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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)**

## **SUPPLEMENTAL ANNOUNCEMENT PROFIT FORECAST IN RELATION TO DISCLOSEABLE TRANSACTION OF DISPOSAL OF EQUITY INTERESTS IN A SUBSIDIARY**

Reference is made to the announcement of Guangdong Yueyun Transportation Company Limited (the “**Company**”) dated 8 November 2023 (the “**Announcement**”) in respect of disposal of equity interest in a subsidiary of the Company. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

### **VALUATION APPROACHES AND PROFIT FORECAST**

As disclosed in the Announcement, Guangdong Qin Xin Guo Rong Asset Appraisal and Real Estate Appraisal Co., Ltd.\* (廣東勤信國融資產評估與房地產估價有限公司) (the “**Qin Xin Guo Rong**”) conducted valuation on the total shareholders’ equity of Zhaoqing Yueyun based on the asset-based approach as at the valuation benchmark date, and eventually adopted the appraisal results under the asset-based approach as the appraisal conclusion. As income approach has been adopted by Qin Xin Guo Rong as one of the valuation approaches in the process of forming the conclusion of the valuation, the valuation conducted under the income approach is deemed as a profit forecast (the “**Profit Forecast**”) under Rule 14.61 of the Listing Rules.

The assumptions upon which the Profit Forecast was based and which were required to be disclosed by the Company under Rule 14.62(1) of the Listing Rules are set out in the Appendix I of this announcement.

Pursuant to Rule 14.62(2) of the Listing Rules, BDO CHINA Shu Lun Pan Certified Public Accountants LLP (“**BDO**”), the auditor of the Company, was engaged by the Company to report on the calculations of the discounted future estimated cash flows used in the appraisal report compiled by Qin Xin Guo Rong and issue a letter (the “**Letter of BDO**”). The full text of the Letter of BDO is set out in the Appendix II of the announcement.

The Board has reviewed the assumptions used in the appraisal report compiled by Qin Xin Guo Rong in respect of the total shareholders’ equity of Zhaoqing Yueyun and has also considered the Letter of BDO. Having considered the above basis, the Board confirms that the Profit Forecast has been made after due and careful enquiry. The letter of the board in respect of the Profit Forecast disclosed by the Company under Rule 14.62(3) of the Listing Rules (the “**Letter of Board**”) is set out in the Appendix III of the announcement.

In order to facilitate shareholders' understanding of the arithmetic calculation process of the income approach (the “**Arithmetic Calculations of the Income Approach**”), the Company has extracted the relevant contents of the appraisal report and set out in the Appendix IV of the announcement.

## **EXPERT AND CONSENT**

The qualifications of the experts who have made statements in the Announcement and this announcement are set out as follows:

<b>Name</b>	<b>Qualification</b>
Guangdong Qin Xin Guo Rong Asset Appraisal and Real Estate Appraisal Co., Ltd.	independent valuer
BDO CHINA Shu Lun Pan Certified Public Accountants LLP	certified public accountant

Qin Xin Guo Rong and BDO have given and have not withdrawn their written consent to the issue of the Announcement and/or this announcement (as the case may be) with the inclusion of their reports and references to their name in the form and meaning in which they respectively appear.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Qin Xin Guo Rong and BDO are third parties independent of the Group and are not a connected person of the Group. As at the date of each of the Announcement and this announcement, Qin Xin Guo Rong and BDO had no shareholding interest, direct and indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the date of each of the Announcement and this announcement, Qin Xin Guo Rong and BDO did not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022 (being the date to which the latest published annual results of the Group were made up).

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

Guangzhou, the PRC  
27 December 2023

*As at the date of this announcement, the Board comprises Mr. Guo Junfa, Mr. Zhu Fang, Mr. Huang Wenban, Mr. Hu Xianhua and Mr. Hu Jian as executive directors of the Company, Mr. Chen Chuxuan as non-executive director of the Company, and Mr. Su Wujun, Ms. Huang Yuan, Mr. Shen Jialong and Mr. Zhang Xiangfa as independent non-executive directors of the Company*

\* *For identification purpose only*

## **APPENDIX I ASSUMPTIONS USED IN PROFIT FORECAST**

According to the appraisal report, the details of assumptions used in upon which the Profit Forecast were based are set out below:

### **(I) Basic assumptions**

1. The open market assumption assumes that for assets traded in the market or assets intended to be traded in the market, both parties of the asset transaction have equal status with each other and both parties have the opportunity and time to obtain sufficient market information to facilitate rational judgments about the functions, use, transaction prices, etc.;
2. The transaction assumption assumes that all assets to be appraised are already in the process of transaction, and the appraiser carries out a valuation based on the transaction conditions of the assets to be appraised in a simulated market. It is the most essential prerequisite for asset valuation;
3. The going concern assumption assumes that the appraised unit will not cease operations due to various reasons based on its existing assets and resource conditions.

### **(II) General assumptions**

1. It is assumed that there are no major changes in the prevailing relevant laws, regulations and policies of China as well as its macroeconomic situation, and that there are no major changes in the political, economic and social environment of the region where the parties to the transaction are located.
2. It is assumed that there are no force majeure and unforeseen factors that will have a significant adverse impact on Zhaoqing Yueyun after the valuation benchmark date.
3. It is assumed that Zhaoqing Yueyun's operators are responsible and fully comply with all relevant laws and regulations, and that the company's management has the ability to perform their duties.
4. Zhaoqing Yueyun abides by the relevant laws and regulations of China, and there will be no major violations that affect Zhaoqing Yueyun's development and revenue realisation.
5. It is assumed that there are no major changes in the interest rates, exchange rates, tax bases and tax rates, policy levies, etc. related to Zhaoqing Yueyun after the valuation benchmark date.
6. It is assumed that the values of various parameters measured in the appraisal are determined according to the prevailing price system, without considering the impact of inflation after the valuation benchmark date.

