030. Therefore, we have designated the period up to 2030 as the discrete forecast period, with the period after 2030 entering the terminal period.

(V) Determination of Future Earnings

Based on the business characteristics and operating model of the valuation target, the appraisers determine the future net profit by forecasting variables including the enterprise's future annual operating income, costs, period expenses, and income tax. Based on the future development plans, asset acquisition plans, and fund management plans of the enterprise, the appraisers forecast the corresponding capital expenditures, changes in working capital, and other factors, and ultimately determine the free cash flow of the enterprise.

1. Forecasted Operating Income

The operating income of the enterprise mainly comprises revenue of passenger transportation, other revenue from service areas, and other revenue.

(1) Revenue of passenger transportation:

Currently, the source of revenue of passenger transportation based on the Foshan Chancheng District Public Transportation Route Operation Service Contract (《佛山市禪城區公交線路運營服務合同》) entered into with Foshan Public Transport Management Co., Ltd. (佛山市公共交通管理有限公司) (the "Party A") in 2021. The contract stipulates that Foshan Yueyun Public Traffic Co., Ltd. (the "Party B", i.e., the appraised entity) is responsible for the operation of public transit route services within the designated section during the contract period, and shall receive the public transport operation service fee paid by the Party A for the provision of the public transport operation services stipulated in the contract. The public transport operation service fee (i.e., the project settlement fee) is calculated as follows:

The project settlement fee consists of two components: the fiscal subsidy for public traffic operations and the actual fare revenue, where the fiscal subsidy for public transit operations refers to the economic subsidy and compensation provided by Party A in the event that the actual fare revenue is insufficient to cover the operating costs of public transit and reasonable economic returns. The specific formula is as follows:

Fiscal subsidy for public traffic operations (RMB/month) = (sum of monthly operating service fees for all in-service vehicles + sum of monthly operating service fees for all reserve vehicles) – actual fare revenue – advertising revenue – subsidy income ± fare revenue incentives/penalties ± service quality incentives/penalties ± performance appraisal incentives/penalties ± other expenses

① Monthly Operation Service Fee for Operating Vehicles

The sum of the monthly operation service fees per operating vehicle shall be calculated based on the successful bid price of various expenses, and the operation service fee (including work safety expenses, taxes) is calculated according to the actual monthly operations. Where:

Monthly operation service fee per operating vehicle = (depreciation expenses of vehicle and its ancillary facilities + direct operating costs + administrative expenses + work safety expenses + finance costs + investment return and management of operating vehicles + taxes and surcharges for operating vehicles) × Number of operating days in the month

A. Depreciation expenses of vehicle and its ancillary facilities

Depreciation expenses of vehicle and its ancillary facilities refers to the depreciation expenses of fixed assets of the operating vehicles of public buses and electric buses and their relevant ancillary facilities.

Depreciation expenses of vehicle and its ancillary facilities is provided for by using the straight-line method based on the net value of the vehicle and its ancillary facilities at the time of their deployment into the project. The formula for calculating the daily average depreciation expenses of vehicle and its ancillary facilities is as follows:

a. Where the original settlement price of the existing vehicles has been net of local subsidies at the commencement of the operation period of the project, the net value of the vehicle at the commencement of the operation period = original value of the vehicle – national subsidies – local subsidies – TC depreciated expenses; where the original settlement price of the existing vehicles has not been net of local subsidies at the commencement of the operation period of the project, the net value of the vehicle at the commencement of the operation period = original value of the vehicle – national subsidies – TC depreciated expenses;

Daily depreciation expenses of vehicle = net value of vehicle at the commencement of the operation period of the project/remaining depreciation days at the commencement of the operation period

Remaining depreciation days at the commencement of the operation period = depreciation days for vehicle usage – depreciated days at the commencement of the operation period

The depreciation days for usage of newly acquired pure electric vehicles are calculated based on the calendar days corresponding to 8 years, and the depreciation days for usage of newly acquired hydrogen vehicles are calculated based on the calendar days corresponding to 5 years.

b. Where local subsidies are received and the pure electric vehicle has been in service for less than 4 years (or in service for less than 2.5 years for hydrogen vehicles): Net value of vehicle = net value of vehicle at the commencement of the operation period of the project – actual local subsidies received

Daily depreciation expenses of vehicle = (net value of vehicle – depreciation expenses provided since the commencement of the operation period of the project)/remaining depreciation days after deducting local subsidies

Remaining depreciation days after deducting local subsidies = remaining depreciation days at the commencement of the operation period – depreciated days from the commencement of the operation period to prior to the receipt of local subsidies

c. Where the pure electric vehicles has been in service for 4 years (or in services for 2.5 years for hydrogen vehicles) and local subsidies have not been received: net value of vehicle = net value of vehicle at the commencement of the operation period of the project – local subsidies receivable

Daily depreciation expenses of vehicle (pure electric vehicles) = (net value of vehicle – depreciation expenses provided since the commencement of the operation period of the project)/number of depreciation days over 4 years

Daily depreciation expenses of vehicle (hydrogen public buses) = (net value of vehicle – depreciation expenses provided since the commencement of the operation period of the project)/number of depreciation days over 2.5 years

d. Where there are newly acquired vehicles, the net value of newly acquired vehicles = original value of vehicles – national subsidies – local subsidies

Daily depreciation expenses of vehicle = net value of newly acquired vehicles/number of depreciation days for vehicle usage

The depreciation days for usage of newly acquired pure electric vehicles are calculated based on the calendar days corresponding to 8 years, and the depreciation days for usage of newly acquired hydrogen energy vehicles are calculated based on the calendar days corresponding to 5 years.

Vehicle purchase price: The purchase price of existing vehicle shall be based on the purchase voucher price at the time of acquisition approved by Party A. If Party A requires the addition of new vehicles or the replacement of decommissioned vehicles in the future, Party B shall procure the new vehicles as required by Party A, and the vehicle purchase price will be determined separately.

Purchase subsidies: Purchase subsidies include national subsidies and local vehicle purchase subsidies. The purchase subsidies for new energy vehicles are tentatively subject to the relevant requirements, such as the Notice on Further Refining the Fiscal Subsidy Policy for the Promotion and Application of New Energy Vehicles (Cai Jian [2019] No. 138) (《關於進一步完善新能源汽車推廣應用財政補貼政策的通知》(財建[2019]138號)) issued by four ministries and commissions including the Ministry of Finance, and the Notice of three Departments including the Foshan Development and Reform Bureau on Revising the Administrative Measures for the Fiscal Subsidy Funds for the Promotion and Application of New Energy Public Buses and the Construction of Ancillary Infrastructure in Foshan (Fo Fa Gai Xin Neng [2020] No. 15) (《佛山市發展和改革局等 3 部門關於修訂佛山市新能源公交車推廣應用和配套基礎設施建設財政補貼資金管理辦法的通知》(佛發改新能[2020]15 號)).

The depreciation days for usage of newly acquired pure electric vehicles are calculated based on the calendar days corresponding to 8 years, and the depreciation days for usage of newly acquired hydrogen vehicles are calculated based on the calendar days corresponding to 5 years.

Residual value of vehicles: No residual value is set in the depreciation expense for vehicle and its ancillary facilities.

B. Direct operating cost

Direct operating costs refer to the costs and expenses directly related to the operations incurred by Party B in the course of actual operations. They are circulated using the following formula:

Direct operating costs = driver labor costs + fuel and power costs + Vehicle maintenance and repair expenses + vehicle insurance premiums + vehicle parking fees + terminal and depot usage fees + Vehicle cleaning expenses + other direct operating costs.

a. Driver labor costs

Driver labor costs refer to expenses directly related to drivers serving in public transport operations, which include personnel wages (including basic salaries, allowances and subsidies, and bonuses), social insurance charges (i.e., basic pension insurance, medical insurance, unemployment insurance, work injury insurance, and maternity insurance), housing provident funds, and all other expenses arising from legal and compliant employment (employee welfare expenses, labor union funds, education funds, uniform expenses, occupational safety and health expenses, etc.).

Driver labor costs are determined based on the approved hourly labor cost of drivers and the travel time of operating vehicles, i.e.: driver labor costs (RMB/vehicle day) = hourly labor cost of driver (RMB/hour) × daily travel time of vehicle (hours).

b. Fuel and power costs

Fuel and power costs refer to the expenses of fuel and power, including electricity, hydrogen fuel, consumed by public transport operating vehicles during the provision of operation services.

Fuel and power costs are determined based on the actual operating mileage of different types of vehicles, fuel and power consumption per unit of mileage, and unit price, i.e:

Pure electric city buses: fuel and power costs (RMB/number of operation day of the vehicle) = daily operating mileage of vehicle (km/day) × (1 + empty driving ratio of vehicle) × fuel and power consumption per vehicle kilometer (kWh/km) × (unit price of fuel and power (RMB/kWh) + charging service fee (RMB/kWh)).

c. Vehicle maintenance and repair expenses

Vehicle maintenance and repair expenses: including the expenses of vehicle repair necessary to ensure the normal operation of vehicles throughout their service life cycle, including the labor hours, repair materials, ancillary facilities and equipment, premises, other consumables required for repair, and tire consumption costs associated with the daily inspection, maintenance, servicing, and major repairs of public transport operating vehicles. Vehicle maintenance and repair expenses are calculated based on the actual operating mileage (including empty driving mileage) of different types of vehicles and the standard maintenance and repair expense per mileage.

i.e: vehicle maintenance and repair expenses (RMB/number of operating day of the vehicle) = daily operating mileage of vehicle (km/day) × (1 + empty driving ratio of vehicle) × vehicle maintenance and repair expenses per kilometer (RMB/vehicle km).

d. Vehicle insurance premiums

Vehicle insurance premiums refer to the expenses incurred by Party B for purchasing compulsory traffic insurance, carrier liability insurance, commercial insurance, and other types of insurance for operating vehicles in accordance with the requirements of laws and regulations.

The arrangement for purchasing vehicle insurance and the settlement of expenses in relation to this project shall be separately determined by Party A.

e. Vehicle parking fees

Vehicle parking fees refer to the expenses incurred from the parking of public transport operating vehicles during non-operating hours, including the land rent, site preparation, site maintenance, security personnel, daily utility costs, and other expenses generated by the parking premises. In principle, vehicle parking premises are provided by the local government. For parking premises leased commercially with the consent of Party A and those where the operating entity uses its self-owned parking lots, the parking fees shall be calculated based on actual costs incurred upon negotiation, audit, and confirmation organized by Party A, and shall, in principle, not exceed the successful bid price.

f. Terminal and depot usage fees

Terminal and depot usage fees refer to the expenses incurred by public transport operating vehicles entering the terminals and depots for operations, including premises and facility management and maintenance, cleaning, security, and utilities

Terminal and depot usage fees shall be determined based on actual operating conditions. Terminal and depot usage fee (RMB/vehicle/day) = terminal and depot usage fees/number of vehicles using the terminals and depots. For those operating in the city, it shall not, in principle, exceed RMB100 per vehicle per month; for those operating outside the city, it shall be determined by Party A based on actual costs incurred.

g. Vehicle cleaning expenses

Vehicle cleaning expenses refer to the expenses incurred for the routine washing, cleaning, and disinfection of public transport operating vehicles. Vehicle cleaning expenses are determined based on the successful bid price.

h. Other direct operating costs

Other direct operating costs refer to other necessary expenses incurred by Party B in the course of operations, excluding the aforementioned expenses, such as tolls for public transport vehicles using roads and bridges, annual inspection fees, signage fees, ticket printing fees, and data traffic and maintenance fees for on-board equipment. Other direct operating costs are determined based on the successful bid price.

