

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



兗礦能源集團股份有限公司
YANKUANG ENERGY GROUP COMPANY LIMITED*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01171)

**FURTHER ANNOUNCEMENT
DISCLOSEABLE TRANSACTION IN RELATION TO
ACQUISITION OF 45% EQUITY INTEREST IN WUBO TECHNOLOGY
BY WAY OF CAPITAL INCREASE**

Reference is made to the announcement of Yankuang Energy Group Company Limited* (the “**Company**”) dated 31 May 2024 (the “**Announcement**”) in relation to, amongst other, (i) the Company entered into the Capital Increase Agreement and its appendices with Wubo Technology, Fujian Dongju and Dongming Industry; and (ii) the Company entered into the Voting Rights Entrustment Agreement (which is one of the appendices to the Capital Increase Agreement) with Wubo Technology, Fujian Dongju and the Entrusting Shareholders. Unless otherwise indicated in the context, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

I. FURTHER INFORMATION RELATING TO THE VALUATION

(I) Valuation Approach Adopted by the Independent Appraiser and the Reasons therefor

The Independent Appraiser adopted the income approach and the cost approach to conduct valuation on Wubo Technology among the three generally accepted approach (namely the income approach, the cost approach and the market approach) considered. The income approach has been selected for the valuation of Wubo Technology as it allows for the valuation of the future economic benefits of Wubo Technology and the discounting of those benefits to their present value using an appropriate discount rate for all risks associated with the realisation of those benefits. The reason for adopting the cost approach is due to the information required to satisfy the asset-based approach can be provided by Wubo Technology and can be collected externally by the Independent Appraiser, which allows a comprehensive inventory and valuation of Wubo Technology’s assets and liabilities to be carried out. The market approach has not been adapted for the valuation of Wubo Technology due to the limited availability of market data for comparison of similar companies or comparable transactions.

The Independent Appraiser selected the valuation results under the income approach between the valuation results from the income approach and the asset-based approach, which mainly attributable to the income approach is a method of calculating the appraised value on the basis of forecast of the enterprise's future income. It takes into account not only the impact of factors such as whether the sub-assets are reasonably and fully utilised in the enterprise, and whether, when grouped together, they are able to make their due contribution on the total shareholders' equity of the enterprise, but also the impact of factors that cannot be considered under the asset-based approach such as the various preferential policies that the enterprise enjoys, its operating quality, its competitiveness in the industry, the level of the management of the company, its human resources, and the synergy of these factors on the total shareholders' equity. In contrast, the valuation results of the asset-based approach are mainly based on the balance sheet as the construction cost to determine the prevailing updated replacement cost value of each element of assets and liabilities actually owned by the enterprise as at the Valuation Benchmark Date, and the valuation idea is to estimate the value of the appraised entity on the basis of the amount of investment in the market value required to re-construct the enterprise in its current state. As a network freight platform in the full-truckload field, Wubo Technology has strengthened its advantages in cargo control through technological empowerment and its industrial background, and has formed a high-viscosity cooperation relationship with customers of production-oriented enterprises. Based on the industry and operating characteristics of Wubo Technology, the income approach can reflect the current total shareholders' equity of the enterprise in a more objective and comprehensive manner. Therefore, the Independent Appraiser is of the view that the results of the income approach can better reflect the overall value of the Wubo Technology.

(II) Description of the DCF Model

1. Valuation Idea of the Transaction

The discounted cash flow (“DCF”) of the income approach is used in the Transaction to estimate the value of the subject of the appraisal. The DCF is a method of appraising the value of an enterprise by discounting its expected future cash flows to their present value, i.e., by estimating the expected future cash flows of the enterprise and applying an appropriate discount rate to convert the expected cash flows to their present value, thus obtaining the value of the enterprise.