### **(III) Special assumptions**

1. It is assumed that the purchase, acquisition, and construction processes of the assets involved in Zhaoqing Yueyun are in compliance with the relevant laws and regulations of China;
2. It is assumed that the assets owned by Zhaoqing Yueyun have clear property rights and are owned by Zhaoqing Yueyun, and there are no possible joint and several liabilities and legal issues beyond the scope of valuation;
3. It is assumed that there will be no major changes in Zhaoqing Yueyun's business scope and methods in the future operating period, and its principal business structure, income-cost composition, sales strategy and cost control of future business will remain the same as in the recent years with no major changes. Future changes in operating capabilities, business scale, business structure, etc. that may be caused by changes in management, business strategies, additional investments, and business environment have not been taken into account, although such changes are likely to occur. The appraisal is based on the operating capabilities, business scale and operating model as of the benchmark date, without taking into account special changes caused by possible over-production and production reduction, etc.;
4. It is assumed that the cash inflow and cash outflow of Zhaoqing Yueyun after the valuation benchmark date are in equal portion every year;
5. It is assumed that the qualification certificate can be successfully renewed upon expiration;
6. It is assumed that Zhaoqing Yueyun will still be benefited from the fuel subsidy policy in future years, and there will be no major changes in subsidy standards from previous years;
7. It is assumed that the current and future operators of Zhaoqing Yueyun are responsible, and corporate management can steadily promote the company's development plan so as to achieve the expected business situation as much as possible.

## **APPENDIX II LETTER OF BDO**

### **INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF ZHAOQING CITY YUEYUN MOTOR TRANSPORTATION CO., LTD.**

#### **TO THE BOARD OF DIRECTORS OF GUANGDONG YUEYUN TRANSPORTATION COMPANY LIMITED**

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the asset valuation report (Qin Xin Guo Rong Ping Bao [2023] No. 330006) (the “**Valuation**”) dated 2 March 2023 prepared by Guangdong Qin Xin Guo Rong Asset Appraisal and Real Estate Appraisal Co., Ltd. in respect of the appraisal of the fair value of the total shareholders’ equity of Zhaoqing City Yueyun Motor Transportation Co., Ltd. (“**Zhaoqing Yueyun**”) are based. The Valuation is set out in the Appendix I and IV of the supplemental announcement of the Guangdong Yueyun Transportation Company Limited (the “**Company**”) dated 27 December 2023 (the “**Announcement**”) in connection with the disclosable transaction of the disposal of 59.6206% of equity interests in Zhaoqing Yueyun held by the Company. 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’ Responsibilities for the Discounted Future Estimated Cash Flows**

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set out in the Appendix I and IV of the Announcement (the “**Assumptions**”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

#### **Our Independence and Quality Control**

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

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

## **Auditor’s Responsibilities**

It is our responsibility to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the Assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Zhaoqing Yueyun.

We conducted our work in accordance with China Standard on Other Assurance Engagements 3101 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” promulgated by Ministry of Finance of the People’s Republic of China. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the Assumptions. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows 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 depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

## **Opinion**

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows, have been properly compiled, in all material respects, in accordance with the Assumptions.

Yours faithfully,

BDO CHINA Shu Lun Pan Certified Public Accountants LLP  
Shanghai, China  
27 December 2023



# 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 Sir or Madam,

**Re: DISCLOSEABLE TRANSACTION – DISPOSAL OF EQUITY INTERESTS IN A SUBSIDIARY**

Reference is made to the appendix to the Announcement and this announcement containing information extracted from the asset appraisal report (the “**Appraisal Report**”) on the appraised value of total shareholders’ equity as at the valuation benchmark date (i.e. 31 December 2022) of Zhaoqing City Yueyun Motor Transportation Co., Ltd. (the “**Target Company**”) (the “**Valuation of the Target Company**”) compiled by Guangdong Qin Xin Guo Rong Asset Appraisal and Real Estate Appraisal Co., Ltd. (the “**Valuer**”).

We have reviewed the Appraisal Report. As income approach has been adopted as one of the valuation methods in forming the conclusion of the Valuation of the Target Company in the Appraisal Report, the valuation under the income approach constitutes a profit forecast under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We have discussed with the Valuer about different aspects including the bases and assumptions based upon which the valuation has been prepared, and reviewed the Appraisal Report compiled by the Valuer. We have also considered the assurance report issued by BDO CHINA Shu Lun Pan Certified Public Accountants LLP in relation to the arithmetical calculations and the compilation of the discounted future estimated cash flows upon which the Appraisal Report was based. We have noted that the calculations of the profit forecast in the Valuation of the Target Company is accurate and aligns with the standards and assumptions outlined in the Appraisal Report.

Based on the aforesaid, pursuant to the requirements of Rule 14.62(3) of the Listing Rules, the Board of the Company confirms that the profit forecast as contained in the Appraisal Report has been made after due and careful enquiry.

Yours faithfully,

By order of the Board

**Guangdong Yueyun Transportation Company Limited**

**Guo Junfa**

*Chairman of the Board*

27 December 2023

## APPENDIX IV ARITHMETIC CALCULATIONS OF THE INCOME APPROACH

The following contents are extracted from the Appraisal Report:

### Process of appraisal analysis and calculation

(1) The specific appraisal route in this appraisal is as follows:

- 1) The assets and principal businesses included in the reporting scope have their expected earnings (net cash flow) estimated based on the trend of historical operation conditions in recent years and business types, which are discounted in order to give the values of such operating assets;
- 2) Those assets (liabilities) to be included in the reporting scope but not considered in the estimation of expected earnings (net cash flow), such as the receivables and payables existing as at the valuation benchmark date; assets such as construction in progress not included in profit or loss and external investments not included in the projection scope are defined as surplus or non-operating assets (liabilities) existing as at the valuation benchmark date, and are appraised for value separately; the sum of the above asset and liability values gives the entity value of the appraised object, which in turn gives the equity capital (total shareholders' equity) value of the appraised object after deducting interest-bearing debts.

### (2) *Appraisal model*

Overall value of entity = Value of operating assets + value of surplus assets + value of non-operating assets – value of non-operating liabilities + value of long-term equity investments

Value of total shareholders' equity = Overall value of entity – interest-bearing liabilities

According to the on-site inspection results and the characteristics of the asset composition and operating businesses of Zhaoqing City Yueyun Motor Transportation Co., Ltd., the basic route of this appraisal is value estimation based on audited financial statements. Firstly, the value of operating assets is estimated by adopting the discounted cash flow (DCF) approach for different paths of earnings. Values of surplus assets, non-operating assets or liabilities as at the valuation benchmark date are then considered. Finally, the value of total shareholders' equity is calculated.