C. Administrative expenses

Administrative expenses refer to the administrative expenses incurred for the management and organization of the operating activities of public buses and electric buses. Administrative expenses consist of two components, including labor costs for management staff and daily operating expenses.

D. Work safety expenses

Work safety expenses refer to the work safety expenses accrued and utilized in accordance with relevant laws and regulations, such as the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) and the Administrative Measures for the Accrual and Utilization of Enterprise Work Safety Expenses (《企業安全生產費用提取和使用管理辦法》), which are specifically utilized for improving work safety conditions, including expenses incurred for emergency rescue apparatus, equipment, and emergency drills, expenses incurred for work safety publicity, education, and training (including epidemic prevention training), as well as other expenses directly related to work safety.

Work safety expenses (RMB/number of operating day of the vehicle) = actual operating fare revenue (RMB) * 1.5%/(number of vehicles × number of operating days in the month).

E. Finance Costs

Finance costs refer to the interest expenses and related financial handling fees incurred by Party B in connection with the funds required to acquire the vehicles verified and approved by the government or Party A.

Finance costs are calculated based on 70% of the net value of the vehicles at the time of deployment into the project. The calculation is based on the latest Loan Prime Rate (LPR) for loans with a term of over five years published by the People's Bank of China in the month the notice of award is issued, plus a 10% markup. The specific formula is as follows:

Finance costs (RMB/the number of operating day of the vehicle) = {|PMT (Loan Interest Rate/12, n × 12, net value of the vehicle × 70%) | × n × 12 – net value of the vehicle × 70%}/(n × 365)

n represents the remaining depreciation years within the operation service period of the project. Newly acquired pure electric city buses are calculated based on 8 years, hydrogen fuel cell city buses are calculated based on 5 years, and other new energy city buses are calculated based on their respective depreciation years.

F. Return on Investment and Management

Return on investment and management refers to the revenue generated by Party B through the investment on the purchasing and operation of public buses and electric buses, as well as the fulfillment of passenger transport services through lawful and normal business operations.

Return on investment and management = return on investment and management of operating vehicles + return on investment and management of standby vehicles

a. Return on investment and management of operating vehicles (RMB/ number of operating day of the vehicle) = { |PMT(r/12, n × 12, net value of vehicle × 30%) | × n × 12 – net Value of vehicle × 30%}/(n × 365) + (direct operating costs* + administrative expenses) × r/12

b. Return on investment and management of standby vehicles (RMB/ number of operating day of the vehicle) = { PMT(r/12, n × 12, net value of vehicle × 30%) | × n × 12 – net value of vehicle × 30%}/(n × 365) + (vehicle insurance premiums + vehicle parking fees) × r/12

Where: 1) r represents the comprehensive annual rate of return on funds, which is determined based on the actual successful bidding price.

n represents the remaining depreciation years within the operation service period of the project. Newly acquired pure electric city buses are calculated based on 8 years, hydrogen fuel cell city buses are calculated based on 5 years, and other new energy city buses are calculated based on their respective depreciation years.

Direct operating costs in this formula= direct costs – charging service fees, i.e., excluding charging service fees.

Vehicle insurance premiums exclude the vehicle insurance expenses directly procured by Party A pursuant to the vehicle insurance pooling scheme, and the insurance pooling reward amount awarded to public transport operating enterprises during the annual settlement of vehicle insurance.

G. Taxes and surcharges

Taxes and surcharges refer to the value-added tax, city maintenance and construction tax, education surcharge, and local education surcharge paid by Party B for public transport operations.

Taxes and surcharges are calculated and determined based on comprehensive costs and the comprehensive tax rate and are tentatively calculated as follows, subject to the data confirmed by the tax authorities:

a. Taxes and surcharges for operating vehicles (RMB/the number of operating days of the vehicle) = (depreciation expenses of vehicle and its ancillary facilities + direct operating costs + administrative expenses + work safety expenses + finance costs + return on investment and management of operating vehicles) × 3.36%.

b. Taxes and surcharges for standby vehicles (RMB/the number of operating days of the vehicle) = (depreciation expenses of vehicle and its ancillary facilities + vehicle insurance premiums + vehicle parking fees + finance costs + return on investment and management of standby vehicles) × 3.36%.

The tax rates applicable under the simplified tax calculation method are as follows: the value-added tax levy rate is 3% (calculated on the basis of a general taxpayer); and the city maintenance and construction tax, education surcharge, and local education surcharge are paid at 7%, 3%, and 2% of the value-added tax amount, respectively, subject to adjustments for any changes in tax policies.

② Monthly Operation Service Fee for Standby Vehicles

Monthly operation service fee per standby vehicle = (depreciation expenses of vehicle and its ancillary facilities + vehicle insurance premiums + vehicle parking fees + finance costs + return on investment and management of standby vehicles + taxes and surcharges for standby vehicles) × number of calendar days in the month

③ Actual Fare Revenue

Actual fare revenue refers to the cash and non-cash electronic payments (including card consumption, WeChat Pay, Alipay, citizen cards, etc.) paid by citizens for riding, excluding the subsidies provided by the government for fare discounts implemented on card consumption, among others. Actual fare revenue may be counted by a third party entrusted by Party A or the government, and the monthly public transport fare revenue shall be applied in full towards the payment of the operation service fees of the operating enterprise. At the end of the year, the actual fare revenue shall be settled based on the audited figures of the government.

④ Fare Revenue Rewards and Penalties

Fare revenue rewards and penalties are calculated based on the assessment results of the fare revenue rewards and penalties. The amount of fare revenue rewards and penalties is based on the fare revenue of the preceding year (excluding the subsidies provided by the government for fare discounts implemented on card consumption, among others), and the rewards or penalties are applied at a certain percentage of the difference between the fare revenue of the current year and that of the preceding year. The specific fare revenue reward and penalty scheme shall be separately formulated by the competent transport authority of Foshan Municipality.

⑤ Advertising Income

The public transport advertising income of this project shall be vested in Party A. The advertising income shall be applied in full towards the payment of the operation service fees of the operating enterprise.

⑥ Subsidy Income

Subsidy income refers to all other relevant subsidies in respect of all vehicles and ancillary charging infrastructure other than central and local vehicle acquisition subsidies. Such subsidies include but not limited to subsidies for charging infrastructure, subsidies for the promotion of clean energy vehicles, income from carbon trading, income from emission reduction subsidy funds, discount subsidies for standard card usage, concessionary subsidies for senior citizen cards and transport subsidies for special demographics, subsidies for the promotion and application of new energy vehicles, subsidies funds for refined oil prices for city public buses in Guangdong Province, operation subsidy funds for new energy public buses, mileage operation subsidies, and electricity tariff discount subsidies, among others. The subsidy income shall be vested in Party A, and Party B shall actively cooperate with Party A in applying for relevant subsidies. Upon receipt of the subsidies by Party B, an amount equivalent to the subsidies received shall be directly deducted from the operation service fee for the relevant month. In the event that any entitled subsidy income fails to be obtained due to reasons attributable to Party B, Party B shall compensate Party A for such unobtained subsidy amount, and Party A shall have the right to deduct such amount directly from the operation service fee for the relevant month.

⑦ Service Quality Rewards and Penalties

Service quality rewards and penalties refer to the incentives and penalizations imposed on the daily operation service quality of the public transport enterprise during the term of the public transport route operation service contract.

⑧ Performance Assessment Rewards and Penalties

Performance assessment shall be conducted with each calendar year as an assessment cycle. Party A shall, under the guidance of the Municipal Transport Bureau, organize and carry out the relevant work of performance assessment on public transport operating enterprises in accordance with relevant regulations.

The performance assessment is based on three categories of indicator, including the complaint rate of public transport services, the traffic violation rate of public transport services, and the change rate of passenger volume. The implementing authorities or the competent transport authority of Foshan Municipality may make separate adjustments taking into account the actual operating conditions.

⑨ Other Expenses

Other expenses refer to other expenses subject to adjustment, including work safety expenses to be settled, vehicle parking fees to be deducted, penalty deductions arising from the failure to meet committed standards, electricity charges and charging service fees paid on behalf of the relevant parties, amounts to be deducted for the failure to utilize charging facilities as required, advertising and other operating revenues approved by the relevant government authorities, and expenses subject to adjustment upon audit, among others.

(2) Payment Methods

By the 15th day of each month, an amount not exceeding 80% of the verified and determined fiscal subsidy for public transport operations for the preceding month shall be paid (if the fiscal subsidy for public transport operations for the preceding month has not yet been confirmed, such payment shall be postponed to the following month). A further 17% shall be paid upon the confirmation of the settlement results by Party A and Party B and the issuance of valid invoices. The remaining 3% shall be settled upon the completion of the annual audit on Party B conducted by the relevant government authorities or Party A. Where the relevant government authorities stipulate otherwise, the policies promulgated by the relevant government authorities shall prevail.

Upon the receipt of various government subsidies, such amounts shall be deducted from the project operation service fee for the month in which the subsidies are received, and any shortfall in deduction shall be further deducted in the subsequent month.

The revenue for previous years of the appraised entity is set out in the table below:

Table of Revenue for Previous Years

Unit: RMB '0000

No.	Item	Data of previous years			
		2022	2023	2024	January to July 2025
1	Income from main operation/revenue of passenger transport	30,300.80	27,581.65	23,417.71	12,213.65
2	Other operating revenue/other revenue from service areas	225.79	251.17	131.50	95.43
3	Other operating revenue/other income	390.22	738.46	228.76	210.67
Total		30,916.82	28,571.28	23,777.97	12,519.76

① Analysis of revenue of passenger transportation for previous years: revenue of passenger transportation recorded a year-on-year decrease from 2022 to 2024. This was primarily attributable to the diversification of external mobility options, which has significantly compressed the market space for public transport ridership, as evidenced by rail transit networks diverting medium – and long-distance passengers, private cars and ride-hailing services capturing the market for high-quality travel, and short-distance travel being disrupted by shared bicycles and electric scooters. While passenger numbers have been declining, the inherent service shortcomings and cost pressures of public transport industry have further exacerbated the revenue decline.