The basic valuation idea of the Transaction is to estimate the value of the entire shareholders' equity based on the audited historical annual accounting statements of the enterprise, combining with the enterprise's future development strategies and planning, as well as comprehensively analysing and taking into account the human resources of the enterprise, technology level, capital structure, operating status, its own strengths and weaknesses, its profitability on an ongoing basis and the current status and development prospects of the industry in which it operates. In other words, the value of operating assets, which is obtained from the total of discounting the estimated free cash flows of the enterprise in each of the future years according to the income approach using DCF and the weighted average cost of capital (WACC) as the discount rate, plus the value of surplus assets, non-operating assets and the value of the enterprise's long-term investment in foreign equity to obtain the total asset value of the enterprise, less the value of interest-bearing debts and the value of the minority interests to obtain the value of the total shareholders' equity.

2. Valuation Model of the Transaction

(1) Basic Model

The valuation has adopted the free cash flow model in DCF.

Basic formula:

Value of total shareholders' equity of entity = total enterprise value – value of interest-bearing debts – value of minority interests

Total enterprise value = value of operating assets + value of non-operating assets + value of surplus assets + value of long-term equity investment – value of non-operating liabilities

Interest-bearing debts are debts that require interest payment in the books of Wubo Technology as at the Valuation Benchmark Date. As at the Valuation Benchmark Date, the interest-bearing debts of Wubo Technology were short-term borrowings. The interest-bearing debts were appraised at their verified carrying amounts.

Minority interests, for non-wholly owned subsidiaries included in the scope of the income forecast, were excluded by taking into account the appraised value of each company and the shareholding ratio of Wubo Technology.

1) Value of Operating Assets

Operating assets are assets and liabilities related to the production and operation of Wubo Technology that are subject to free cash flow projections of the enterprise after the Valuation Benchmark Date.

The calculation formula of the value of operating assets is as follows:

$$P = \sum_{i=1}^n \frac{F_i}{(1+r)^i} + \frac{F_n \times (1+g)}{(r-g) \times (1+r)^n}$$

Where: P: Value of operating assets of the enterprise as at the Valuation Benchmark Date;

F_i : Expected corporate free cash flows in the coming i year after the Valuation Benchmark Date;

F_n : Expected corporate free cash flows at the end of the forecast period;

r : Discount rate (here refers to the weighted average cost of capital (WACC));

n : Forecast period;

i : The coming i year of the forecast period;

g : Perpetual growth rate.

Based on the analysis of the asset allocation of Wubo Technology and the market conditions, and after sufficient communication with the management of Wubo Technology, it was assumed in the valuation that stable operation would be reached during the forecast period and that the growth rate during the perpetual period would be $g=0$.

Where corporate free cash flows = net profit after tax + depreciation and amortization + interest of interest-bearing debts after tax – capital expenditure – net changes in working capital

The discount rate is determined by using the weighted average cost of capital (WACC) model.

The equity capital cost (K_e) is determined by adopting the capital asset pricing model (CAPM).

2) Value of Non-operating Assets and Liabilities

Non-operating assets and liabilities refer to assets and liabilities that are not directly related to the production and operation of Wubo Technology and are not involved in the free cash flow forecast of the enterprise after the Valuation Benchmark Date. In the valuation, the cost method was mainly adapted to analyse and appraised non-operating assets and liabilities separately.

3) Value of Surplus Assets

Surplus assets are assets that are in excess of the production and operating requirements of the enterprise as at the Valuation Benchmark Date and are not involved in the free cash flow forecast of the enterprise after the Valuation Benchmark Date. In the valuation, the cost method was mainly adapted to analyse and appraised surplus assets separately.

4) Value of Long-term Equity Investment

For long-term equity investment companies, the Independent Appraiser verified the shareholding ratio, analysed factors such as actual control and the degree of impact on the value of the subject of the appraisal, and conducted an overall appraisal of the investee company by adopting a reasonable appraisal methodology based on the specific circumstances of each long-term equity investment company.

(2) Determination of Income Period and Forecast Period

Income period is the defined period of time for the future expected income of Wubo Technology, which is the period during which the assets are viable, i.e., the period from the Valuation Benchmark Date to the end date of the enterprise's income.

