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)

FURTHER ANNOUNCEMENT IN RELATION TO THE DISPOSAL OF EQUITY INTERESTS IN YUEYUN LANGRI

Reference is made to the announcement of Guangdong Yueyun Transportation Company Limited (the "**Company**") dated 9 October 2024 (the "**Announcement**") in relation to the disposal of equity interests in Yueyun Langri. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, on 9 October 2024, the Company and Yangjiang Investment entered into the Equity Transaction Agreement and Supplemental Agreement in relation to the Disposal, pursuant to which, the Company conditionally agreed to dispose of, and Yangjiang Investment conditionally agreed to purchase 51% equity interest in Yueyun Langri at a consideration of RMB99,612,282. The Consideration of the Disposal was RMB99,612,282, which was determined after arm's length negotiations between the Company and Yangjiang Investment with reference to (a) the appraised value (the "**Valuation**") (i.e. RMB195,318,200) of all shareholders' equity of Yueyun Langri as at the Base Date set out in the asset valuation report (Cai Xing Zi Ping Zi (2024) No. 298) prepared by the independent Valuer using the asset-based approach; and (b) the percentage of equity interests to be disposed of by the Company under the Equity Transaction Agreement and Supplemental Agreement.

The Company now wishes to provide additional information on the Valuation to the shareholders and potential investors of the Company.

Assumptions in the Valuation

(I) Basic assumptions

1. Transaction assumption: it is assumed that all assets to be valued are in the process of being transacted, and the Valuer carries out the valuation based on the simulated market which involves the transaction conditions of the assets to be valued;

2. Open market assumption: the open market assumption is a hypothetical description or qualification of the conditions of the market to which an asset is intended to have access and the effects the asset would be subject to under such market conditions. An open market refers to a competitive market with fully developed and refined market conditions, where a willing buyer and a willing seller are on an equal footing and are granted with the opportunities and time to obtain sufficient market information, and conduct transaction activities on a voluntary, rational, non-compulsory or unrestricted basis;

3. Enterprise going concern assumption: it is assumed that the entity under appraisal operates its business legally, its business license can be renewed upon expiration, and that no unforeseen factors will arise that would prevent its continued operation. The assets of the entity under appraisal are assumed to remain unchanged in their current use and to be used continuously in place;

4. Assumption of use of assets based on their existing purposes

   The assumption of use of assets based on their existing purposes means that it is assumed that the assets will be used continuously for the current purpose. Firstly, it is assumed that the assets within the scope of the valuation are in use, and secondly, it is assumed that they will be used continuously for the current purpose and in the current manner, without taking into account any use conversion or optimal utilization conditions of the assets.

(II) General assumptions

1. Assumption of the stability of laws, regulations and policies: it is assumed that no material changes are expected in the laws, regulations and policies of the PRC relating to the industry in which the appraised entity operates;

2. Assumption of the stability of the economic environment: it is assumed that, after the Valuation Base Date, there will be no material changes in the relevant prevailing laws, regulations and policies and the macroeconomic conditions of the PRC as well as the political, economic and social environment of the regions where the parties to the transaction are located;

3. Assumption of no material changes in economic policies: it is assumed that there will be no material changes in the relevant interest rates, exchange rates, taxation bases and tax rates and policy-based levies in the PRC;

4. Assumption of no adverse impacts: it is assumed that there will be no other force majeure and unforeseeable factors that will have a material adverse impact on the enterprise to be appraised;

5. Assumption of no defects: it is assumed that the appraised entity has no ownership defects, or that all existing ownership defects have been revealed.