② Other revenue from service areas under other operating revenue primarily comprises public transport depot management fees and charging service fees derived from other vehicle companies. Other income primarily comprises disinfection service fees and maintenance and management fees, among others, derived from other vehicle companies.

It is expected that the revenue will remain relatively stable in future years, and no significant growth is forecasted.

The operating revenue for future years is set out in the table below.

Based on the forecasted data provided by the appraised entity, the forecasted operating revenue for future years is set out as follows:

Unit: RMB '0000

No.	Item	Forecast Data for Future Years						
		August to December 2025	2026	2027	2028	2029	2030	Terminal Period
1	Income from main operation/ revenue of passenger transport	7,913.63	19,085.13	18,404.45	15,397.66	15,995.97	15,293.58	15,193.28
2	Other operating revenue/other revenue from service areas	47.32	123.73	84.57	84.57	84.57	84.57	84.57
3	Other operating revenue/other income	135.26	224.80	153.66	153.66	153.66	153.66	153.66
Total		8,096.21	19,433.66	18,642.68	15,635.89	16,234.20	15,531.81	15,431.51

2. Forecast of Operating Costs

The costs of main operation primarily comprise passenger transport expenses and vehicle maintenance expenses. The operating costs for previous years are set out in the table below:

Unit: RMB '0000

No.	Item	Data of previous years			
		2022	2023	2024	January to July 2025
1	Passenger transport expenses/staff costs	13,708.79	11,982.12	9,809.85	5,072.36
2	Passenger transport expenses/fuel costs	3,707.00	3,047.14	2,301.61	866.84
3	Passenger transport expenses/tyre costs	275.81	218.63	196.93	72.89
4	Passenger transport expenses/maintenance costs	278.64	226.99	274.29	153.29
5	Passenger transport expenses/vehicle annual inspection expenses	33.19	41.15	40.85	24.18
6	Passenger transport expenses/parking fees (Anongwan leased premises)	–	14.67	35.42	48.95
7	Passenger transport expenses/insurance premiums	465.64	462.00	299.72	154.38
8	Passenger transport expenses/labour costs	62.07	68.00	3.33	9.39
9	Passenger transport expenses/lease expenses	0.48	0.57	0.35	0.08
10	Passenger transport expenses/vehicle cleaning and sewage charges	121.04	115.59	100.74	66.34
11	Passenger transport expenses/stationery and printing expenses	5.46	2.04	1.29	1.43
12	Passenger transport expenses/amortization of low-value consumables	1.22	0.89	2.48	0.77
13	Passenger transport expenses/depreciation expenses	9,048.07	8,674.31	8,634.39	4,720.59
14	Passenger transport expenses/office expenses	4.07	0.26	1.12	0.32
15	Passenger transport expenses/other passenger transport expenses	644.40	116.97	80.75	39.06
16	Vehicle maintenance expenses/staff costs	658.17	618.21	606.41	345.97

No.	Item	Data of previous years			
		2022	2023	2024	January to July 2025
17	Vehicle maintenance expenses/materials and spare parts	24.12	15.03	17.86	16.63
18	Vehicle maintenance expenses/maintenance and repair expenses	30.59	7.27	21.84	9.08
19	Vehicle maintenance expenses/lease expenses	1.62	0.98	1.64	1.17
20	Vehicle maintenance expenses/amortization of low-value consumables	4.75	0.62	1.38	1.32
21	Vehicle maintenance expenses/depreciation expenses (Chengdong leased premises fee)	479.60	485.77	360.43	211.64
22	Vehicle maintenance expenses/water charges	16.43	11.32	14.03	3.42
23	Vehicle maintenance expenses/electricity charges	6.81	8.70	7.48	4.70
24	Vehicle maintenance expenses/office expenses	1.76	1.70	2.41	0.84
25	Vehicle maintenance expenses/cleaning and sanitation expenses	1.67	1.89	1.99	3.00
26	Vehicle maintenance expenses/other vehicle maintenance expenses	36.94	64.98	67.07	0.01
27	Other operating costs/other expenses of service areas	195.99	176.94	125.44	106.10
28	Others	-11.77	-5.07	193.34	–
Total		29,802.55	26,359.69	23,204.46	11,934.75

Based on an analysis of the costs and gross profit margins for previous years of the enterprise set out in the table above, the average gross profit margin for the period from 2022 to 2025 was 10%. Depreciation expenses accounted for a relatively large proportion of the operating costs and were relatively volatile. Therefore, depreciation expenses had a relatively significant impact on the gross profit margin. Other costs are expected to stabilize in future years.

By 2028, all public transport vehicles are expected to be fully depreciated. Given that arrangements regarding vehicle replacement, procurement volume, and vehicle types are subject to the sole discretion of the government, it is beyond the control of the enterprise. Accordingly, the financial projection herein is predicated on the assumption that the enterprise will not acquire new public transport vehicles; rather, the government will undertake future vehicle procurements based on actual demand, while the appraised entity will provide public transport operation

services. As a result, depreciation expenses are expected to decrease significantly from 2029 onwards.

The forecast of operating costs for future years is set out in the table below:

Unit: RMB '0000

No.	Item	Forecast Data for Future Years						
		August to December 2025	2026	2027	2028	2029	2030	Terminal Period
1	Passenger transport expenses/staff costs	3,846.10	8,918.46	8,918.46	8,918.46	8,918.46	8,918.46	8,918.46
2	Passenger transport expenses/fuel costs	631.76	1,498.60	1,498.60	1,498.60	1,498.60	1,498.60	1,498.60
3	Passenger transport expenses/tyre costs	64.61	144.38	151.60	151.60	151.60	151.60	151.60
4	Passenger transport expenses/ maintenance and repair expenses	111.70	278.24	292.15	292.15	292.15	292.15	292.15
5	Passenger transport expenses/vehicle annual inspection expenses	20.38	44.56	44.56	44.56	44.56	44.56	44.56
6	Passenger transport expenses/parking fees (Anongwan leased premises)	19.61	58.36	58.36	58.36	58.36	58.36	58.36
7	Passenger transport expenses/insurance premiums	110.91	265.28	295.28	295.28	295.28	295.28	295.28
8	Passenger transport expenses/labor costs	5.24	12.00	12.00	12.00	12.00	12.00	12.00
9	Passenger transport expenses/lease expenses	0.92	1.00	1.00	1.00	1.00	1.00	1.00
10	Passenger transport expenses/vehicle cleaning and sewage charges	32.00	96.00	96.00	96.00	96.00	96.00	96.00

No.	Item	Forecast Data for Future Years						
		August to December 2025	2026	2027	2028	2029	2030	Terminal Period
11	Passenger transport expenses/stationery and printing expenses	1.57	3.00	3.00	3.00	3.00	3.00	3.00
12	Passenger transport expenses/ amortization of low-value consumables	0.23	1.00	1.00	1.00	1.00	1.00	1.00
13	Passenger transport expenses/ depreciation expenses	2,396.92	5,770.13	4,697.69	1,290.12	433.36	433.42	324.72
14	Passenger transport expenses/office expenses	0.18	0.50	0.50	0.50	0.50	0.50	0.50
15	Passenger transport expenses/other passenger transport expenses	10.03	50.00	50.00	50.00	50.00	50.00	50.00
16	Vehicle maintenance expenses/staff costs	185.61	537.14	537.14	537.14	537.14	537.14	537.14
17	Vehicle maintenance expenses/materials and spare parts	12.43	29.06	29.06	29.06	29.06	29.06	29.06

No.	Item	Forecast Data for Future Years						
		August to December 2025	2026	2027	2028	2029	2030	Terminal Period
18	Vehicle maintenance expenses/ maintenance and repair expenses	5.28	14.36	14.36	14.36	14.36	14.36	14.36
19	Vehicle maintenance expenses/lease expenses	0.14	1.31	1.31	1.31	1.31	1.31	1.31
20	Vehicle maintenance expenses/ amortization of low-value consumables	0.18	1.50	1.50	1.50	1.50	1.50	1.50
21	Vehicle maintenance expenses/ depreciation expenses (Chengdong leased premises fee)	33.46	80.66	80.43	80.33	80.33	80.33	89.08
22	Vehicle maintenance expenses/water charges	1.58	5.00	5.00	5.00	5.00	5.00	5.00

No.	Item	Forecast Data for Future Years						
		August to December 2025	2026	2027	2028	2029	2030	Terminal Period
23	Vehicle maintenance expenses/electricity charges	2.30	7.00	7.00	7.00	7.00	7.00	7.00
24	Vehicle maintenance expenses/office expenses	0.16	1.00	1.00	1.00	1.00	1.00	1.00
25	Vehicle maintenance expenses/cleaning and sanitation expenses	1.00	4.00	4.00	4.00	4.00	4.00	4.00
26	Vehicle maintenance expenses/ other vehicle maintenance expenses	66.02	66.03	66.03	66.03	66.03	66.03	66.03
27	Other operating costs/other expenses of service areas	45.09	151.19	151.19	151.19	151.19	151.19	151.19
Total		7,605.39	18,039.76	17,018.21	13,610.54	12,753.79	12,753.84	12,653.89

3. Forecast of Taxes and Surcharges

The Company primarily generates passenger transport revenue and other revenue, which are subject to value-added tax rates of 3% and 6%, respectively. Taxes and surcharges include city maintenance and construction tax, education surcharge, local education surcharge, stamp duty, property tax, land use tax, and vehicle and vessel tax. Among these, the city maintenance and construction tax, education surcharge, and local education surcharge are calculated based on the estimated value-added tax payable, at applicable rates of 7%, 3%, and 2%, respectively. Stamp duty applicable to the execution of lease contracts and property insurance contracts is levied at 0.1% of the contract amount, whereas the stamp duty applicable to the execution of construction contracts, contracting agreements, and sales contracts is levied at 0.3% of the contract amount. Property tax shall be levied on self-used properties on an *ad valorem* basis at a rate of 1.2%. Land use tax shall be levied at RMB8/sq.m. according to the grading of the land. Vehicle and vessel tax shall be levied at fixed amounts by tiers based on the engine cylinder capacity (displacement). The forecast of taxes and surcharges for the forecast years is set out in the table below:

Unit: RMB '0000

No.	Item	Forecast Data for Future Years						
		August to December 2025	2026	2027	2028	2029	2030	Terminal Period
1	City maintenance and construction tax	17.39	41.54	39.65	33.34	34.59	33.12	32.91
2	Education surcharge	14.86	35.50	33.91	28.50	29.57	28.31	28.13
3	Local education surcharge	9.80	23.46	22.46	18.86	19.57	18.73	18.61
4	Stamp duty	1.15	2.00	2.00	2.00	2.00	2.00	2.00
5	Property tax	9.01	21.63	21.63	21.63	21.63	21.63	21.63
6	Land use tax	0.12	0.28	0.28	0.28	0.28	0.28	0.28
7	Vehicle and vessel tax	0.06	0.18	0.18	0.18	0.18	0.18	0.18
Total		52.38	124.58	120.11	104.78	107.83	104.24	103.73