Also, according to the communication between the Independent Appraiser and the management of Wubo Technology, after adjustment for changes in its operations in the future years, Wubo Technology is expected to enter into a stable operation period in 2028 based on the company's current operating conditions, business characteristics and market supply and demand, and is thus expected to enter into a stable period in 2028, and the forecast period is therefore determined to commence from September 2023 to 2028 for a total of 5.33 years, with perpetuity after 2028.

3. Analysis of Specific Forecast Data for the Transaction

(1) Forecast of the Operating income

According to the communication between the Independent Appraiser and the management of Wubo Technology, the principal activities of the company within the consolidated scope of the income approach include logistics business, agency business and other businesses.

1) Analysis of Business Operations

① Logistics Business

The logistics business is divided into road transportation (network freight), water transportation (NVOCC) and multimodal transportation.

② Agency Business

The agency business of Wubo Technology is mainly divided into railway transportation agency business, port cargo agency business and shipping agency business.

③ Other Businesses

Other businesses of Wubo Technology include sales of commodities business, industrial IOT business, etc.

Sales of commodities business: Wubo Technology and its subsidiaries are engaged in the trading and sales of goods. The total income of this business accounts for a relatively small proportion of the overall income and the gross profit margin is low.

Industrial IOT business: This is the development and implementation of industrial IOT (Internet of Things) solutions for upstream steel and coal enterprises, including a range of services such as hardware procurement, software development and operation and maintenance. As at the Valuation Benchmark Date, Wubo Technology was undergoing business adjustments and was no longer engaged with the industrial IOT business.

2) Future Forecast

① Road Transportation

Income of road transportation = total transportation volume x unit price of road transportation

A. Analysis of Transportation Volume

The main customers of Wubo Technology are steel mills and coking plants in the PRC. The goods transported by road are bulk goods, which are categorised into iron ore, coal, steel and other auxiliary materials.

The major product categories of road transportation of Wubo Technology in the historical years included iron ore, coal, steel and other auxiliary materials. Therefore, the production volume for future years is analysed according to the above four categories.

a. Iron Ore

From the trend of the third quarter of 2023, China's macroeconomic cycle has shown positive signs of improvement. The economy has stronger endogenous momentum with macroeconomic policy measures to effectively respond to changes in the external environment. From the perspective of the long-term trend, with the gradual pickup and improvement of the consumer market, the increasing impetus for technology innovation, the steady progress of green transformation, the accumulating power of high-quality development, the narrowing decline of the real estate market, the supply and demand relationship in the domestic steel market is expected to return to balance in 2024.

In the historical years, the major customers of Wubo Technology were major steel groups and energy companies, and the volume of iron ore transported by Wubo Technology was mainly limited by the steel production capacity of the major companies. According to the communication between the Independent Appraiser and the management of Wubo Technology, the transportation volume of iron ore in the future years will vary with the changes in the steel production volume of its existing customers. According to the data of the National Bureau of Statistics of China, in 2023, the domestic raw iron ore production was 990,555,400 tonnes and the import volume of iron ore was 1,179,060,000 tonnes, with a combined year-on-year growth of 4.57%; in 2022, the domestic raw iron ore production was 967,873,000 tonnes and the import volume of iron ore was 1,106,860,000 tonnes, with a combined year-on-year decrease of 1.43%; and in 2021, the domestic raw iron ore production was 980,528,000 tonnes and the import volume of iron ore was 1,124,320,000 tonnes.

Based on the historical data, with the continuous flourishing of the economy, China is still at the development stage of infrastructure construction, and the demand for steel is expected to continue to increase in the future years, which will result in the increasing demand for iron ore. For the period from September to December 2023, the Independent Appraiser determined the transportation data of iron ore according to the actual operating data provided by Wubo Technology. For the future years, the iron ore transportation volume is forecasted based on a 4.57% growth rate referring to the growth level of the import volume of iron ore.

b. Coal

Coal products are indispensable raw materials in the process of steel smelting and energy production. According to the data from the National Bureau of Statistics, 4.83 billion tonnes of standard coal was produced in 2023, representing an increase of 4.20% as compared with the previous year; 4.56 billion tonnes of standard coal was produced in 2022, representing an increase of 10.5% over the previous year; and 4.13 billion tonnes of standard coal was produced in 2021, representing an increase of 5.7% over the previous year.