(III) Special assumptions

1. Assumptions of enterprise's operation

(1) Assumption of business stability: it is assumed that the operating items and services rendered shall remain substantially unchanged, or changes thereof can be anticipated and are likely to materialize;

(2) Assumption of compliance with laws and regulations: it is assumed that the appraised entity will fully comply with all relevant laws and regulations;

(3) Assumption of consistency: it is assumed that there will be no material changes in the appraised entity's accounting policies and methods of accounting;

(4) Balanced operation assumption: it is assumed that the operating income and costs of the appraised enterprise occur evenly, and that the changes in the prices of raw materials and the sales price of service products, which constitute operating costs, are basically synchronized;

(5) Production scale assumption: it is assumed that the appraised enterprise is able to achieve the production capacity and maintain stable production capacity within the expected period on the basis of its current scale; meanwhile, the business revenue of each project is generated as scheduled, the future sales and cost control plans and targets can be achieved on schedule, and the production and operation comply with the national environmental protection policies and meet the requirements for safe production;

(6) Stable assumption for external auxiliary facilities: it is assumed that the economic operation of the enterprise may not be adversely affected by severe shortages in transportation, utilities, and communications or drastic changes in costs;

(7) Consistency assumption: it is assumed that the appraised entity's business scope and approach after the Valuation Base Date shall be in line with those of the present based on its existing management approach and management standard;

The appraised entity is able to maintain the stability of the existing operation team, maintain the existing management capability and take responsibility, and maintain a good operating situation;

(8) Truth assumption: it is assumed that the annual financial report of the appraised entity could truly reflect its actual conditions, and that the financial reports, transaction data and other information of the comparable companies relied upon by the Valuer are true and reliable;

(9) Assumption on corporate taxes: it is assumed that the corporate income tax rates to be implemented in the coming years are determined based on the relevant tax rates implemented on the Valuation Base Date, i.e., the corporate income tax rates implemented are 25% and 20%;

(10) Going concern assumption: it is assumed that the entity under appraisal operates its business legally, its business license can be renewed upon expiration, and that no unforeseen factors will arise that would prevent its continued operation. The assets of the entity under appraisal are assumed to remain unchanged in their current use and to be used continuously in place.

2. Assumptions about the conditions of the assets of the entity under appraisal

(1) It is assumed that the purchase and acquisition of the assets involved in the entity under appraisal to the provisions of the relevant national laws and regulations;

(2) Save as the disclosed circumstances, the assets owned by the entity under appraisal shall continue to be used according to the current or pre-determined use, purpose, and manner, scale and frequency;

(3) Save as the disclosed circumstances, the assets owned by the entity under appraisal are not mortgaged, seized or involved in legal proceedings or otherwise encumbered;

(4) The property rights of the assets owned are clear, and are owned by the entity under appraisal free from any lien or easement, infringement or other burdensome restrictions, free from liabilities and legal issues outside the scope of the appraisal, such as the possibility of non-payment of the purchase price;

(5) Save as informed or disclosed, the entity under appraisal and its tangible assets such as inventory and equipment do not have any major technical failures that affect their continuous use. There is no harmful substance in those assets that will have an adverse effect on their values and there is no hazard and other harmful environmental condition at the location of those assets which will have an adverse effect on the value of those assets.

Key Inputs and Computation Process thereof

The asset-based approach (also known as the cost method) refers to the valuation concept of determining the value of the entity under appraisal on the basis of a reasonable appraisal of the value of various assets and liabilities of an enterprise. In the appraisal, on the premise that Yueyun Langri will maintain operation on a going-concern basis, each asset and liability shall be appraised by the valuation method suitable for the appraised assets, and the appraised value of the net assets shall be determined by subtracting the value of the assets from the value of the liabilities after appraisal. The following specific methods were adopted to appraise based on the characteristics of the individual assets and liabilities and relevant information:

(1) Cash at bank and on hand

It mainly represented cash, bank deposits and other cash at bank and on hand. For cash, after adopting appraisal procedures such as cash counting, the Valuer took the verified book value of cash denominated in RMB as the appraised value on the basis of verifying the correctness. For bank deposits and other cash at bank and on hand, the Valuer determined the appraised value based on the verified value through verifying bank statements and bank letters.

(2) Prepayments

For prepayments, after the prepayments had been verified, the Valuer would conduct a detailed analysis of the amount, time and reason for arrears, payment recovery status, debtor's funds, credit, and operations based on the historical data collected and investigations conducted and if the suppliers were not found to be bankrupt, canceled or unable to provide goods on time as stipulated in the contract, the adjusted book value will be used as the appraised value.