4. Forecast of Administrative Expenses

Administrative expenses primarily comprise staff costs, office expenses, maintenance and repair expenses, business entertainment expenses, conference expenses, fees for engaging intermediary agencies, travel expenses, informatization and maintenance expenses, amortization of low-value consumables, depreciation expenses, amortization of intangible assets, and cleaning and sanitation expenses. The administrative expenses for previous years are set out in the table below:

Unit: RMB '0000

No.	Item	Data of previous years			
		2022	2023	2024	January to July 2025
1	Staff costs	1,743.74	1,967.32	1,495.99	538.21
2	Office expenses/property rental and management fees	5.77	7.87	12.35	4.33
3	Office expenses/fixed-line telephone charges	3.24	4.51	4.91	2.29
4	Office expenses/printing and copying expenses, stationery, water and utilities charges, etc.	43.27	39.51	34.67	12.80
5	Maintenance and repair expenses	10.58	7.87	9.59	5.48
6	Business entertainment expenses	16.14	17.75	17.85	7.52
7	Conference expenses	0.89	0.59	0.20	0.30
8	Fees for engaging intermediary agencies	17.25	19.26	20.53	9.10
9	Travel expenses	1.74	2.45	3.53	0.54
10	Informatization and maintenance expenses	29.42	24.56	21.52	10.62
11	Amortization of low-value consumables	5.07	7.24	9.42	4.85
12	Depreciation expenses	188.01	187.22	177.25	57.41
13	Amortization of intangible assets	75.13	75.13	75.13	43.83
14	Cleaning and sanitation expenses	2.30	2.14	1.62	1.29
15	Other administrative expenses	44.87	19.32	15.69	6.19
Total		2,187.42	2,382.74	1,900.26	704.75

Administrative expenses comprise controllable expenses and uncontrollable expenses. In this valuation, considering the composition and trend of the administrative expenses of the appraised entity in previous years, the administrative expenses for future years are estimated by analyzing the specific circumstances of each expense item. The administrative expenses for the forecast years are set out in the table below:

Unit: RMB '0000

No.	Item	Forecast Data for Future Years						
		August to December 2025	2026	2027	2028	2029	2030	Terminal Period
1	Staff costs	679.39	1,213.55	1,189.32	1,189.32	1,189.32	1,189.32	1,189.32
2	Office expenses/ property rental and management fees	5.67	10.00	10.00	10.00	10.00	10.00	10.00
3	Office expenses/ fixed-line telephone charges	1.71	4.00	4.00	4.00	4.00	4.00	4.00
4	Office expenses/ printing and copying expenses, stationery, water and utilities charges, etc.	17.20	30.00	30.00	30.00	30.00	30.00	30.00
5	Maintenance and repair expenses	4.52	10.00	10.00	10.00	10.00	10.00	10.00
6	Business entertainment expenses	7.48	15.00	15.00	15.00	15.00	15.00	15.00
7	Conference expenses	0.20	0.50	0.50	0.50	0.50	0.50	0.50
8	Fees for engaging intermediary agencies	4.90	14.00	14.00	14.00	14.00	14.00	14.00
9	Travel expenses	4.46	5.00	5.00	5.00	5.00	5.00	5.00
10	Informatization and maintenance expenses	7.38	18.00	18.00	18.00	18.00	18.00	18.00

No.	Item	Forecast Data for Future Years						
		August to December 2025	2026	2027	2028	2029	2030	Terminal Period
11	Amortization of low-value consumables	1.15	6.00	6.00	6.00	6.00	6.00	6.00
12	Depreciation expenses	45.87	109.71	108.13	132.31	110.32	110.14	105.72
13	Amortization of intangible assets	34.80	83.53	83.53	83.53	83.53	84.88	81.24
14	Cleaning and sanitation expenses	0.21	1.50	1.50	1.50	1.50	1.50	1.50
15	Other administrative expenses	13.81	20.00	20.00	20.00	20.00	20.00	20.00
Total		828.77	1,540.80	1,514.98	1,539.15	1,517.17	1,518.33	1,510.28

5. Forecast of Selling Expenses

Selling expenses generally comprise staff salaries and office expenses. Given that the appraised entity secures a relatively long-term and single business through a one-time bidding process, it does not require dedicated sales functions and no selling expenses are incurred.

6. Forecast of Finance Costs

Finance costs primarily comprise interest income and handling fees. The forecast of finance costs is set out in the table below (in RMB ten thousand):

No.	Item	Forecast Data for Future Years						
		August to December 2025	2026	2027	2028	2029	2030	Terminal Period
1	Interest expenses/ leasehold interest	5.30	–	–	–	–	–	–
2	Interest income/ bank interest income	-15.00	-10.00	-10.00	-10.00	-10.00	-10.00	-10.00
3	Handling fees	8.00	5.00	5.00	5.00	5.00	5.00	5.00
Total		-1.70	-5.00	-5.00	-5.00	-5.00	-5.00	-5.00

7. Forecast of Other Income

Other income represents the subsidies for the purchase of 527 pure electric vehicles, the subsidies for the acquisition of 360 pure electric vehicles, and the construction funds for the Lingnan power station, Zhen'an power station, and Cuntou power station, which are government grants related to assets. In respect of the government grants related to assets, the appraisers have reviewed the documents, contracts, agreements related to the granting of subsidies to verify the calculation rules of the government grants, the eligibility criteria for enjoying the government grants, and the return of remaining balances as stipulated in the relevant documents. For other income related to assets, the enterprise has reasonably allocated the subsidies based on the obligations fulfilled and those yet to be fulfilled prior to the Valuation Benchmark Date, and has carried forward the other income on a year-by-year basis. As of the Valuation Benchmark Date, the remaining balance of RMB16,889,749.93 has yet to be carried forward, which will be fully carried forward by 2028. The forecast of other income for future years is set out in the table below (in RMB ten thousand):

August to December 2025	2026	2027	2028	2029	2030	Terminal Period
469.70	709.57	464.33	52.98	–	–	–

8. Forecast of Non-operating Income

As non-operating income and expenses are neither consistent nor predictable, they are not taken into account in this valuation.

9. Forecast of Enterprise Income Tax

The total profit of the appraised entity for future years can be calculated based on the forecast of the aforementioned items in the income statement, and the income tax is forecasted by multiplying the total profit by the enterprise income tax rate of 25%.

Profit and loss items with significant uncertainties, such as asset impairment, are not taken into account, nor are tax adjustment matters considered in this valuation.

10. Forecast of Depreciation and Amortization

Depreciation and amortization expenses comprise two components, namely the depreciation (amortization) provided for the existing long-term assets (stock assets) as at the benchmark date, and for the newly added long-term assets (incremental assets) subsequent to the benchmark date, calculated using the straight-line method in accordance with corporate accounting standards. In respect of the newly added long-term assets (incremental assets) subsequent to the benchmark date, the provision for depreciation (amortization) shall commence from the time such assets are put into use.

Depreciation (amortization) amount for the year = original value of assets ×depreciation (amortization) rate for the year

In the valuation, the depreciation and amortization for original, replaced, and newly added assets are forecasted in accordance with the existing accounting policies of the enterprise, taking into account the economic useful lives applied in the valuation.

The amounts of depreciation and amortization described above are determined based on specific projections for the defined revenue forecast period. At the beginning of the steady-state period, the total amount of future depreciation and amortization is annualized to determine the annual depreciation and amortization amount, while at the end of the finite period, they are determined based on specific projections. The forecast of depreciation and amortization for each future year is set out as follows:

Unit: RMB '0000

Item		Forecast period						
Type	Type of assets	August to December 2025	2026	2027	2028	2029	2030	Terminal Period
Balance of existing assets as at the Valuation Benchmark Date	Buildings and construction	160.60	375.12	244.95	144.12	121.34	121.34	53.97
	Machinery and equipment	46.14	103.91	46.11	0.23	0.23	0.23	0.08
	Electronic equipment	1.06	2.32	1.50	0.99	0.48	0.07	–
	Vehicles	2,202.41	5,178.99	4,119.73	856.74	–	–	–
	Intangible assets – others	3.36	8.07	8.07	8.07	8.07	1.34	–
	Intangible assets – land	27.94	67.06	67.06	67.06	67.06	67.06	67.06
	Subtotal	2,441.51	5,735.48	4,487.42	1,077.22	197.18	190.05	121.11

Item		Forecast period						
Type	Type of assets	August to December 2025	2026	2027	2028	2029	2030	Terminal Period
Capital expenditure and amortization after the benchmark date (newly added)	Buildings and construction	22.38	153.18	268.20	294.37	294.37	294.37	306.05
	Machinery and equipment	24.77	100.99	159.14	159.14	159.14	159.14	120.68
	Electronic equipment	10.46	25.77	26.40	26.94	28.24	28.52	20.28
	Vehicles	8.42	20.22	20.22	20.22	20.22	20.22	18.46
	Intangible assets – others	3.50	8.40	8.40	8.40	8.40	16.47	7.40
	Intangible assets – land	–	–	–	–	–	–	6.78
	Subtotal	69.53	308.56	482.35	509.07	510.37	518.71	479.65
Total (in RMB ten thousand)		2,511.04	6,044.04	4,969.78	1,586.29	707.55	708.76	600.76

11. Forecast of Capital Expenditure

Capital expenditure primarily comprises investments in newly added assets (incremental assets) and the replacement of existing assets (stock assets). In this project, the capital expenditure is forecasted based on the replacement of existing assets, without taking into account investments in newly added assets (incremental assets). The replacement of existing assets includes the replacement of buildings and construction, machinery and equipment, electronic equipment, vehicles (excluding public buses), and the right to use software. Given the relatively long remaining useful life of land use rights, the amount of capital expenditure is determined solely based on the annual amortization amount over the remaining useful life during the terminal period.

For the replacement of existing assets and incremental assets, the valuation professionals determine the total replacement costs required for future years based on the replacement cost and economic useful lives of the assets as at the Valuation Benchmark Date (or at the time when they are put into use). Such expenditure is determined based on specific figures within a defined revenue forecast period. At the beginning of the steady-state period, the total future expenditure is discounted to the beginning of the terminal period and subsequently annualized to determine the replacement expenditure for each year, while at the end of the finite period, it is determined based on specific calculated figures.