Based on the historical data, the transportation volume of coal of Wubo Technology showed an upward trend. As there was no transportation from new customers after the Valuation Benchmark Date. For the period from September to December 2023, the Independent Appraiser determined the transportation data of coal according to the actual operating data provided by Wubo Technology. For the future years, the coal transportation volume is forecasted based on a 4.20% growth rate referring to the growth level of the transportation volume of coal.

c. Steel

The steel transportation volume in the historical years of Wubo Technology showed a fluctuating trend, with the steel transportation volume in 2022 decreased by 30.34% as compared to the transportation volume in 2021, which, according to the communication with Wubo Technology, was mainly due to the traffic control and the restriction of the production of the steel companies, which resulted in a decrease in the output and thus resulted in the decrease in the road transportation volume of Wubo Technology.

According to the data of the National Bureau of Statistics, in 2023, the accumulative steel production of China was 1,362,681,700 tonnes, representing an increase of 5.2% year-on-year; in 2022, the accumulative steel production of China was 1,340,335,000 tonnes, representing an increase of 0.3% year-on-year; in 2021, the accumulative steel production of China was 1,336,670,000 tonnes, representing an increase of 0.6%.

Based on the historical data, with the continuous flourishing of the Chinese economy, China is still at the stage of development of infrastructure construction, and the demand for steel will continue to increase in the future years. Therefore, for the period from September to December 2023, the Independent Appraiser determined the transportation data of steel according to the actual operating data provided by Wubo Technology. For the future years, the steel transportation volume is forecasted based on a 5.2% growth rate referring to the growth level of the transportation volume of steel.

d. Other Auxiliary Materials

According to the briefing by Wubo Technology, other auxiliary materials is mainly transportation of other materials required by steel companies for the production and sales of steel, such as limestone, lime powder, slag, packaging boxes, etc. As the other auxiliary materials has a higher degree of correlation with steel, for the period from September to December 2023, the Independent Appraiser determined the transportation data of auxiliary materials according to the actual operating data provided by Wubo Technology. For the future years, the transportation volume of auxiliary materials are forecasted based on a 5.20% growth rate referring to the growth level of the transportation volume of steel.

B. Analysis of Transportation Unit Price

According to the China Road Logistics Price Index released by the China Federation of Logistics & Purchasing, the unit price of road transportation for full truckloads fluctuated between 2020 and 2023 based on the historical data, while it generally shown an upward trend.

From January to June 2023, the full-truckload logistics price index showed a downward trend, mainly due to the economic slowdown in the first half of 2023, the removal of traffic control and the insufficient supply of goods despite resumption of work by truckers, which resulted in the overall downturn in logistics price in the first half of 2023. From July 2023 onwards, the market demand has shown a steady recovery, with the full-truckload logistics price index at 102.7 in August 2023, 103.1 in September 2023, 103.9 in October 2023, 103.9 in November 2023 and 104.2 in December 2023. The full-truckload logistics price index has been on an upward trend month by month, with the average full-truckload logistics price index for the period from January to December 2023 being 103.29.

The average transportation unit price of Wubo Technology is RMB77.72 per tonne for 2020, is RMB76.14 per tonne for 2021, RMB88.54 per tonne for 2022 and RMB81.59 per tonne for January-August 2023. The changes in the transportation unit price of Wubo Technology are in line with the changes in the transportation unit price of the road transportation industry.

After analysis by the Independent Appraiser, the growth rate of the unit price of road transportation by full-truckload vehicles for the future years was recognised on the basis of the average full-truckload logistics price index for the period from January to December 2023 of 103.29.

② Water Transportation

Income of water transportation = total transportation volume x unit price of water transportation

A. Analysis of Transportation Volume

According to the communication between the Independent Appraiser and the management of Wubo Technology, the water transportation business accounts for a relatively small proportion of the network freight business, which mainly transports iron ore, coal and coke, steel and other auxiliary materials.