(3) Accounts receivable and other accounts receivable

The value of the accounts receivable and other accounts receivable, based on the nature of the business from which those receivables were derived and the relevant aging analysis, shall be determined in three methods. For amounts that are expected to be recovered in full, the estimated value is determined based on the book value after inventory verification. For amounts that have conclusive evidence proving that they cannot be recovered, the appraised value will be zero. For amounts that are not expected to be recovered in full but there is no conclusive evidence to prove that they cannot be recovered or cannot be recovered in full, a certain risk loss rate will be determined respectively on the basis of a case-by-case analysis of the business nature and the aging analysis. The specific formula is: Appraisal value = Book value × (1 – Risk loss rate).

(4) Inventories

For raw materials, the appraised value was determined based on the book value after verification by on-site inventory counting, verification of the inventory management procedures of the appraised entity and the relevant inventory purchase and sale contracts.

For finished goods, the following calculation formula is used for measurement:

The appraised value of finished goods = book value × cost of sales ratio × (1 – sales expense rate – sales tax rate – income tax rate – net profit margin on sales × profit discount rate).

(5) Other current assets

The Valuation confirmed the authenticity and completeness of the assets by verifying relevant information and reviewing accounting records. On the basis of verifying the correctness, the value of the assets was assessed, taking into account the beneficial life of the assets and their contribution to the ongoing operations of the Company.

(6) Long-term receivables

For the valuation of long-term receivables, after investigation and verification, on the basis of verifying the correctness of the long-term receivables, the Valuer would conduct a detailed analysis of the amount, time and reason for arrears, payment recovery status, debtor's funds, credit, and operations based on the historical data collected and investigations conducted. The assessment risk losses of the long-term receivables were estimated using the individual identification method. For amounts with related enterprises which there were sufficient reasons to believe that can be recovered in full, the assessment risk loss was zero; for unrecoverable or long aging amounts with concrete evidence, the assessment risk loss was 100%; for amounts that were likely to be partly unrecoverable and were difficult to determine the unrecoverable amount, the assessment risk loss shall be estimated based on the aging analysis with reference to the calculation method of the provision for bad debts in enterprise accounting.

The assessment risk loss was determined in accordance with the above standards, and the appraised value was determined by deducting the amounts after assessing the risk loss from total account receivables. The provision for bad debts was assessed to be zero in accordance with relevant appraisal provisions.

(7) Long-term equity investments

The Valuer obtained the relevant investment agreements and interviewed the relevant persons in charge to understand the actual operating status of the target company to implement necessary valuation procedures. BDO CHINA Shu Lun Pan Certified Public Accountants LLP has conducted audits on the appraised entity and its subordinate investee companies respectively, and each company also provided detailed financial information, and important physical information has been investigated on site. The net asset values of the investee companies as at the Valuation Base Date were obtained, which were then multiplied by the shareholding percentages to arrive at the values of the shareholders' equity. The calculation formula is as follows:

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

(8) Investments in other equity instruments

For investments in other equity instruments, considering that this part is an equity investment under the minority shareholder's proportion, the appraised value was determined based on the verified book value in the Valuation.

(9) Investment properties, fixed assets – buildings and structures

For the appraised value of investment properties, fixed assets – buildings and structures, the replacement cost method was adopted in the Valuation.

(10) Fixed assets – equipment

① ***Machinery and equipment***

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

A. Determination of full replacement price of machinery and equipment

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

The calculation formula of full replacement price:

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

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

a. Determination of equipment purchase price

For equipment that is available for the prevailing equipment purchase price, the price was determined by requesting for quotations from manufacturers, agents and distributors of such equipment; for equipment that the market price is accessible as at the Base Date, the price was determined based on the market price.

For equipment that is non-available for the prevailing equipment purchase price or construction cost, the purchase price was calculated based on the original book value of the equipment verified by professional auditor to be true and reliable, and subject to adjustment according to the industrial producer ex-factory price index of the industry (e.g., general, special, and other equipment manufacturing industries) in which such equipment manufacturer was located.

Adjustment of purchase cost by using the index method.