The forecast of capital expenditure for each future year is set out as follows:

Unit: RMB '0000

No.	Item	August to December 2025	2026	2027	2028	2029	2030	Terminal Period
1	Buildings and construction	429.73	795.71	920.17	523.43	–	–	492.29
2	Machinery and equipment	473.04	332.41	465.16	–	–	9.88	167.20
3	Electronic equipment	125.46	3.38	3.14	2.72	6.51	126.82	25.06
4	Vehicles	143.34	–	–	–	–	–	24.72
5	Intangible assets – others	47.00	–	–	–	–	80.68	10.39
6	Intangible assets – land	–	–	–	–	–	–	29.70
Total		1,218.58	1,131.50	1,388.48	526.15	6.51	217.38	749.36

12. Determination of the Increase in Working Capital

Working capital primarily represents operating current assets less operating current liabilities. In line with the changes in the operations of the company, its working capital will change accordingly, as reflected in the movements of cash at bank and on hand, receivables, prepayments, inventories, payables, advances from customers, employee benefits payable, and taxes payable.

For cash at bank and on hand, making reference to the holding and fluctuation of the carrying amount of cash at bank and on hand over periods in recent years, based on the forecast of the company's cash flows for future years and interviews with management, and taking into account the relevant forecasted working capital items, a prudent approach has been adopted and an average of three months' cash payment costs is determined as the minimum cash balance for each future year. The amount by which the carrying amount of cash at bank and on hand exceeds this minimum cash balance is treated as surplus assets.

For other items, the valuation professionals analyzed the movements in working capital from 2022 to the benchmark date, and determined the historical turnover ratios based on the proportional relationship with relevant items in the income statement. Subsequently, the amounts of operating assets or liabilities were determined by dividing the forecasted amounts of the income statement items reflected therein by the company's historical average turnover rate. Upon entering the terminal period, the enterprise reaches a steady state, and the change in working capital is nil. The increase in working capital is set out in the table below:

Unit: RMB '0000

Item	2025	2026	2027	2028	2029	2030	Perpetual period
Minimum cash balance	3,413.50	4,269.13	3,151.46	2,563.88	3,202.37	3,415.68	3,390.55
Current assets							
Inventories	6.59	6.09	5.74	4.59	4.30	4.30	4.27
Notes and accounts receivables	4,049.77	3,835.87	3,679.75	3,086.26	3,204.35	3,065.71	3,045.92
Prepayments	215.96	199.38	188.09	150.43	140.96	140.96	139.85
Current liabilities							
Notes and accounts payables	807.68	745.66	703.43	562.58	527.17	527.17	523.04
Employee benefits payable	1,253.68	1,164.85	1,102.55	901.26	848.98	849.06	842.63
Taxes payable	92.65	87.76	84.18	70.61	73.31	70.14	69.68
Working capital	**5,531.81**	**6,312.20**	**5,134.87**	**4,270.71**	**5,102.52**	**5,180.29**	**5,145.23**
Increase in working capital	**-1,333.54**	**780.39**	**-1,177.33**	**-864.17**	**831.82**	**77.77**	**-35.05**

13. After-tax Interest

As the enterprise has no loans, there is no after-tax interest.

14. Liquidation Value

As the income period of the enterprise is infinite, there is no need to calculate the liquidation value.

(VI) Determination of the discount rate r

1. Determination of the cost of equity capital K_e

(1) Determination of the risk-free rate of return R_f

The yield on government bonds is generally considered risk-free, because the risk of holding such debt claims to maturity without being honored is very small and can be deemed negligible. According to the information disclosed by the Hithink RoyalFlush information system, the annualized yield to maturity of 10-year government bonds as at the Valuation Benchmark Date was 2.91%. In this valuation report, 2.91% is adopted as the risk-free rate of return. The details are shown in the following table:

Security Code	Security Name	Yield To Maturity [Transaction Date] 20250731 [Unit] %	Remaining Term (Years) [Date] 20250731
070006. IB	07 Government Bond 06	1.50	11.79
080006. IB	08 Government Bond 06	1.49	12.77
080020. IB	08 Government Bond 20	1.67	13.23
090005. IB	09 Interest-bearing Government Bond 05	1.70	13.69
090025. IB	09 Interest-bearing Government Bond 25	1.96	14.21
090030. IB	09 Interest-bearing Government Bond 30	3.10	34.33
100003. IB	10 Interest-bearing Government Bond 03	1.70	14.58
100014. IB	10 Interest-bearing Government Bond 14	2.25	34.81
...	...	...	...
...	...	...	...
...	...	...	...
...	...	...	...

Security Code	Security Name	Yield To Maturity [Transaction Date] 20250731 [Unit] %	Remaining Term (Years) [Date] 20250731
100040. IB	10 Interest-bearing Government Bond 40	1.74	15.36
110005. IB	11 Interest-bearing Government Bond 05	1.60	15.57
110012. IB	11 Interest-bearing Government Bond 12	2.17	35.82
102235. SZ	Government Bond 2307	3.27	47.65
102237. SZ	Government Bond 2309	2.00	27.71
102251. SZ	Government Bond 2323	1.95	28.21
102263. SZ	Government Bond 2407	1.95	48.65
102292. SZ	Government Bond 2502	1.92	29.46
Average		2.91	27.94

(2) Determination of the market risk premium RPm

A. Selection of the index to measure the stock market RPm: To estimate the return on investment of the stock market, it is first necessary to determine an index that measures the fluctuations and changes of the stock market. Currently, there are many indices in the Shanghai and Shenzhen markets in China. The Valuer selected the CSI 300 Index as the indicator for the investment return of the A-share market.

B. Selection of the index period: The specific time frame selected for the index in this valuation is from 2015 to 2024.

C. Index constituent stocks and data collection thereof

As the constituent stocks of the CSI 300 Index change annually, the valuation professionals adopted the constituent stocks of the CSI 300 Index as at the end of each year. To simplify the calculation process of this valuation, the valuation professionals utilized the data system of the Hithink RoyalFlush financial terminal to select the closing transaction price of the constituent stocks at the end of each year as the foundational data for calculation. As the returns on the constituent stocks should include the returns generated from annual dividend payouts, interest distributions and bonus share issues, the year-end closing prices of the constituent stocks selected by the valuation professionals are the backward-adjusted year-end closing prices that incorporate the returns generated from such annual dividend payouts, interest distributions and bonus share issues, so as to comprehensively reflect the return status of each constituent stock in each year.

D. There are two methods for calculating the annual rate of return, namely the arithmetic average and the geometric average. As the geometric average rate of return can better reflect the long-term trend of the return on the stock market, we adopt the geometric average rate of return as the risk rate of return for the domestic stock market. The formula is as follows:

$$C_i = \sqrt[i]{\frac{P_i}{P_0}}$$

Where: — Geometric rate of return of the stock market in year i

P_i — Year-end closing price in year i (restored price)

E. Estimation of the risk-free rate of return Rf_i at the end of each year during the calculation period

To estimate the RPm for each year, it is necessary to estimate the risk-free rate of return Rf_i at the end of each year during the calculation period. In this valuation, the valuation professionals adopt the yield to maturity of government bonds as the risk-free rate of return. The selection criterion for the samples is government bonds with a remaining term to maturity exceeding ten years at the end of each year. Ultimately, the average yield to maturity of all selected government bonds is taken as the risk-free rate of return Rf_i at the end of each year.

F. Through the above calculation and analysis, the geometric average rate of return of the constituent stocks of the CSI 300 Index for each year is obtained. The weighted average of the geometric average rates of return of all constituent stocks is taken as the stock market rate of return for each year, which is then compared with the risk-free rate of return for each year to derive the RPm of the stock market for each year. The calculated market risk premium RPm of the domestic stock market is 6.12%.

(3) Determination of the systematic risk coefficient β

β is an indicator measuring the systematic risk of the company. In this valuation, as the appraised company is an unlisted company, we are unable to directly obtain its β value; therefore, we need to indirectly determine the beta value through an analysis of domestic listed companies within the same industry.

The business scope of the appraised company is a highway passenger transport enterprise. By inquiring through the Hithink RoyalFlush financial terminal, the valuation professionals selected listed companies in the A-share market whose business directions are relatively close to that of the appraised entity. Using the Hithink RoyalFlush calculator, the unlevered βu values and capital structures D/E of these companies as at the Valuation Benchmark Date were calculated. The average value thereof is adopted as the reference value for the appraised entity. The calculation formula is as follows:

$$\beta_L = [1 + (1 - T) \times \frac{D}{E}] \times \beta_U$$

Where: β_L is the levered Beta

β_U is the unlevered Beta

T is the income tax rate currently executed by the target enterprise

D/E is the capital structure of the target enterprise

The selection criteria for the parameters of the listed companies are as follows:

Sector name	Public transport
Number of securities	7
Target index	CSI 300
Calculation period	Weekly
Time range	
From	20220731
To	20250731
Return calculation method	Ordinary rate of return
Weighting method	Arithmetic average

The calculation results are shown in the following table:

Stock Code	Name of Comparable Company	Interest-Bearing Debts (D)	Debt Ratio	Fair Market Value of Equity (E)	Equity Value Ratio	Unlevered Beta	Income Tax Rate (T)
002357. SZ	Fulin Transport (富臨運業)	78,988.17	19.02%	336,373.74	80.98%	0.7075	25%
600561. SH	Jiangxi Changyun (江西長運)	203,243.58	51.72%	189,746.03	48.28%	0.5895	25%
603069. SH	Haiqi Group (海汽集團)	117,786.39	14.98%	668,656.00	85.02%	0.9832	25%
600650. SH	Jinjiang Online (錦江在線)	55,147.12	7.21%	709,593.99	92.79%	0.7872	25%
Average Unlevered Beta of comparable companies						0.7669	
Average capital structure of comparable companies			23.23%		76.77%		25.00%

That is, the Unlevered βu of the appraised entity is 0.7669.

The appraised entity has no interest-bearing debts, therefore, the systematic risk coefficient β = βu = 0.7669.

The systematic risk coefficient β with financial leverage (levered β) of the appraised entity =βu×[1+(1-T)×D/E]=0.7669×[1+(1-25%)×0%]=0.7669.

This valuation does not consider the impact of liquidity on the value of the valuation target.

(4) Determination of the specific risk adjustment coefficient R_c of the enterprise:

The specific risk adjustment coefficient of the enterprise represents non-systematic risk, which is the risk return required due to the specific factors of the appraised entity. The influencing factors mainly include the operating stage of the enterprise, historical operation performance, the development stage of the main products, the distribution of operations, products and regions of the enterprise, the internal management and control mechanisms of the company, the experience and qualifications of management personnel, the enterprise scale, the reliance on major customers and suppliers, financial risks, and legal, environmental protection and other risks. Compared with listed companies in the same industry, after a comprehensive consideration of the enterprise scale, policy impacts, management quality, competitive position in the industry and other factors of the appraised entity, the specific risk adjustment coefficient of the enterprise is determined to be 2.0%.