According to the management of Wubo Technology, during the historical years, there were business adjustments in Wubo Technology, which focused more on the road transportation business and therefore voluntarily gave up part of the water transportation business. Meanwhile, the management indicated that the volume of the water transportation business in the future years will basically maintain slight growth on the basis of 2023. Accordingly, the Independent Appraiser has considered a 1% growth in the volume of each category of products for the water transportation business on the basis of 2023.

B. Analysis of Transportation Unit Price

According to the data from the Water Transport Bureau of the Ministry of Transport of the People's Republic of China: in 2020, the volume of cargo passing through the Yangtze River trunk line was 3.06 billion tonnes, representing a year-on-year increase of 4.4%, with the average value of the Yangtze River Bulk Freight Index at 760.04, representing a year-on-year decrease of 4.2%; in 2021, the volume of cargo passing through the Yangtze River trunk line was 3.26 billion tonnes, representing a year-on-year increase of 6.5%, with the average value of the Yangtze River Bulk Freight Index at 760, representing a year-on-year decrease of 0.03%; cargo throughput of ports along the Yangtze River was 3.59 billion tonnes, representing a year-on-year growth of 1.7%, and the average value of the Yangtze River Bulk Freight Index was 728.4, representing a year-on-year decrease of 4.1%.

Based on the historical data, the unit price of water transportation has been fluctuating between 2021 and 2022, with an overall downward trend. In 2021, the overall demand for river transportation was relatively stable and the bulk cargo transportation market grew steadily, with the supply of vessel capacity still exceeding the demand and the annual transportation price from up to down. In 2022, the overall demand for river transportation was relatively stable, with the growth rate slowing down, and the bulk cargo transportation market grew steadily, with the supply of vessel capacity still exceeds the demand and the annual transportation price generally maintains at a low level. In January to December 2023, the Yangtze River Bulk Freight Index showed a fluctuating trend of recovery, and the water transportation price has remained stable since July 2023. With the combination of the national macro-control policies taking effect, the Yangtze River Bulk Freight Index rebounded to 631.6 in December 2023. In January 2024, the Yangtze River Bulk Freight Index was 644.7 and 650.8 in February 2024, which shown an upward trend. It is therefore expected that water transportation prices will continue to recover in the future years.

The average transportation unit price for Wubo Technology was RMB16.72 per tonne for 2020, RMB16.40 per tonne for 2021, RMB13.66 per tonne for 2022 and RMB13.68 per tonne for January-August 2023. The changes in the transportation unit price of Wubo Technology are more in line with the changes in the transportation unit price of the water transportation industry.

In summary, the Independent Appraiser is of the view that the volume of water transportation business in the future years is expected to continue to recover and improve with the combination of the national macro-control policies taking effect, so the water transportation price in the future years will grow steadily by 1%.

③ Railway Transportation

The railway transportation business is complementary to the road transportation business, and the profitability of railway transportation of Wubo Technology was relatively stable in the historical years, so the railway transportation income for the period from September to December 2023 is determined based on the actual operating data, and the railway transportation income for the future years is determined based on the income level of 2023 taking account of stable growth.

④ Port Cargo Agency Business and Shipping Agency Business

During the historical period, the business volume of Wubo Technology mainly relied on the business volume of RGL Group Co., Ltd.* (瑞鋼聯集團有限公司) of over 100 million tonnes per year. Considering the decline in the stock of traded ore in various ports and the operation recovery of steel mills, such part of the port business will maintain conservative and slow growth during the forecast period. Meanwhile, according to the unaudited income data of the port cargo agency business from September to December 2023 provided by Wubo Technology, the annual income of the port cargo agency business was RMB1,912 million in 2023.

According to the data released by the National Bureau of Statistics of China, the import volume of iron ore showed an upward trend. The Independent Appraiser is of the view that the volume of water transportation business in the future years is expected to continue to recover and improve with the combination of the national macro-control policies taking effect, so the income from the port cargo agency business is expected to grow steadily by 1% in the future years.

Income from the shipping agency business showed an upward trend in the historical years, which was mainly attributable to the business generated by clients developed by Wubo Technology on its own.