Where:

Interest-bearing liabilities: refer to debts bearing interests on the books as at the valuation benchmark date.

Surplus assets: refer to surplus assets which are not directly related to entity earnings and are in excess of what are needed for entity operation.



Non-operating assets and liabilities: refer to assets and liabilities which are not directly related to entity earnings and are inefficient. Their values as at the valuation benchmark date are recognised according to the specific circumstances of such assets using corresponding appraisal approaches.

Long-term equity investments: to conduct overall appraisal of wholly-owned and controlling long-term equity investments. Firstly, the value of total shareholders' equity of the investees is appraised. It is then multiplied with shareholding ratio to give the equity value attributable to shareholders by adopting asset-based approach as the appraisal approach.

#### Appraisal model and basic formula

The formula for calculating the value of operating assets is as follows:

$$P = \sum_{i=1}^{N_1} A_i (1+R)^{-i} + \frac{A_{i0}}{R} (1+R)^{-N_1} \quad (\text{formula 1})$$

Where: P: appraised value of operating assets of the enterprise;

$A_i$ : net cash flow of the enterprise in the i-th year in future;

$A_{i0}$ : perpetual equivalent net cash flow in the  $N_1$ -th year in future;

R: discount rate;

$(1+R)^{-i}$ : discount coefficient in the i-th year.

In this appraisal, the free cash flow of entity is used as the earning indicator of operating assets, which is basically defined as:

Free cash flow of entity = net profit before interest and after tax + depreciation and amortisation – capital expenditure – amount of increase in working capital

The free cash flow of entity in the future projection period is estimated according to the operating history and future market development of Zhaoqing City Yueyun Motor Transportation Co., Ltd. Besides, it is assumed that Zhaoqing City Yueyun Motor Transportation Co., Ltd. can operate on an on-going basis for a long period of time after the projection period, during which its revenue can remain at the equivalent free cash flow of the last year in the projection period. Finally, the two parts of free cash flow are added after discounting to give the value of operating assets.

### **(3) Determination of income-earning period**

The appraisal by income approach is conducted on the premise of on-going operation of entity. Therefore, income-earning period is determined as indefinite. Two-stage model is adopted according to the operating history of the enterprise and the industry development trend. In other words, income, costs and expenses, profits of the entity in the first eight years after the valuation benchmark date are estimated in a reasonable manner taking into account factors such as the actual conditions of the entity, policies and markets, while each of the years following the 8th year follows the projection of the 8th year.

### **(4) Correlation between the main body of income and the criteria**

In this appraisal, the free cash flow of the entity is used as the income indicator of the operating assets of the appraisal object, and its basic formula is:

Free cash flow of entity = net profit before interest and after tax + depreciation and amortisation – capital expenditure – amount of increase in working capital

According to the principle of consistency between the income amount and the discount rate, if the income amount of this appraisal is the free cash flow of the entity, the weighted average cost of capital (WACC) shall be selected as the discount rate.

### **(5) Determination of future earnings**

#### *1) Income of principal businesses*

#### ① Historical income of principal businesses

Income of principal businesses of Zhaoqing City Yueyun Motor Transportation Co., Ltd. includes: passenger transportation income, station income, maintenance income, luggage income, etc.

The statistical data of historical business income are as follows:

*Unit of amount: RMB'0000*

Product category	Parameter	2019	2020	2021	2022
Passenger transportation income	Income sub-total ('0000)	30,526.77	14,354.32	13,304.20	9,486.36
Station income	Income sub-total ('0000)	2,828.10	1,512.83	1,368.35	752.90
Maintenance income	Income sub-total ('0000)	262.17	99.53	82.71	46.93
Luggage income	Income sub-total ('0000)	667.69	445.78	274.49	92.90
Commodity sales income	Income sub-total ('0000)	307.58	138.82	42.21	14.65
Others	Income sub-total ('0000)	6.52	13.70	11.37	2.61
Total income of principal businesses		34,598.84	16,564.98	15,083.33	10,396.35
Growth rate			-52%	-9%	-31%

Analysis on historical business income: In 2020-2022, due to the continuous impact of the epidemic and coupled with resurgence of epidemic, the operation of the enterprise had faced unprecedented difficulties. Although the enterprise adopted a series of targeted measures in response, under the continuous impact of normalisation of COVID-19, the recovery of operating income in the enterprise's road and passenger transportation business had been very slow, and was unable to reverse continued losses of the enterprise. In the meantime, the comprehensive transportation market was undergoing drastic changes, with Zhaoqing City being continuously affected by the increasing frequency of high-speed rail, an improved inter-city rail system of Guangzhou-Foshan-Zhaoqing, and car-hailing service such as Didi and Hitch gaining momentum, all of which had created pressure against the market share of traditional road and passenger transportation. Besides, the road and passenger transportation industry had been facing issues including low market awareness, insufficient marketing capability, weak operation management, singular organisation mode, and service provision unable to satisfy people's demand to commute individually and conveniently.

This appraisal is based on the historical data of the prior periods of the entity and the earning projections submitted by the appraised unit, and is conducted in combination with a review on the rationality of the income projections taking into account factors such as the prevailing macro-economic environment, the current industry development, the statistical indicators of industrial associations, the status of the existing projects and future development plans of the entity, and the development trend of similar entities in the industry.

- ② The income projections of principal businesses for 2023-2030 are as follows:

According to the future projections provided by the entity and market analysis, the income projections of principal businesses are as follows:

*Unit of amount: RMB'0000*

Product category	2023	2024	2025	2026	2027	2028	2029	2030
Passenger transportation income	11,500.00	11,800.00	12,100.00	12,400.00	12,600.00	12,700.00	12,700.00	12,700.00
Station income	395.00	355.50	319.95	287.96	259.16	233.24	233.24	233.24
Maintenance income	50.00	42.00	37.80	37.80	37.80	37.80	37.80	37.80
Luggage income	95.00	90.00	90.00	90.00	90.00	90.00	90.00	90.00
Commodity sales	10.00	5.00						
Total	12,050.00	12,292.50	12,547.75	12,815.76	12,986.96	13,061.04	13,061.04	13,061.04
Growth rate	16%	2%	2%	2%	1%	1%	0%	0%

- ③ Historical income of other businesses

Income of other businesses of Zhaoqing City Yueyun Motor Transportation Co., Ltd. mainly includes: rental income, advertisement income, other income, etc.