No.	Content	Description	Value Range (%)			Value (%)
1	Historical operation performance	The income from main operations, cost of main operations, net profit, sales profit margin, per capita profit margin, etc. after the establishment of the enterprise	Profit	Marginally profit	Loss	0.5
			0-0.2	0.3-0.6	0.7-1	
2	Financial risks of the enterprise	External borrowings, external investments, etc. of the enterprise	Lower	Moderate	Higher	0.1
			0-0.2	0.3-0.6	0.7-1	
3	Internal management and control mechanisms of the enterprise	Including personnel management system, financial management system, project management system, internal audit system, etc.	Highly sound	Average	Imperfect	0.2
			0-0.2	0.3-0.6	0.7-1	
4	Experience and qualifications of management personnel	Working time, working experience, educational background, continuing education level, etc. of management personnel at all levels of the enterprise	Abundant	Moderate	Deficient	0.2
			0-0.2	0.3-0.6	0.7-1	
5	Reliance on major customers and suppliers	Degree of reliance on major customers and suppliers	Independent	Relatively reliant	Completely reliant	1
			0-0.2	0.3-0.6	0.7-1	
Total						2

(5) Determination of the cost of equity capital K_e

$K_e=R_f+\beta\times RPm+R_c=2.91\%+0.7669\times6.12\%+2.0\%=9.60\%$。

2. Determination of the cost of debt capital K_d

The cost of debt capital K_d is determined based on the 5-year Loan Prime Rate (LPR) of 3.5%. Therefore, the cost of debt capital K_d = 3.5%.

3. Determination of the weighted average cost of capital WACC

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

$=9.60\%\times100.00\%+3.5\%\times0.00\%\times(1-25\%)$

$=9.60\%$

(VII) Calculation process and results of the appraised value

1. Appraised value of operating assets

By substituting the above data into the formula for calculation, the present value of the free cash flow of the enterprise can be obtained. The specific results are shown in the table below:

Unit: RMB'0000

Item	Projected Data for Future Years						
	August to December 2025	2026	2027	2028	2029	2030	Perpetual Period
I. Operating income	8,096.21	19,433.66	18,642.68	15,635.89	16,234.20	15,531.81	15,431.51
Less: Operating costs	7,605.39	18,039.76	17,018.21	13,610.54	12,753.79	12,753.84	12,653.89
Less: Business taxes and surcharges	52.38	124.58	120.11	104.78	107.83	104.24	103.73
Less: Selling expenses	–	–	–	–	–	–	–
Less: Administrative expenses	828.77	1,540.80	1,514.98	1,539.15	1,517.17	1,518.33	1,510.28
Less: Finance costs	-1.70	-5.00	-5.00	-5.00	-5.00	-5.00	-5.00
Less: Research and development expenses	–	–	–	–	–	–	–
Add: Other income	469.70	709.57	464.33	52.98	–	–	–
II. Operating profit	81.07	443.09	458.71	439.40	1,860.41	1,160.39	1,168.61
Add: Non-operating income	–	–	–	–	–	–	–

Item	Projected Data for Future Years						
	August to December 2025	2026	2027	2028	2029	2030	Perpetual Period
Less: Non-operating expenses	–	–	–	–	–	–	–
III. Total profit	81.07	443.09	458.71	439.40	1,860.41	1,160.39	1,168.61
Income tax expenses	20.27	110.77	114.68	109.85	465.10	290.10	292.15
IV. Net profit	60.80	332.32	344.04	329.55	1,395.31	870.29	876.46
Add: Depreciation and amortization	2,511.04	6,044.04	4,969.78	1,586.29	707.55	708.76	600.76
Add: Interest expenses (net of tax effect)	4.50	–	–	–	–	–	–
Less: Capital expenditure	1,218.58	1,131.50	1,388.48	526.15	6.51	217.38	749.36
Less: Additional investment in working capital	-1,333.54	780.39	-1,177.33	-864.17	831.82	77.77	–
V. Free cash flow	2,691.30	4,464.47	5,102.66	2,253.85	1,264.54	1,283.91	727.85
Period	0.21	0.92	1.92	2.92	3.92	4.92	5.92
Discount rate	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%	9.60%
Discount factor	0.9811	0.9194	0.8389	0.7654	0.6984	0.6372	6.6373
VI. Present value of free cash flow	2,640.39	4,104.66	4,280.49	1,725.09	883.09	818.09	4,831.01
VII. Total present value of free cash flow							19,282.82

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

Operating assets mainly refer to assets held by an enterprise for profit-making purposes which actually possess profitability; non-operating assets refer to assets that make no contribution to the formation of the enterprise's profitability or even weaken the profitability of the enterprise; surplus assets can be understood as assets that are not essential for the continuous operation of the enterprise, such as surplus funds.

Non-operating assets of the company: other receivables, other current assets, deferred income tax assets; non-operating liabilities: other payables.

Surplus assets mainly refer to cash at bank and on hand that exceeds the daily operational requirements. The calculation process is: cash at bank and on hand 9,039.39 – cash on hand for the next three months 3,413.44 = 56.26 million (rounded)

For the above-mentioned non-operating assets (net) and surplus assets (net), their values are determined based on the appraised values of the corresponding assets under the asset-based approach. The details are shown in the table below:

No.	Item	Carrying Amount	Appraised Value	Remarks
I	**Surplus assets**	**5,626.00**	**5,626.00**	
1	Idle cash at bank and on hand	5,626.00	5,626.00	
II	**Non-operating assets**	**2,022.25**	**2,022.25**	
1	Other receivables	812.59	812.59	Mainly includes deposits, guarantees, etc., details are shown in the table below
2	Other current assets	437.30	437.30	Entirely, details are shown in the Verification Schedule of Asset Valuation Under the Asset-Based Approach (《資產基礎法評估結果明細表》)
3	Deferred tax assets	772.35	772.35	Entirely, details are shown in the Verification Schedule of Asset Valuation Under the Asset-Based Approach (《資產基礎法評估結果明細表》)
III	**Non-operating liabilities**	**14,417.45**	**14,417.45**	
1	Other payables	14,417.45	14,417.45	Mainly includes deposits, guarantees, etc., details are shown in the table below
Total of surplus assets and non-operating net assets		**-6,769.21**	**-6,769.21**	

Among which, the details of other receivables under non-operating assets are as follows:

Name of Debtor (Settlement Object)	Nature of Business	Carrying balance (RMB'0000)	Appraised Value (RMB'0000)
Foshan Public Transport Management Co., Ltd. Chancheng Branch (佛山市公共交通管理有限公司禪城分公司)	Deposit and guarantee	26.82	26.82
Hydropower Group of Cunwei Management Area, Zhangcha Town, Shiwan District, Foshan City (佛山市石灣區張槎鎮村尾管理區水電組)	Deposit	0.20	0.20
Mai Guiming (Room 403, Block B, Baihui Plaza, Wenchang Road) (麥桂明(文昌路百匯廣場 B 座 403 房))	Deposit	0.44	0.44
Foshan Chancheng District Water Conservancy Investment and Construction Co., Ltd. (佛山市禪城區水利投資建設有限公司)	Deposit	47.81	47.81
Foshan Sunshine Home Community Service Co., Ltd. (佛山市陽光家園社區服務有限公司)	Deposit	0.72	0.72

Name of Debtor (Settlement Object)	Nature of Business	Carrying balance (RMB'0000)	Appraised Value (RMB'0000)
Guangdong Foshan Anongwan Agricultural Technology Co., Ltd. (廣東佛山阿農灣農業科技有限公司)	Deposit	9.41	9.41
Foshan Nanhai District Foshan West Station Hub Operation and Management Co., Ltd. (佛山市南海區佛山西站樞紐運營管理有限公司)	Deposit	2.00	2.00
Foshan Chancheng District Beinengda Office Equipment Business Department (佛山市禪城區倍能達辦公設備經營部)	Deposit	0.20	0.20
Jiaobian Joint Stock Economic Cooperation Union, Zumiao Subdistrict, Chancheng District, Foshan City (佛山市禪城區祖廟街道郊邊股份經濟合作聯合社)	Deposit	12.65	12.65
Zheng Rouzhong (鄭柔重)	Employee petty cash	0.50	0.50
Cai Jinqing (蔡錦慶)	Employee petty cash	0.50	0.50
Pang Yingsha (龐穎莎)	Employee petty cash	1.00	1.00
Wang Xiaoguang (王曉光)	Employee petty cash	7.00	7.00
Zeng Rongshuo (曾容碩)	Employee petty cash	1.69	1.69
No-fault accident compensation	No-fault accident compensation	3.19	3.19
Employee social security and provident fund (personal)	Employee social security and provident fund (personal)	2.94	2.94
Guangdong Province Automobile Transport Group Co., Ltd. (廣東省汽車運輸集團有限公司)		695.53	695.53
Total		812.59	812.59

Among which, the details of other payables under non-operating liabilities are as follows:

Account Name (Settlement Object)	Nature of Business	Carrying Value (RMB'0000)	Appraised Value (RMB'0000)
Guangdong Province Automobile Transport Group Co., Ltd. (廣東省汽車運輸集團有限公司)	Current accounts	27.04	27.04
Cai Zhiyong (蔡志勇)	Deposit	0.08	0.08
Receipts and payments on behalf of others	Current accounts	1.04	1.04
Liu Zhouping (劉周平) (Chengxi Warehouse)	Deposit	0.10	0.10
Foshan Qudao Investment Co., Ltd. (佛山市渠道投資有限公司)	Deposit	0.20	0.20
Temporary payments	Current accounts	0.64	0.64
China Post Group Co., Ltd. Foshan City District Branch (中國郵政集團有限公司佛山市城區分公司)	Current accounts	0.01	0.01
Guangdong Zhuozheng Construction Engineering Co., Ltd. (廣東卓正建設工程有限公司)	Project bidding deposit	1.00	1.00
Foshan Public Transport Co., Ltd. (佛山市公共交通有限公司)	Refund of paid-in capital to shareholder, current accounts	6,869.32	6,869.32
Guangdong Longteng Construction Engineering Co., Ltd. (廣東隆騰建設工程有限公司)	Project bidding deposit	1.00	1.00
Guangdong Yueyun Transportation Company Limited (廣東粵運交通股份有限公司)	Refund of paid-in capital to shareholder	7,140.00	7,140.00
Foshan Public Transport Management Co., Ltd. Chancheng Branch (佛山市公共交通管理有限公司禪城分公司)	Current accounts	359.11	359.11
Foshan Huitongda Construction Engineering Co., Ltd. (佛山市匯通達建設工程有限公司)	Project bidding deposit	1.00	1.00

Account Name (Settlement Object)	Nature of Business	Carrying Value (RMB'0000)	Appraised Value (RMB'0000)
Qu Di (瞿迪)	Deposit	3.08	3.08
Li Xuexian (李學賢)	Deposit	0.01	0.01
Li Murong (黎木榮)	Current accounts	0.70	0.70
Jiang Renhui (江仁輝)	Deposit	0.01	0.01
Xie Ying (謝瑩)	Deposit	0.10	0.10
Zhang Hong (張宏)	Deposit	0.01	0.01
Zhang Wen (張文)	Deposit	0.01	0.01
Collections and payments on behalf of others	Collections and payments on behalf of others	8.94	8.94
Employee social security and provident fund (personal)	Collections and payments on behalf of others	4.04	4.04
Total		14,417.45	14,417.45

3. Appraised value of interest-bearing debts

As at the Valuation Benchmark Date, the enterprise has no loans and no interest-bearing debts.