Demand for port transportation in China maintained steady growth, with port cargo throughput, foreign trade cargo throughput and container throughput all rising year by year. As a result of the trade friction between China and the United States and the global economic changes, the overall trend of rapid economic growth in China slowed down, but the production and operation of China's ports continued to maintain a good momentum of development, and cargo throughput, foreign trade throughput and container throughput still maintained steady growth. According to the cargo throughput data of national ports released by the Ministry of Transportation, the annual cargo throughput of national ports in 2021 was 15,545 million tonnes, representing an increase of 6.8% over the previous year; and the cargo throughput of national ports in 2022 was 15,685 million tonnes, representing an increase of 0.9% year-on-year.

As the growth rate of the cargo throughput of national ports slowed down by 0.9% in 2022, the Independent Appraiser has considered a steady growth of 2% for the shipping agency business in the future years on the basis of 2023.

⑤ Other Businesses

Other businesses include multimodal transportation business, sales of commodities business and industrial IOT business.

Multimodal transportation business: it is a business that combines various modes of transportation, including road transportation, water transportation and railway transportation agency, to provide shippers with “end-to-end” fixed-route transportation of raw materials or finished products. Currently, such type of business is a newly developed business among the businesses of Wubo Technology, with relatively little business development and a relatively small proportion of income in the historical years, and no more projections of such income are made for the future years.

Sales of commodities business: according to the briefing by the management of Wubo Technology, the commodities sold in the historical years were mainly iron ore, limestone, etc. This business was mainly undertaken by Shandong Wubo Technology Co., Ltd. (山東物泊科技有限公司). This business is not a major source of business for Wubo Technology, and the amount of income in the historical years was relatively small with low gross profit margin level, and no more projections are made for 2024 and the future years.

Industrial IOT business: according to the communication between the Independent Appraiser and the management of Wubo Technology, the business was at the stage of winding up in 2023 and it will not undertake any industrial IOT business in the future years, so no more projections of such income are made in this valuation.

In accordance with the aforesaid analysis and forecast, the results of income forecast for the principal businesses for the future years are as follows:

Unit: RMB’0,000

Items	September- December 2023	2024	2025	2026	2027	2028
Income of road transportation	643,074.09	2,086,843.53	2,253,376.82	2,433,236.64	2,627,492.48	2,837,299.92
Income of water transportation	5,196.38	17,717.88	18,074.01	18,437.30	18,807.89	19,185.93
Railway transportation agency business	447.02	1,175.98	1,211.26	1,247.60	1,285.03	1,323.58
Port cargo agency business	105,246.34	193,137.10	195,068.47	197,019.16	198,989.35	200,979.24
Shipping agency business	5,455.66	13,866.17	14,143.49	14,426.36	14,714.89	15,009.19
Sales of commodities and others	0.00	0.00	0.00	0.00	0.00	0.00
Total	759,419.49	2,312,740.66	2,481,874.05	2,664,367.06	2,861,289.64	3,073,797.85

(2) Forecast on Operating Cost

The costs of the principal businesses consist of transportation costs, port and agency costs, shipping agency costs for network freight, and government grants provided by the relevant local governments in various places that Wubo Technology enjoys.

1) Transportation Costs of Network Freight

The transportation costs of network freight mainly comprise freight paid to drivers or shipowners. During the historical years, the gross profit margin for road transportation was relatively stable, while the gross profit margin for water transportation was more volatile, with the overall gross profit margin for both road and water transportation remaining at 2%.

The main reason for the significant decrease in gross profit margin in 2022 as compared to 2021 was that the entire logistics industry was severely impacted by the closure and control of roads in multiple places in China, as well as the multiple factors such as the emission reduction and production restriction, the complicated international environment in 2022, and the upstream and downstream industries suffered at the same time. With the lifting of travelling control at the end of 2022, the traffic and transportation economic operation continued to recover and improve as a whole, with the national delivery and freight volume showing a growing trend. The operating freight volume amounted to 25.93 billion tonnes, representing an increase of 6.8% compared with the same period last year.