The statistical data of historical business income are as follows:

*Unit of amount: RMB'0000*

No.	Item	2019	2020	2021	2022
1	Rental income	538.19	409.01	419.48	305.90
2	Advertisement income	125.34	97.51	110.75	61.87
3	Other income (property management fee income, etc.)	352.83	158.22	208.87	164.01
	Sub-total of other business income	1,016.36	664.73	739.11	531.79

④ The income projections of other businesses for 2023-2030 are as follows:

*Unit of amount: RMB'0000*

No.	Item	2023	2024	2025	2026	2027	2028	2029	2030
1	Rental income	420.00	420.00	420.00	420.00	420.00	420.00	420.00	420.00
2	Advertisement income	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00
3	Other income	180.00	180.00	180.00	180.00	180.00	180.00	180.00	180.00
	Total	670.00	670.00	670.00	670.00	670.00	670.00	670.00	670.00

## 2) Operating costs

① Historical costs of principal businesses:

*Unit of amount: RMB'0000*

No.	Content	2019	2020	2021	2022
1	Labour costs	10,312.09	8,213.00	6,462.01	4,775.48
2	Fuel costs	6,777.51	3,918.13	3,458.64	2,699.01
3	Government subsidies on fuel costs	-729.18	-121.17	-1,662.97	-2,272.87
4	Depreciation costs	3,735.49	3,933.06	3,501.14	2,897.36
5	Amortisation costs – Intangible assets	243.98	227.54	228.04	153.61
6	Vehicle insurance fees	557.14	570.40	523.89	417.74
7	Toll fees	3,827.21	1,824.37	1,530.39	745.86
8	Other costs	4,637.36	3,519.04	2,532.99	1,838.81
	Total costs	29,361.61	22,084.37	16,574.13	11,255.00
	Total costs as a ratio of income of principal businesses	85%	133%	110%	108%

② The cost projections of principal businesses for 2023-2030 are as follows:

*Unit of amount: RMB'0000*

No.	Content	2023	2024	2025	2026	2027	2028	2029	2030
1	Labour costs	3,538.69	3,479.04	3,513.83	3,548.97	3,584.46	3,620.31	3,656.51	3,693.07
2	Fuel costs	3,275.71	3,278.32	3,265.29	3,236.73	3,192.97	3,224.90	3,224.90	3,224.90
3	Government subsidies on fuel costs	-2,272.87	-2,272.87	-2,272.87	-2,272.87	-2,272.87	-2,272.87	-2,272.87	-2,272.87
4	Depreciation costs	2,097.47	1,557.36	1,423.88	875.65	523.90	360.81	399.40	466.75
5	Amortisation costs – Intangible assets	170.86	169.38	153.03	153.03	153.03	153.03	153.03	153.03
6	Vehicle insurance fees	400.00	400.00	400.00	400.00	400.00	400.00	400.00	400.00
7	Toll fees	995.92	1,021.91	1,047.89	1,073.87	1,091.19	1,099.85	1,099.85	1,099.85
8	Other costs	2,114.29	2,156.84	2,201.62	2,248.65	2,278.69	2,291.68	2,291.68	2,291.68
	Total costs	10,320.08	9,789.98	9,732.67	9,264.03	8,951.37	8,877.71	8,952.51	9,056.42
	Total costs as a ratio of income of principal businesses	86%	80%	78%	72%	69%	68%	69%	69%

Total costs as a ratio of business income in the projected years represents a significant increase when compared with the historical years, which is mainly due to: the labour costs were higher in the historical years as there were more employees. During the recent three years, the entity had undergone massive layoffs, streamlining workforce according to its development. As such layoffs would continue in 2023, a decrease in labour costs is estimated for the year. On the other hand, it is assumed that the entity would continue to be entitled to the fuel subsidy policy in relation to the development of the town-to-village business in future years, leading to a relatively large difference in gross profit margin when compared with previous years.

③ Historical costs of other businesses:

*Unit of amount: RMB'0000*

No.	Content	2019	2020	2021	2022
1	Total costs of other businesses	111.89	1.68	–	–

No cost projection of other businesses is conducted for future years.

### 3) *Taxes and surcharges*

Taxes and surcharges include city construction tax, educational fee surcharge, local educational fee surcharge, stamp duties, etc. As at the valuation benchmark date, the value-added tax rate for passenger transportation income of Zhaoqing City Yueyun Motor Transportation Co., Ltd. was 3%, while such value-added tax for passenger transportation income was waived in 2022 in accordance with relevant documents. The value-added tax rate for rental business was 5%; the value-added tax rate for service income was 6%; the value-added tax rate for commodity sales income was 13%. City construction tax, educational fee surcharge and local educational fee were charged at turnover tax of 7%, 3% and 2%, respectively. The applicable tax rates are expected to remain unchanged for each year during the projection period. The taxes and surcharges are estimated as follows:

#### **Estimation table of taxes and surcharges**

*Unit of amount: RMB'0000*

No.	Content	2023	2024	2025	2026	2027	2028	2029	2030
1	City maintenance and construction tax	1.98	26.92	27.32	27.82	28.12	28.22	28.22	28.22
2	City educational fee surcharge	0.85	11.54	11.71	11.92	12.05	12.09	12.09	12.09
3	Local educational fee surcharge	0.57	7.69	7.81	7.95	8.03	8.06	8.06	8.06
4	Land use tax	4.46	11.62	11.62	11.62	11.62	11.62	11.62	11.62
5	Property tax	77.19	50.40	50.40	50.40	50.40	50.40	50.40	50.40
6	Stamp duties	4.14	4.22	4.31	4.40	4.46	4.48	4.48	4.48
7	Vehicle and vessel tax	9.00	18.00	18.00	18.00	18.00	18.00	19.00	19.00
8	Cultural construction tax	1.05	1.05	1.05	1.05	1.05	1.05	1.05	1.05
	Total taxes and surcharges	99.24	131.45	132.21	133.16	133.73	133.93	134.93	134.93

### 4) *General and administrative expenses*

General and administrative expenses of the appraised unit mainly include salaries, office expenses, travel expenses, etc., the historical annual data of which are as follows:

*Unit of amount: RMB'0000*

No.	Content	2019	2020	2021	2022
I	<b>Fixed components</b>				
1	Depreciation	289.81	373.91	268.93	240.73
2	Amortisation of intangible assets	39.61	73.44	58.38	52.24
	Total of fixed components	329.43	447.35	327.31	292.97

No.	Content	2019	2020	2021	2022
<b>II</b>	<b>Variable components</b>				
1	Salaries	3,009.01	4,347.60	3,397.46	3,594.16
2	Office expenses	178.33	171.87	149.15	148.35
3	Vehicle use fee	50.56	42.47	31.02	25.55
4	Maintenance fee	63.67	28.90	19.84	21.40
5	Entertainment expenses	80.56	72.38	70.97	72.46
6	Intermediary expenses	49.58	72.93	133.36	101.15
7	Travel expenses	41.50	32.04	32.08	21.67
8	Labour fee	6.03	5.80	17.68	26.33
9	Party building expenses	76.28	11.69	15.20	2.36
10	Conference fee	4.68	4.46	3.59	2.39
11	Training fee	25.93	0.25	1.16	–
12	Others	116.99	155.94	114.81	107.85
	Total of variable components	3,703.12	4,946.34	3,986.33	4,123.68
	Total general and administrative expenses	4,032.55	5,393.68	4,313.64	4,416.64
	General and administrative expenses/income of principal businesses	12%	33%	29%	42%

The projections of general and administrative expenses for 2023-2030 are as follows:

*Unit of amount: RMB'0000*

No.	Content	2023	2024	2025	2026	2027	2028	2029	2030
<b>I</b>	<b>Fixed components</b>								
1	Depreciation	402.88	299.13	273.49	168.19	100.63	69.30	76.72	89.65
2	Amortisation of intangible assets	14.16	12.33	2.92	2.92	2.92	2.92	2.92	2.92
	Total of fixed components	417.03	311.46	276.41	171.11	103.55	72.22	79.63	92.57
<b>II</b>	<b>Variable components</b>								
1	Salaries	1,915.66	1,403.89	1,431.97	1,460.61	1,489.82	1,519.62	1,550.01	1,581.01
2	Office expenses	155.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00
3	Vehicle use fee	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
4	Maintenance fee	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
5	Entertainment expenses	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00
6	Intermediary expenses	70.00	70.00	70.00	70.00	70.00	70.00	70.00	70.00
7	Travel expenses	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
8	Labour fee	22.00	22.00	22.00	22.00	22.00	22.00	22.00	22.00

No.	Content	2023	2024	2025	2026	2027	2028	2029	2030
9	Party building expenses	2.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
10	Conference fee	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
11	Training fee								
12	Others	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
	Total of variable components	2,330.66	1,817.89	1,845.97	1,874.61	1,903.82	1,933.62	1,964.01	1,995.01
	Total general and administrative expenses	2,747.69	2,129.35	2,122.38	2,045.72	2,007.37	2,005.84	2,043.64	2,087.58
	General and administrative expenses/income of principal businesses	23%	17%	17%	16%	15%	15%	16%	16%

The projections of general and administrative expenses are divided into two aspects, namely fixed components and variable components. Fixed components are mainly depreciation and amortisation, which do not change with changes in income of principal businesses. Variable components are mainly salaries, lease fees, office expenses, etc., which change with changes in business volume. In particular,

① Projection of fixed fees

The projection is based on the existing fixed assets taking into account the additional capital expenditure required to renew fixed assets and intangible assets. Depreciation costs of fixed assets and amortisation of intangible assets are calculated according to the prevailing accounting policies.

② Projection of variable fees

Remuneration and other fees are mainly projected with a certain increment per annum.

The expected annual expenditure of intermediary service fees, Party building expenses, intermediary expenses and other expenses is relatively fixed, and such expenses are projected with fixed amounts.

General and administrative expenses as a ratio of income of principal businesses in the projected years represents a significant decrease when compared with the recent years, which is due to less income in 2020-2022 and massive layoffs which required a large amount of dismissal compensation. According to the budget, there would still be layoffs in 2023 but not in 2024 and onwards. Without such compensation, general and administrative expenses as a ratio of income of principal businesses would decrease.



5) *Finance expenses*

As at the valuation benchmark date, the finance expenses of the appraised unit are income expenses, handling fees, etc. The projected finance expenses of future years are as follows:

*Unit of amount: RMB'0000*

No.	Item	2023	2024	2025	2026	2027	2028	2029	2030
1	Total interest expenses	518.17	518.17	518.17	518.17	518.17	518.17	518.17	518.17
2	Handling fees	21.82	21.59	21.83	21.66	21.55	21.58	21.65	21.76
	Total finance expenses	539.99	539.76	540.00	539.84	539.72	539.75	539.82	539.93

6) *Loss of assets impairment*

There exists uncertainty for the amount of loss of assets impairment. This appraisal does not make projection of loss of assets impairment.

7) *Non-operating income and non-operating expenses*

Non-operating income and expenses are non-recurring in nature. Historically, the amount incurred was small and uncertain. Therefore, assuming normal operation of the enterprise, this appraisal does not take into account such item.

8) *Capital expenditure*

According to the pre-condition of assumption, no large amount of expenditure of the entity is expected for subsequent years. As at the valuation benchmark date, only replenishment for existing assets is projected for 2023-2030. As for the years after 2030, capital expenditure is projected under the premise of unexpanded scale and retaining simple reproduction and by adopting the then depreciation amount with a long-term and balanced perspective.

The specific projections of capital expenditure are as follows:

*Unit of amount: RMB'0000*

		2023	2024	2025	2026	2027	2028	2029	2030
1	Equipment renewal	50.00	100.00	501.60	336.55	253.71	360.76	594.71	1,710.85
	Renewal of intangible								
2	assets	-	-	-	-	-	-	-	-
	Total	50.00	100.00	501.60	336.55	253.71	360.76	594.71	1,710.85

9) *Depreciation and amortisation*

In this appraisal, taking into account the depreciation provided for fixed assets of the entity and the survey on the depreciation condition of the enterprise, the depreciation during the future operating period is estimated according to the depreciation policy actually implemented by the entity.