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

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

b. Determination of transportation and miscellaneous expenses

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

c. Determination of installation, debugging and foundation costs

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

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

d. Other expenses

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

e. Capital cost

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

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

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

B. Determination of newness rate

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

② ***Vehicles***

First, the replacement cost of a vehicle at the Valuation Base Date was estimated, which included the replacement base price, purchase tax, registration fee and other expenses of a new vehicle. Then, according to the vehicle and local market conditions, the appraised value of the vehicle to be appraised was determined by deducting physical depreciation, any potential functional depreciation, economic depreciation and other depreciation accordingly.

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

A. Determination of replacement value

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

B. Determination of newness rate

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

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

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

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

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

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

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

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

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

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

③ ***Electronic equipment***

A. Determination of full replacement price

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

The calculation formula of full replacement price:

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

B. Determination of comprehensive newness rate

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

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

For small office electronic equipment such as computers, printers, and air conditioners, the comprehensive newness rate was determined by the newness rate based on the useful life approach in the Valuation.

(11) Construction in progress

For construction in progress, the appraised value was determined based on the verified book value in the Valuation.

(12) Right-of-use assets

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

(13) Intangible assets – Land use rights

For the land use rights, the cost method and benchmark land price method were adopted for measurement in the Valuation.

(14) Intangible assets – Other intangible assets

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

(15) Long-term deferred expenses

For long-term deferred expenses, after having verified the expenditures and the amortisation policy, the appraised value was determined based on the value of the assets and rights that still contributed to the operating income and did not duplicate with other types of assets after the owner of the assets realized the valuation purpose.

(16) Other non-current assets

For other non-current assets, the appraised value was determined based on the verified book value in the Valuation.

(17) Liabilities

The valuation of the enterprise's liabilities mainly comprised reviewing and verifying of books and records, consulting of the contracts, tax payment returns and other information, verifying of the large amount of payables by external confirmation, and taking the actual liabilities assumed by the appraised entity as the appraised value of the liabilities after the valuation purpose was achieved on the Valuation Base Date.

Valuation Results

As at the Valuation Base Date, the book value of all assets of Yueyun Langri was RMB496,544,000 and the appraised value was RMB503,716,300, representing an appreciation of the appraised value of RMB7,172,300, or 1.44%, over the book value; the book value of liabilities was RMB309,314,400 and the appraised value was RMB308,398,100, representing a depreciation of the appraised value of RMB916,300, or 0.30%, over the book value; the book value of the value of all shareholders' equity was RMB187,229,500 and the appraised value was RMB195,318,200, representing an appreciation of the appraised value of RMB8,088,700, or 4.32%, over the book value. Details were as follows:

Unit: RMB0'000

Items		**Book value A**	**Appraised value B**	**Changes C = B-A**	**Appreciation rate % D = C/A×100%**
Current assets	1	22,925.62	22,938.79	13.17	0.06
Non-current assets	2	26,728.77	27,432.84	704.07	2.63
Including: Debt investments	3	–	–		
Other debt investments	4	–	–		
Long-term receivables	5	5.00	5.00	0.00	0.00
Long-term equity investments	6	4,814.39	6,132.32	1,317.93	27.37
Investments in other equity instruments	7	31.29	31.29	0.00	0.00
Other non-current financial assets	8	–	–		
Investment properties	9	7,813.92	605.91	-7,208.01	-92.25
Fixed assets	10	7,305.86	9,588.71	2,282.85	31.25
Construction in progress	11	381.90	381.90	0.00	0.00
Productive biological assets	12	–	–		
Oil and gas assets	13	–	–		
Right-of-use assets	14	73.05	73.05	0.00	0.00
Intangible assets	15	4,004.89	8,316.19	4,311.30	107.65
Development expenditure	16	–	–		
Goodwill	17	–	–		
Long-term deferred expenses	18	2,298.47	2,298.47	0.00	0.00
Other non-current assets	19	–	–		
Total assets	**20**	**49,654.40**	**50,371.63**	**717.23**	**1.44**
Current liabilities	21	19,198.27	19,198.27	0.00	0.00
Non-current liabilities	22	11,733.17	11,641.53	-91.64	-0.78
Total liabilities	**23**	**30,931.44**	**30,839.81**	**-91.63**	**-0.30**
Net assets (shareholders' equity)	**24**	**18,722.95**	**19,531.82**	**808.87**	**4.32**

The material differences between the appraised values and book values and the reasons therefor were set out below:

1. The book value of inventories was RMB1,178,605.02 and the appraised value was RMB1,310,300.16, representing an appreciation of the appraised value of RMB131,695.14, or 11.17%. The reason for the appreciation in inventories was that the appraised value of finished goods was determined based on the sales price less fees and taxes in the Valuation, resulting in an appreciation in the appraised value as compared with the book value.