According to the statistics of China Federation of Logistics & Purchasing, the market scale of road freight transportation in China was approximately RMB5 trillion in 2022, of which the overall market scale of digital freight transportation was approximately RMB700 billion, with a market penetration rate of around 15%. Statistics from the Network Freight Transport Information Interactive System of the Ministry of Communications and Transport show that as of the end of June 2023, there were a total of 2,818 network freight transportation enterprises (including branches), integrating 6,857,000 vehicles and 5,773,000 drivers. In the first half of 2023, a total of 52,928,000 orders were uploaded, representing a year-on-year increase of 23.5%. In general, network freight transportation will maintain an overall growth trend in 2023. 42,910,000 orders were placed in the first half of 2022, representing a year-on-year increase of 51.4%.

The Independent Appraiser is also noticed that Wubo Technology is currently enjoying tax rebate subsidies from some local governments, which have offset the main operating costs of Wubo Technology and improved the gross profit margin of the network freight platform. Specifically, the strategic co-operation framework agreement signed between Wubo Technology and its subsidiaries and the relevant local government departments stipulates that certain governmental support incentives will be given to Wubo Technology based on its contribution to the local economy.

The Independent Appraiser has collected the operating data of Wubo Technology for the period from September to December 2023, and therefore the main operating costs for the period from September to December 2023 have been determined based on the actual operating data incurred by Wubo Technology; as for the period from 2024 to 2028, the forecast is based on the gross profit margin after receiving the governmental grants.

Based on the September-December 2023 data provided by Wubo Technology, the gross profit margin level of network freight of Wubo Technology in 2023 is as follows:

Gross profit margin	2023.1-8	9-12	2023 (Total)
Network freight (including government grants)	1.87%	2.16%	2.11%

The gross profit margin of network freight in 2023 has stabilised, according to the communication between the Independent Appraiser and the management of Wubo Technology, the gross profit margin for 2024 and subsequent years is projected based on the gross profit margin level of Wubo Technology in 2023.

2) Government Grants

The strategic co-operation framework agreements entered into by Wubo Technology and its subsidiaries with the relevant local government departments provide for certain governmental support and incentives based on Wubo Technology local economic contributions. Local economic contribution includes the contribution of local taxes paid by Wubo Technology, including value-added tax, enterprise income tax, individual income tax, urban construction tax, stamp duty, education surtax, local education surcharge and other contributions.

For the forecast of government grants for future years, the Independent Appraiser has verified the amount of government grants of each company in historical years and forecasted the amount of government grants in future years mainly based on the historical ratio of government grants to the income from Network Freight business. Ultimately, the government grants will be charged to the main operating costs as a deduction of transportation cost of goods over the network.

According to the strategic cooperation framework agreement signed between Wubo Technology and each of its subsidiaries and the relevant local government departments, the amount of government grants is mainly related to the income of the freight forwarding platform, therefore, the government grants for 2024 and future years are projected based on the proportion of government grants in 2023, and the results of the government grants projections are as follows:

Unit: RMB

Item	2024	2025	2026	2027	2028
Government grants	995,198,143.05	1,074,116,267.24	1,159,339,584.12	1,251,373,897.87	1,350,765,720.04

3) Port Cargo Agency Business and Shipping Agency Business

The cost of the port business is determined by combining the agreed unit price of each port with the import volume of the customers; the cost of the freight agency business includes but is not limited to merchanting fee, water scale fee, small vessel service fee and inspection fee. For future years, the gross profit margin is determined with reference to the gross profit margin level of the port cargo agency business and the shipping agency business as at the Valuation Benchmark Date.

4) Other Cost

Commodity sales business, as introduced by the management of Wubo Technology, the commodity in the historical year was mainly the sale of iron ore, limestone and other commodities, which was mainly undertaken by Shandong Wubo Technology Company Limited(山東物泊科技有限公司) for the purpose of co-operating with the local government in fulfilling the corresponding targets on the quantity of imported goods. This business is not a major source of business for Wubo Technology, and the amount of income in the historical year was relatively small and the gross profit margin level was relatively low, and no further projections are made for the year 2024 and future years.