Fixed assets of the enterprise mainly comprise office equipment, etc. Fixed assets are priced at their actual costs upon acquisition, and provided for depreciation using straight-line approach. The category depreciation rate is determined according to the estimated useful life and estimated net residual rate of fixed assets. Fixed assets acquired and used are depreciated according to their remaining useful life.

Amortisation mainly comprises amortisation of long-term deferred expenses. In this appraisal, amortisation amount is projected according to the account policies of the entity as at the valuation benchmark date.

The estimation of depreciation and amortisation during the future operating period is as follows:

*Unit of amount: RMB'0000*

Category	Asset category	2023	2024	2025	2026	2027	2028	2029	2030
Depreciation and amortisation of fixed assets	Buildings and structures	266.70	266.70	266.70	253.63	239.62	238.60	233.26	231.34
	Transportation equipment	2,096.44	1,466.94	1,348.04	677.42	252.91	53.07	101.33	190.00
	Equipment	137.21	122.86	82.63	112.79	132.00	138.45	141.53	135.06
	Sub-total	2,500.35	1,856.49	1,697.37	1,043.84	624.53	430.11	476.11	556.40
	Intangible assets	185.02	181.71	155.95	155.95	155.95	155.95	155.95	155.95
	Sub-total	185.02	181.71	155.95	155.95	155.95	155.95	155.95	155.95
	Long-term deferred expenses	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	

10) *Estimation of corporate income tax*

Corporate income tax is calculated at a rate of 25%.

11) *Estimation of amount of increase in working capital*

Amount of increase in working capital refers to additional operational fund necessary for maintaining normal operation of entity without changing the current conditions of its principal businesses, i.e. the additional fund required to maintain the on-going ability of entity. This includes cash on hand necessary for normal operation, basic fund necessary for inventory acquisition and receivables from customers, and payables. The increase in working capital refers to cash attributable to the obtaining of business credit from others, cash and inventories on hand necessary for normal operation, etc. In the meantime, in economic activities, the provision of business credit can reduce instant payment of cash correspondingly. Therefore, in principle, when estimating increase in working capital, only principal factors such as cash on hand necessary for normal operation (minimum cash on hand), inventories, receivables and payables shall be considered. In this report, amount of increase in working capital is defined as:

Amount of increase in working capital = Working capital in the current period – working capital in the previous period

Working capital = Current assets – current liabilities

Operating cash = Total annual cash costs/turnover rate of cash

Total annual cash costs = Total cost of sales + total expenses for the period – total non-cash costs

Cash turnover period = Inventory turnover period + receivables turnover period – payables turnover period

Receivables = Total operating income/turnover rate of accounts receivable

Receivables mainly include account receivables, notes receivable, prepayments and other account receivables related to operating activities.

Inventories = Total operating costs/inventory turnover rate

Payables = Total operating costs/turnover rate of account payables

Payables mainly include account payables, bills payable, advances and other account payables related to operating activities.

Based on the survey on the operation of the appraised object, the statistical analysis of the assets, profits and losses, income and costs of the historical operation of the entity, and the estimated results of the revenue and costs in each year during the future operating period, according to the above definitions, the monetary funds, inventories, receivables and payables and the amount of increase in working capital in each year during the future operating period can be obtained. The estimated results are set out in the following table.

## Future working capital forecast of the enterprise

*Unit of amount: RMB'0000*

Item	2023	2024	2025	2026	2027	2028	2029	2030
Working capital	2,312.52	2,381.21	2,450.30	2,568.89	2,646.13	2,679.85	2,676.65	2,670.17
Amount of increase in working capital	833.91	68.69	69.08	118.59	77.24	33.72	-3.20	-6.48

### 12) *Estimated net cash flow*

The estimation of future income in this appraisal is mainly a professional judgement based on the verification and analysis of the operating income, operating costs and financial data disclosed in the enterprise's statements, and based on its operating history, market demand and future development. Gains and losses arising from other non-recurring income are not taken into account in the estimation. Based on the above estimates of income from principal businesses, costs and expenses for the period, the future net cash flow of the enterprise is estimated as follows, and the perpetual period remains at the level of 2030.

## Estimated future cash flow of the enterprise

*Unit of amount: RMB'0000*

Item	2023	2024	2025	2026	2027	2028	2029	2030	Perpetual
I. Operating income	12,720.00	12,962.50	13,217.75	13,485.76	13,656.96	13,731.04	13,731.04	13,731.04	13,731.04
Income of principal businesses	12,050.00	12,292.50	12,547.75	12,815.76	12,986.96	13,061.04	13,061.04	13,061.04	13,061.04
Income of other businesses	670.00	670.00	670.00	670.00	670.00	670.00	670.00	670.00	670.00
II. Operating costs	10,320.08	9,789.98	9,732.67	9,264.03	8,951.37	8,877.71	8,952.51	9,056.42	9,056.42
Costs of principal businesses	10,320.08	9,789.98	9,732.67	9,264.03	8,951.37	8,877.71	8,952.51	9,056.42	9,056.42
Costs of other businesses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Taxes and surcharges	99.24	131.45	132.21	133.16	133.73	133.93	134.93	134.93	134.93
General and administrative expenses	2,747.69	2,129.35	2,122.38	2,045.72	2,007.37	2,005.84	2,043.64	2,087.58	2,087.58
Finance expenses	539.99	539.76	540.00	539.84	539.72	539.75	539.82	539.93	539.93
III. Operating profit	-987.00	371.96	690.48	1,503.02	2,024.77	2,173.82	2,060.14	1,912.18	1,912.18
Non-operating income	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-operating expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IV. Total profit	-987.00	371.96	690.48	1,503.02	2,024.77	2,173.82	2,060.14	1,912.18	1,912.18
Less: Income tax expenses	0.00	0.00	0.00	0.00	0.00	311.10	522.24	485.25	485.25
V. Net profit	-987.00	371.96	690.48	1,503.02	2,024.77	1,862.71	1,537.91	1,426.94	1,426.94
Add: Depreciation of fixed assets	2,500.35	1,856.49	1,697.37	1,043.84	624.53	430.11	476.11	556.40	556.40
Add: Amortisation of long-term deferred expenses of intangible assets	185.02	181.71	155.95	155.95	155.95	155.95	155.95	155.95	155.95
Add: Interest on borrowings (after tax)	518.17	518.17	518.17	518.17	518.17	444.98	388.63	388.63	388.63
Less: Capital expenditure	50.00	100.00	501.60	336.55	250.77	365.15	594.71	1,710.85	712.35
Less: Amount of increase in working capital	833.91	68.69	69.08	118.59	77.24	33.72	-3.20	-6.48	
VI. Free cash flow of entity	1,332.62	2,759.64	2,491.28	2,765.84	2,995.41	2,494.88	1,967.09	823.55	1,815.57