4. Value of long-term investments

The enterprise has no long-term equity investments.

5. Calculation of total equity value of shareholders

Value of shareholders' equity = Value of operating assets + Non-operating assets + Value of surplus assets – Non-operating liabilities – Value of interest-bearing debts + Value of long-term investments

＝19,282.82 + 2,022.25 + 5,626.00－14,417.45－0.00 +0.00

＝RMB125.1361 million

(VIII) Sensitivity analysis

Assuming that factors such as revenue, costs, gross profit margin, period expenses, and working capital remain unchanged, the sensitivity analysis of the appraised value by varying the discount rate is as follows:

If the discount rate increases by 1%, the appraised value will decrease by RMB8.7143 million, and the adjusted appraised value will be RMB116.4218 million, representing a decrease of 7.49%;

If the discount rate decreases by 1%, the appraised value will increase by RMB10.4261 million, and the adjusted appraised value will be RMB135.5622 million, representing an increase of 7.69%;

If the discount rate increases by 0.5%, the appraised value will decrease by RMB4.5401 million, and the adjusted appraised value will be RMB120.5960 million, representing a decrease of 3.76%;

If the discount rate decreases by 0.5%, the appraised value will increase by RMB4.9646 million, and the adjusted appraised value will be RMB130.1007 million, representing an increase of 3.82%.

III. APPRAISAL CONCLUSION

We have performed the statutory and necessary asset valuation procedures in accordance with the relevant national laws, regulations, rules, and valuation standards regarding asset valuation, and the principles on independence, fairness, scientificity, and objectivity. By adopting the asset-based approach and the income approach, we have conducted on-site inspections, market research, inquiries, and valuation calculations on the assets of Foshan Yueyun included in the scope of valuation, and conducted appraisal on the total value of the shareholders' equity of the appraised unit. On the ground that the valuation assumptions are established, we have reached the following valuation conclusion regarding the total shareholders' equity of Foshan Yueyun as at the Valuation Benchmark Date of 31 July 2025:

(I) Appraisal conclusion under asset-based approach

The book value of the owner's equity amounted to RMB124,549,512.04, with the appraised value of RMB126,894,295.97, and the appraised appreciation amounted to RMB2,344,783.93 with the appreciation rate of 1.88%. Details of the appraisal results are set out in the table below:

Consolidated Table of the Asset Appraisal Conclusion

Unit: RMB

Items		Book value	Appraised value	Amount of depreciation or appreciation	Appreciation rate%
		A	B	C=B-A	D=C/A×100%
Current assets	1	137,159,170.79	137,163,635.79	4,465.00	0.00
Non-current assets	2	172,959,003.29	175,299,322.22	2,340,318.93	1.35
Including: Long-term equity investments	3	–	–	–	
Investment properties	4	–	–	–	
Fixed assets	5	142,766,541.87	141,158,970.64	-1,607,571.23	-1.13
Construction in progress	6	–	–	–	
Oil and gas assets	7	–	–	–	
Right-of-use assets	8	2,724,268.19	2,724,268.19	–	–
Intangible assets	9	19,744,649.84	23,692,540.00	3,947,890.16	19.99
Including: Land use rights	10	19,374,866.29	23,329,950.00	3,955,083.71	20.41
Other non-current assets	11	7,723,543.39	7,723,543.39	–	–
Total assets	12	310,118,174.08	312,462,958.01	2,344,783.93	0.76
Current liabilities	13	168,678,912.11	168,678,912.11	–	–
Non-current liabilities	14	16,889,749.93	16,889,749.93	–	–
Total liabilities	15	185,568,662.04	185,568,662.04	–	–
Owners' equity	16	124,549,512.04	126,894,295.97	2,344,783.93	1.88

Namely, as at the Valuation Benchmark Date, the book value of the net assets corresponding to the 51% equity interest in Foshan City Yueyun Public Transportation Co., Ltd. proposed to be transferred by Guangdong Yueyun Transportation Company Limited amounted to RMB63,520,251.14 with the appraised value of RMB64,716,090.94, and the appraised appreciation amounted to RMB1,195,839.80 with the appreciation rate of 1.88%.

(II) Appraisal conclusion under income approach

As at the Valuation Benchmark Date of 31 July 2025, the appraised value of the total shareholders' equity of Foshan Yueyun appraised by adopting the income approach amounted to RMB125,136,100.00. Compared to the book value of the owner's equity of RMB124,549,512.04, the appraised appreciation amounted to RMB586,587.96 with the appreciation rate of 0.47%.

Namely, as at the Valuation Benchmark Date, the book value of the net assets corresponding to the 51% equity interest in Foshan City Yueyun Public Transportation Co., Ltd. proposed to be transferred by Guangdong Yueyun Transportation Company Limited amounted to RMB63,520,251.14 with the appraised value of RMB63,819,400.00, and the appraised appreciation amounted to RMB299,159.86 with the appreciation rate of 0.47%.

(III) Selection of appraisal conclusion

The difference between the appraisal results under the income approach and the asset-based approach amounted to RMB896,679.94 (calculated based on the 51% shareholding ratio), representing a difference rate of 1.39%. A detailed analysis of the reliability and reasonableness of the appraisal results of the two approaches is set out below:

The asset-based approach evaluates the enterprise value from the perspective of asset replacement by appraising the value of each individual asset and taking into account the relevant liabilities. The income approach evaluates the enterprise value from the perspective of determining the profitability of the assets by capitalizing or discounting the expected income of the appraised unit.

The asset-based approach reflects the fair market value of the assets from the perspective of asset replacement. Taking into account the condition of this appraisal, the appraised unit has provided detailed information relating to its assets and liabilities, and the assets and liabilities of the appraised unit were thoroughly counted and evaluated in this appraisal. Based on the calculations using the future annual forecast data provided by the appraised unit, the difference between the valuation results under the income approach and the asset-based approach is relatively small.

The appraised unit belongs to the urban public transport industry, and its future development is significantly influenced by the economic environment, industry development, corporate operations and management, as well as the effective utilization of assets. Meanwhile, the operating revenue of the appraised unit is primarily derived from the Foshan Chancheng District Public Transportation Route Operation Service Contract (《佛山市禪城區公交線路運營服務合同》) entered into with Foshan Public Transport Management Co., Ltd. (佛山市公共交通管理有限公司) in 2021, with an operation period of 8 years. Route arrangements, transport capacity, the ratio of operating vehicles to spare vehicles, vehicle types, vehicle lengths, and quantities are all directed by the government, which introduces a certain degree of uncertainty into the realization of the revenue projected under the income approach in this valuation. The asset-based approach is relatively more solid. For this appraisal, the adoption of an appropriate valuation method for the appraised unit to analyze and determine the valuation results reflects the value of the enterprise's assets as at the Valuation Benchmark Date; On the other hand, the asset-based approach fundamentally and objectively reflects the market value of the appraised unit at its current scale from the perspective of asset formation, and provides the most fundamental reference basis of the enterprise acquisition and construction cost value in respect of the equity transfer. Selecting the appraisal results under the asset-based approach could lay a foundation for the future corporate operations and the achievement of profit targets of the appraised unit. Based on the above analysis, we consider that the appraisal results under the asset-based approach in this appraisal can better provide a reasonable reference basis of value for the purpose of this valuation, and the appraisal conclusion under the income approach serves merely as a verification of the valuation conclusion under the asset-based approach.

In view of the above, the asset-based approach is adopted as the definitive appraisal conclusion for this appraisal.

As at the Valuation Benchmark Date, the book value of the owner's equity of Foshan Yueyun amounted to RMB124,549,512.04, with appraised value of RMB126,894,295.97, and the appraised appreciation amounted to RMB2,344,783.93, with the appreciation rate of 1.88%.

Namely, as at the Valuation Benchmark Date, the book value of the net assets corresponding to the 51% equity interest in Foshan City Yueyun Public Transportation Co., Ltd. (佛山市粵運公共交通有限公司) proposed to be transferred by Guangdong Yueyun Transportation Company Limited amounted to RMB63,520,251.14 with the appraised value of RMB64,716,090.94, the appraised appreciation amounted to RMB1,195,839.80 with the appreciation rate of 1.88%.

This appraisal has not taken into account any premium or discount that may arise from the control or lack of control, and has solely calculated the value of the partial equity interest based on the product of the total value of the shareholders' equity and the proportion of the equity interest to be transferred, nor has it considered the impact of the liquidity discount on the value of the shareholders' equity. No tax adjustments have been made to the appraisal results in respect of the appraised appreciation of assets.

(IV) Analysis of reasons for amount of depreciation or appreciation in the appraisal

1. Analysis of reasons for appreciation in inventories

A portion of the raw materials recorded in the accounts are spare parts dismantled from scrapped vehicles, and were therefore booked into inventory at nil value. As such parts can function properly, they carry certain value, resulting in an appraised appreciation.

2. Fixed assets – Analysis of reasons for amount of depreciation in buildings and constructions

The appraised depreciation of buildings and structures was mainly attributable to the impairment of the Anthony office building (安東尼辦公樓): ①the economic growth is currently slowing down, and the real estate market is in a downturn, thus property prices are experiencing an overall decline; ②enterprises are less inclined to expand, lowering the demand for office space, while the supply of office buildings is excessive, leading to a supply-demand imbalance in the market; ③the properties of the appraised target are aging with outdated supporting facilities, and its geographic location is distant from the urban commercial centers, lacking the locational advantages of office real estate.

3. Intangible assets – Analysis of reasons for amount of depreciation in land use rights

Intangible assets - the appraised depreciation of land use rights was primarily attributable to the sluggish real estate market, shrinking land demand, and the continuous decline in transaction prices of comparable land parcels, which consequently resulted in the depreciation of the appraised net value.

4. Fixed assets – Analysis of reasons for amount of depreciation or appreciation in equipment assets

Decrease in the appraised net value of vehicles is primarily due to the rapid replacement cycle of vehicles. The market depreciation of second-hand vehicles exceeds the depreciation provided by enterprises, thereby resulting in the decrease in the appraised net value of the vehicles.

The increase in the appraised net value of machinery and equipment and electronic equipment is mainly due to the difference between the depreciation period adopted by the enterprise and the economic useful life adopted in the appraisal, resulting in the appreciation in the appraised net value.