2. The book value of long-term equity investments was RMB48,143,914.80 and the appraised value was RMB61,323,193.46, representing an appreciation of the appraised value of RMB13,179,278.66, or 27.37%. The appreciation was mainly attributable to an appreciation in the appraised value of properties, land use rights and other physical assets owned by Yueyun Langri's subsidiaries, i.e., Guangdong Yangjiang Vehicles Transportation Co., Ltd., Yangchun City Yueyun Langri City-Village Railway Station Service Co., Ltd. and Yangxi County Yueyun Langri Passenger Transportation Co., Ltd..

3. The total book value of investment properties was RMB78,139,194.72 and the total appraised value was RMB6,059,100.00, representing a depreciation of the appraised value of RMB72,080,094.72, or 92.25%. The depreciation was due to the fact that: ① certain investment properties, such as stores and other commercial premises, were depreciated, as a result of the recent downturn in the property market and economic downturn; and ② certain investment properties were consolidated into buildings and structures for valuation purposes.

4. The book value of buildings and structures was RMB64,659,632.32 and the appraised value was RMB84,035,600.00, representing an appreciation of the appraised value of RMB19,375,967.68, or 29.97%. The appreciation was due to the fact that: firstly, the depreciation life of the buildings in accounting was different from the theoretical useful life of the buildings used in the valuation calculation, resulting in a difference between the accumulated depreciation in accounting and that of the buildings calculated in the valuation, thus leading to the appreciation; secondly, the valuation was conducted based on the current replacement value of the buildings in the market, while the accounting accrued accumulated depreciation based on the historical cost of the buildings, therefore, price fluctuations in the buildings market may cause differences between the historical cost in accounting and the replacement cost in the valuation, thus leading to the appreciation; thirdly, some buildings and structures were acquired in early time and have appreciated with the development of the property market; and fourthly, investment properties were consolidated into buildings and structures for valuation purposes.

5. The book value of fixed assets – equipment was RMB8,399,006.95 and the appraised value was RMB11,851,530.00, representing an appreciation of the appraised value of RMB3,452,523.05, or 41.11%. The main reason for the appreciation was the difference between the depreciation life of the equipment in accounting and the theoretical useful life of the equipment used in the valuation calculation, resulting in a difference between the accumulated depreciation in accounting and the equipment value calculated in the valuation, thus leading to the appreciation.

6. The book value of intangible assets was RMB40,048,923.97 and the appraised value was RMB83,161,866.80, representing an appreciation of the appraised value of RMB43,112,942.83, or 107.65%. The main reasons for the appreciation were: firstly, the land use rights of intangible assets increased with the rise in surrounding land market prices; and secondly, the identifiable off-book intangible assets – trademarks were included into the scope of the Valuation.

7. The book value of deferred income was RMB1,221,801.67 and the appraised value was RMB0.00, representing a depreciation of the appraised value of RMB1,221,801.67, or 100.00%. The main reason for the depreciation was that this deferred income belonged to the government grant that did not need repayment, hence it was appraised to be zero.

8. The book value of deferred tax liabilities was RMB53,973.17 and the appraised value was RMB359,423.59, representing an appreciation of the appraised value of RMB305,450.42, or 565.93%. The appreciation was mainly attributable to the consideration of the corporate income tax amount derived from the aforementioned deferred income.

This announcement is supplemental to and should be read in conjunction with the Announcement. All other information and contents contained in the Announcement remain unchanged and will continue to be effective for all purposes.

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

Guangzhou, the PRC
24 October 2024

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