## **(6) Determination of discount rate**

The discount rate, also known as the expected return on investment, is an important parameter for determining the market value of an entity under the income approach. As the appraised entity is not a listed company, its discount rate cannot be calculated directly. Therefore, the expected return on investment of the appraised entity is estimated using the method of selecting comparable companies for analysis and calculation in this appraisal. To this end, the first step is to select comparable companies from the listed companies, and then estimate the systematic risk coefficient  $\beta$  of the comparable companies; the second step is to estimate the expected rate of return on investment of the appraised entity based on the average capital structure of the comparable companies,  $\beta$  of the comparable companies and the capital structure of the appraised enterprise, and use it as the discount rate.

### *1) Discount rate model*

According to the principle of consistency between the income amount and the discount rate, if the income amount of this appraisal is the free cash flow of the entity, the weighted average cost of capital (WACC) shall be selected as the discount rate. The WACC model can be represented by the following mathematical formula:

$$\text{WACC} = K_e \times E / (D + E) + k_d \times (1 - t) \times D / (D + E)$$

Where:  $K_e$ : cost of equity capital  
E: market value of equity capital  
D: market value of debt capital  
 $K_d$ : cost of debt capital  
T: income tax rate

In particular:

#### A. Selection of comparable companies

The comparable companies were selected with reference to the following criteria:

- I. The comparable listed companies only issued RMB-denominated A shares.
- II. The stocks of comparable listed companies have been listed for not less than 24 months and are actively traded.
- III. The comparable listed companies are in the same industry as the appraised unit or affected by the same economic policies.

Based on the above selection criteria, we used the information from WIND to make inquiries and through comparison analysis, we finally selected the following four listed companies as comparable listed companies: Three Gorges Tourism\*, Jiangxi Changyun\*, Dazhong Transportation\* and Haiqi Group\*.

B. Determination of risk-free return rate  $R_f$

Yield of treasury bond is generally considered risk-free as the risk of non-payment of the debt is remote and negligible. We used the information from WIND to select government bonds in Shanghai and Shenzhen with a remaining term of more than 10 years from the valuation benchmark date to the maturity date, and calculated the yield to maturity. The average yield to maturity of all government bonds is used as the risk-free rate, and the  $R_f$  is calculated as 3.22%.

C. Determination of equity risk premium (ERP)

ERP refers to the expected excess return required by investors for equity investments with the same overall market average risk, i.e. risk compensation in excess of the risk-free rate. Stock market investment yield is a typical example of capital market yield. Stock market risk yield is the portion expected by investors to invest in the stock market in excess of risk-free yield, and it can also be considered as a typical example of market risk.

With reference to the idea of calculating ERP domestically and overseas, we calculated the investment yield of the PRC stock market ( $R_m$ ) and ERP ( $R_m - R_f$ ) based on the following approaches.

a. Selection of index for measuring investment yields

The CSI 300 Index is an index covering both the Shanghai and Shenzhen stock markets, reflecting the comprehensive changes in the stock prices of representative stocks with strong liquidity and large scale. The constituent stocks of the index can more truly reflect the returns of mainstream investment in the market. Therefore, we selected the CSI 300 Index to estimate the investment yield of the PRC stock market.

b. 10 years is selected as the time span for calculation of investment yield. For each constituent stock of CSI 300, the investment yield for the past ten years is calculated to minimise the impact of non-systematic stock volatility. The term used to calculate the investment yield for 2022 is from 2012 to 2021, and the investment yield for subsequent years is calculated similarly.

c. Calculation of annual investment yield ( $R_m$ )

Two calculation methods are adopted: the arithmetic mean and geometric mean.

Based on our comparative analysis, we believe the geometric mean can better reflect the growth of the yield rate, and therefore the geometric mean is used as the calculation of final annual investment yield ( $R_m$ ).

d. Determination of equity risk premium (ERP) ( $R_m - R_f$ )

Projects with revenue period of over 10 years

We selected the yield to maturity of treasury bonds with a remaining maturity of more than 10 years at the end of each year as the risk-free interest rate  $R_f$ . After the above steps, we estimated the ERP for 2022 to be 7.33%.

D. Determination of the risk coefficient  $\beta$  of comparable companies relative to the stock market

I. Conduct correlation t test on  $\beta$  coefficient of the above comparable listed companies

The statistical data of correlation t test of  $\beta$  coefficient of the above comparable companies are as follows:

Name of comparable company	Stock code	Degree of freedom (n-2)	t test statistics	95% double-tail inspection confidence interval	t test conclusion
Three Gorges Tourism*	002627.SZ	151	4.22	1.97	Passed
Jiangxi Changyun*	600561.SH	151	3.97	1.97	Passed
Dazhong Transportation*	600611.SH	151	7.67	1.97	Passed
Haiqi Group*	603069.SH	151	4.17	1.97	Passed

II. Calculation of  $\beta$  coefficient without financial leverage of comparable companies

For the  $\beta$  coefficient with financial leverage available for these comparable listed companies, we reverted it to the  $\beta$  coefficient without financial leverage according to the capital structure of the corresponding listed companies. The calculation is as follows:

No.	Company name	Interest-bearing liabilities RMB'0000 (D)	Equity fair market value RMB'0000 (E)	Financial leverage coefficient (Di/Ei)	Income tax rate	$\beta$ with capital structure	$\beta$ without capital structure
1	Three Gorges Tourism*	36,050.25	333,642.95	4.76%	25.00%	0.6510	0.6022
2	Jiangxi Changyun*	235,261.03	141,669.45	260.10%	25.00%	0.5513	0.2455
3	Dazhong Transportation*	441,185.52	592,374.26	26.92%	25.00%	0.5275	0.3384
4	Haiqi Group*	37,868.68	830,448.00	4.96%	25.00%	1.5020	1.4523
	Average value						0.6596

Source: WIND information

III. Calculation of  $\beta$  coefficient with target capital structure of the appraised unit

We have calculated the  $\beta$  coefficient with financial leverage of the appraised entity by adding the determined capital structure ratio of the appraised entity to the following formula:

$$\beta \text{ with financial leverage} = \beta \text{ without financial leverage} \times 1 + D/E \times (1-T) = 0.8696$$

The beta coefficient was determined to be 0.8696 by calculation.