5. Analysis of reasons for appreciation in other intangible assets

The carrying value of other intangible assets represents the balance after amortization provided by the enterprise based on the acquisition value and their estimated useful lives. The primary reason for the appreciation in the appraised value of other intangible assets is the difference between the depreciation period adopted by the enterprise and the economic useful life adopted in the appraisal.

IV. EXPLANATIONS ON SPECIAL MATTERS

The following matters are beyond the professional competence and capability of the valuer of the Company to assess and estimate. However, such matters may indeed affect the valuation conclusions. Users of this valuation report should pay special attention to the following:

(I) Citation of the conclusions of reports issued by other institutions and the assumption of relevant liability for improper application

Guangdong Zhongzhixin Certified Public Accountants LLP conducted a special audit on the appraised entity as at the Valuation Benchmark Date of 31 July 2025, and issued the "Special Audit Report on Asset Clearance and Capital Verification" (Zhongzhixin Shen Zhuan Zi (2025) No. 2233) (《清產核資專項審計報告》(中職信審專字(2025)第2233 號)). This valuation was conducted on the basis of the aforementioned special audit report, and has cited the said report. At the same time, Guangdong Zhongzhixin Certified Public Accountants LLP audited the financial statements of the appraised entity for the year 2023 (including the opening balances for 2022), the year 2024 and the period from January to July 2025, and issued the "Audit Report on Financial Statements for the Period from 1 January 2023 to 31 July 2025" (Zhongzhixin Shen Zhuan Zi (2025) No. 2274) (《2023 年 1 月 1 日至 2025 年 7 月 31 日財務報表審計報告》(中職信審專字(2025)第 2274 號)). The historical annual financial data used in this valuation cited the data from the "Audit Report on Financial Statements for the Period from 1 January 2023 to 31 July 2025" (《2023 年 1 月 1 日至 2025 年 7 月 31 日財務報表審計報告》). The valuation professionals cited, analyzed, and evaluated the data of the relevant financial statements in accordance with the valuation methods adopted. Accordingly, the valuation professionals involved in this valuation assume the relevant liability for improper application. However, it is not the responsibility of the valuation professionals to express a professional opinion on whether the relevant financial statements give a true and fair view of the financial position as at the Valuation Benchmark Date.

(II) Circumstances where key information such as title is incomplete or defective

Due to historical legacy issues, the property ownership certificates for the Chengxi maintenance workshop and office building among the real estate assets have not yet been obtained. According to the "Explanation on the Property Ownership of Chengxi Maintenance Workshop and Office Building" (《關於城西維修車間及辦公樓產權説明》) provided by the client, the assets under valuation are owned by the appraised entity, Foshan City Yueyun Public Transportation Co., Ltd. (佛山市粵運公共交通有限公司), and there is no dispute regarding ownership. The gross floor area for this valuation is determined based on the said "Explanation on Property Rights" (《產權説明》).

(III) Circumstances of incomplete valuation information

The asset appraisers have not found any circumstance where the appraised entity failed to provide other key information.

(IV) Circumstances regarding limitation on valuation procedures, remedial measures taken by the valuation agency, and the impact on the valuation conclusion

The valuation professionals have implemented necessary valuation procedures such as inventory and verification, market investigation, as well as assessment and estimation. There are no circumstances regarding limitation on valuation procedures.

(V) Pending legal, economic and other outstanding matters existing as at the Valuation Benchmark Date

The appraised entity does not have any material pending legal, economic or other matters.

(VI) Mortgages, guarantees, leases and contingent liabilities (or contingent assets)

1. The appraised entity has the following lease arrangements

(1) Status as lessee

The appraised entity has leased two parcels of land for use as bus parking lots, and one underground parking space for the parking of business vehicles. The details are as follows:

No.	Name	Type	Area or number of parking spaces	Lease term	Commencement date	Expiry date	Remarks	Lessor
1	Lease of parking spaces at Anthony Building (安東尼大廈停車位租賃)	Real estate	20 parking spaces	20 years	1 July 2015	30 June 2035	20 parking spaces numbered 028 to 047. The total rent per parking space is RMB108,000, and the total rent for all parking spaces is RMB2,160,000. The payment method is a one-off payment.	Foshan Anthony Knitting Co., Ltd. (佛山市安東尼針織有限公司)

No.	Name	Type	Area or number of parking spaces	Lease term	Commencement date	Expiry date	Remarks	Lessor
2	Site lease for new energy bus parking and maintenance depot (Chengdong) (新能源公交停車、保養場(城東)場地租賃)	Land use rights	25,704.62 sq.m.	2 years	1 March 2024	28 February 2026	The rent for the first year is RMB9.32/ sq.m. per month, i.e., an annual rent of RMB2,874,804.72; from the second year onwards, the rent increases by 6% annually, and the rent for the second year is RMB3,047,293. Rent is payable semi-annually.	Foshan Chancheng District Water Conservancy Investment and Construction Co., Ltd. (佛山市禪城區水利投資建設有限公司)
3	Land lease for Anongwan parking lot (阿農灣停車場土地租賃)	Land use rights	5,090 sq.m.	1 year	7 August 2025	6 August 2026	The tax-inclusive unit price of rent is RMB9.24, and the monthly rent is RMB47,031, payable monthly.	Guangdong Foshan Anongwan Agricultural Technology Co., Ltd. (廣東佛山阿農灣農業科技有限公司)

(2) Status as lessor

None.

2. The valuer has not been informed, nor did they discover during the on-site due diligence, of any external guarantees, mortgages or other similar matters of the appraised entity. In addition, the potential impact of any possible guarantee liabilities, mortgages, or other factors of the property rights holder on the valuation conclusion was not considered during the valuation.

(VII) Matters occurring between the Valuation Benchmark Date and the date of the valuation report which may affect the valuation conclusion

Up to the date of issuance of this report, the valuer has not been informed of, nor has it discovered, any defective circumstances that would have a material impact on the valuation conclusion.

(VIII) Defective circumstances in the economic activities associated with this valuation which may have a material impact on the valuation conclusion

Up to the date of issuance of this report, the valuer has not been informed of, nor have they discovered, any defective circumstances that would have a material impact on the valuation conclusion.

(IX) Other matters requiring explanation

1. The on-site inspection conducted by the valuer on the valuation targets during the process of valuation was merely a general inspection, and no professional technical testing was performed. The assets under valuation were appraised on the assumption of normal usage. The client and the appraised entity shall be solely responsible for any impact arising therefrom on the value of the subject assets.

2. The valuation conclusion objectively and fairly reflects the value of the assets as at the Valuation Benchmark Date. In the event of any significant event occurring subsequent to the Valuation Benchmark Date, this valuation conclusion cannot be applied directly. If, during the validity period of the valuation report following the Valuation Benchmark Date, there are changes in the quantity of assets or pricing standards, adjustments shall be made in accordance with the following principles: (1) where there is a change in the quantity of assets, the value of the assets shall be adjusted accordingly using the original valuation methodology; (2) where there is a change in pricing standards that has a significant impact on the valuation results, the client shall promptly engage a qualified asset valuation firm to re-determine the valuation.

3. Pursuant to the "Resolutions of the 2025 Third Shareholders' Meeting of Foshan City Yueyun Public Transportation Co., Ltd." (《佛山市粵運公共交通有限公司 2025 年第三次股東會會議決議》) held on 15 July 2025, the matters resolved at the meeting are as follows: "It is agreed to reduce the registered capital of the enterprise from RMB218 million to RMB78 million. Among which, Guangdong Yueyun Transportation Company Limited (廣東粵運交通股份有限公司) contributed RMB39.78 million, representing 51% of the registered capital, and Foshan City Public Transportation Co., Ltd. (佛山市公共交通有限公司) contributed RMB38.22 million, representing 49% of the registered capital. The actual reduction in registered capital amounted to RMB140 million, with the reduced portion to be refunded in cash to the shareholder companies in instalments according to their original shareholding ratios, of which RMB71.40 million will be refunded to Guangdong Yueyun Transportation Company Limited and RMB68.60 million will be refunded to Foshan City Public Transportation Co., Ltd." As at the date of the valuation report, the approval and registration of the change had not yet been completed, and the latest business licence had not been obtained. In July 2025, the company had already accounted for this matter, adding two new items of other payables: which are RMB71.40 million payable to Guangdong Yueyun Transportation Company Limited and RMB68.60 million payable to Foshan City Public Transportation Co., Ltd., respectively. The capital reduction occurred before the realization of this economic activity, and the valuation conclusion has reflected the impact of this matter. Users of the report are particularly advised to take note of this.

Pursuant to the Foshan Chancheng District Public Transportation Route Operation Service Contract (《佛山市禪城區公交線路運營服務合同》), the government shall provide compensation based on the depreciation expenses for the vehicles and their ancillary facilities purchased by the enterprise for the operation services of public transport routes within the bid section during the contract period. Upon expiration of the operation service period, if the enterprise fails to secure the winning bid for the next round of public transport operation service tenders, the buses and public transport facilities for which depreciation provision has not been fully made upon the expiration of the operation service period shall be included in the scope of handover. Vehicles and public transport facilities for which depreciation has been fully accounted for and for which the operational service period is not extended shall be treated as scrapped upon handover. The enterprise shall properly handle the scrapping or other appropriate disposal of the vehicles within the timeframe required by Foshan Public Transport Management Co., Ltd. (佛山市公共交通管理有限公司), and the proceeds from scrapping and disposal shall belong to Party A. The machinery and electronic equipment mainly comprise 40 charging pile facilities and 1 server for pre-shift close-loop system project, and the vehicles involved consist of 728 operating buses. The appraised value in this valuation is determined based on the net book value confirmed after audit.

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.



立信会计师事务所(特殊普通合伙)
BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP

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

Xin Kuai Shi Bao Zi [2026] No. ZC10282
(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 (Hua Yi Zi Ping Zi (2025) No. 0153) (the "**Valuation**") dated 10 October 2025 prepared by Guangzhou Huayi Assets Appraisal Land Real Estate Appraisal Co., Ltd. in respect of the appraisal of the fair value of the 100% equity interests in Foshan City Yueyun Public Transportation Co., Ltd. ("**Foshan Yueyun**") as at 31 July 2025 is based. The Valuation is set out in Appendix I of the announcement of the Guangdong Yueyun Transportation Company Limited (the "**Company**") dated 20 May 2026 (the "**Announcement**") in connection with the disposal of 51% of equity interests in Foshan 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 ethical requirements of the China Code of Ethics for Certified Public Accountants (the "**Code**") and the independence requirements for audits of public interest entities in China Independence Standard for Certified Public Accountants No. 1 – Independence for Audit and Review Engagements. The Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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 Foshan 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
20 May 2026

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 51% Equity Interests in Foshan Yueyun

Reference is made to the announcement of the Company dated 20 May 2026 (the "**Announcement**") in relation to the disposal of the 51% equity interests in Foshan 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 Foshan 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 Foshan 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
20 May 2026