IV.  $\beta$  coefficient Blume adjustment

$$\text{Adjusted Beta} = \text{Original Beta} \times 0.65 + 0.35 = 0.9152$$

E. Determination of specific risk return Alpha

According to various researches in the world, the average return rate of small enterprises is higher than that of large enterprises. Shareholders of small enterprises assume greater risks than shareholders of large enterprises. As a result, shareholders of small enterprises are looking for higher returns.

Comparing with the constituent companies included in the CSI 300 Index, the size of the appraised unit is relatively small, therefore we consider it necessary to make adjustment to the scale compensation. Based on our comparison and judgement, the appraiser considered that an additional 1% scale risk return rate is reasonable.

The industry in which the enterprise operates is greatly affected by the development of car-hailing and high-speed rail. For the above consideration, we determined the individual risk return rate in this appraisal to be 2%.

The specific risk premium of the entity is determined to be 3% from the above analysis.

F. Calculation of cost of equity capital (Re)

$$\text{Calculation: Discount rate} = 3.22\% + 7.33\% \times 0.9152 + 3\% = 12.93\%$$

Based on the above analysis and calculation, we determined the expected return on equity used in this appraisal, the cost of equity capital, to be 12.93%.

G. Determination of cost of debt capital

Determined based on the one-year loan prime rate of 3.65% and the target capital structure of the comparable units.



## H. Determination of weighted cost of capital

The calculation formula of weighted average cost of capital is:

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

$$WACC = 9.89\%$$

### (7) Value of operating assets

Based on the forecasted net cash flow and discount rate, the value of operating assets is RMB215,899,300.

See table below:

**Table of appraisal results of operating assets**

*Unit of amount: RMB'0000*

Item	2023	2024	2025	2026	2027	2028	2029	2030	Perpetual period
Net cash flows	1,332.62	2,759.64	2,491.28	2,765.84	2,995.41	2,494.88	1,967.09	823.55	1,815.57
Discount life	0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	
Discount rate	9.89%	9.89%	9.89%	9.89%	9.89%	9.89%	9.89%	9.89%	9.89%
Discount coefficient	0.9539	0.8681	0.7900	0.7189	0.6542	0.5953	0.5417	0.4930	4.9848
Discounted value	1,271.19	2,395.64	1,968.11	1,988.36	1,959.60	1,485.20	1,065.57	406.01	9,050.24
Value of operating assets	21,589.93								

### (8) Value of non-operating assets (liabilities) and surplus assets

Upon verification, as at 31 December 2022, being the valuation benchmark date, the value of the following assets (liabilities) of the enterprise was not taken into account in the estimated net cash flow, and shall be other non-operating or surplus assets not included in the estimated cash flow in this appraisal, the value of which shall be estimated separately when estimating the entity value.

1) *Value of non-operating assets*

As at the valuation benchmark date, the book value of non-operating assets was RMB64,873,500 and the estimated value was RMB62,789,800. See table below:

*Unit of amount: RMB'0000*

<b>No.</b>	<b>Item</b>	<b>Business content</b>	<b>Book value</b>	<b>Estimated value</b>
1	Other current assets	Prepaid value-added tax	1.59	1.59
2	Other receivables	Current accounts and government subsidies	6,091.77	6,091.77
3	Other equity instrument investments	Equity investments	394.00	185.62
		<b>Total</b>	<b>6,487.35</b>	<b>6,278.98</b>

2) *Value of non-operating liabilities*

As at the valuation benchmark date, the book value of non-operating liabilities was RMB34,719,100 and the estimated value was RMB26,239,000.

*Unit of amount: RMB'0000*

<b>No.</b>	<b>Item</b>	<b>Business content</b>	<b>Book value</b>	<b>Estimated value</b>
1	Account payables	Project-related payments	35.32	35.32
2	Deferred income	Government subsidies	1,130.68	–
3	Deferred income tax liabilities	Government subsidies	–	282.67
4	Other payables	Current accounts	355.91	355.91
5	Other current liabilities	Financing payables	1,950.00	1,950.00
		<b>Total</b>	<b>3,471.91</b>	<b>2,623.90</b>

3) *Monetary funds*

The book value of the entity's monetary funds as at the valuation benchmark date was RMB12,003,000. Therefore, the balance of the entity's monetary funds as at the valuation benchmark date after deducting the minimum amount of cash on hand for daily operation was taken as surplus assets in this appraisal. The book value of surplus assets was RMB1,081,700 and the appraised value was RMB1,081,700.

**(9) Determination of equity capital value**

Value of total shareholders' equity of entity = Overall value of entity – value of interest-bearing debts

Overall value of entity = Value of operating assets + value of surplus assets + value of non-operating assets – value of non-operating liabilities

Based on the above calculation, the value of total shareholders' equity of Zhaoqing City Yueyun Motor Transportation Co., Ltd. was RMB128,582,800. See table below:

*Unit of amount: RMB'0000*

<b>Item</b>	<b>Amount</b>
Accumulated discounted free cash flow of entity	21,589.93
Less: Present value of interest-bearing liabilities	12,990.00
Add: Surplus assets	108.17
Add: Non-operating assets	6,278.98
Add: Long-term equity investments	462.07
Less: Non-operating liabilities	2,623.90
Appraised value of shareholders' equity of enterprise	12,825.24

**Appraisal results under income approach**

According to the income approach, the discounted cash flow (DCF) approach was used to estimate the value of total shareholders' equity of Zhaoqing City Yueyun Motor Transportation Co., Ltd. As at the valuation benchmark date, the value of total shareholders' equity of Zhaoqing City Yueyun Motors Transportation Co., Ltd. was RMB128,252,400, representing a depreciation of RMB726,000 when compared with the net book assets, with an impairment rate of 0.56%.

\* *For identification purposes only*