Based on the above analyses and projections, the results of the forecast of main operating costs for future years are as follows:

RMB: RMB'0,000

Items	September-December					
	2023	2024	2025	2026	2027	2028
Total transportation cost	635,183.82	2,061,229.83	2,224,704.75	2,401,241.30	2,591,887.33	2,797,775.02
Port cargo agency business	104,594.51	191,205.73	192,142.44	194,063.87	196,004.51	197,964.55
Shipping agency business	4,796.51	11,924.91	12,163.40	12,406.67	12,654.81	12,907.90
Sales of commodities and others	0.00	0.00	0.00	0.00	0.00	0.00
Total	744,574.84	2,264,360.46	2,429,010.60	2,607,711.84	2,800,546.64	3,008,647.47

(3) Forecast on Income and Cost of Other Businesses

Other business income is interest income and others, with uncertainty on the amount incurred. The valuation will not forecast other business income and other business costs.

(4) Forecast of Taxes and Surcharges

Taxes and surcharges at the consolidated level of Wubo Technology mainly include city maintenance and construction tax, education surcharge, local education surcharge, water conservancy construction fund, stamp duty, vehicle and vessel use tax, property tax and land use tax. The surcharges are based on the value-added tax payable by enterprises. Value-added tax is projected on the basis of sales tax less input tax, which is projected on the basis of the tax rate on main business income. Input tax is forecast on the basis of deductible input tax on costs and expenses and deductible input tax on capital expenditure, of which the freight forwarders for road and water transportation are individual shippers who are unable to issue special invoices for value-added tax, and therefore, there will not be any input tax deduction for transportation costs of Wubo Technology in the coming years. As the income approach is based on the consolidated diameter of Wubo Technology, urban maintenance and construction tax, education surcharge and local education surcharge are projected on the basis of the proportion of VAT payable in the historical years. Stamp duty is forecast as a percentage of operating income for the historical year. The historical amount of local water conservancy construction fund is unstable, so no further forecast is made for the valuation. Motor vehicle and vessel use tax is forecast with reference to the historical amount. Property tax and land use tax are determined on the basis of historical annual tax payments.

As a result of the above analysis, the forecast of tax and surcharge is shown in the table below:

Unit: RMB'0,000

Item	September- December 2023	2024	2025	2026	2027	2028
Taxes and surcharges	5,909.34	19,173.16	20,697.36	22,337.57	24,108.73	26,022.90

(5) Forecast of Selling Expenses

Selling expenses in the consolidated financial statements of Wubo Technology include employees remuneration, depreciation and amortisation, marketing expenses, travel expenses, vehicle-related expenses, rent and property management fees, labour protection fees and others. With regard to staff wages, the wage level in the PRC has been increasing over the long term, and this assessment is based on the wage increase level and the number of staff provided by Wubo Technology. Depreciation and amortisation expenses are estimated on the basis of actual inputs of fixed assets and intangible assets during the forecast period and are included in the cost for the forecast period in proportion to their costs; marketing expenses and travel expenses are estimated with reference to the proportion of incomes they accounted for in the historical years; and rental and property management expenses, labour protection expenses and others are estimated with reference to the amounts incurred in the historical years.

As a result of the above analysis, the forecast of selling expense is shown in the table below:

Unit: RMB'0,000

Item	September- December 2023	2024	2025	2026	2027	2028
Selling expense	2,488.57	6,792.51	7,398.46	7,975.65	8,447.58	8,952.13

(6) Forecast of Management Expenses

Management expenses in the consolidated financial statements of Wubo Technology include of employees remuneration, depreciation and amortisation, depreciation of assets under the right-of-use, office expenses, travel expenses, rent and property management fees, consulting fees, business hospitality expenses, vehicle-related expenses, renovation expenses, labour expenses and others.

With regard to staff wages, as the wage level in China has been increasing over the long term, this assessment is based on the wage increase level and the number of staff provided by Wubo Technology; depreciation and amortisation expenses and depreciation of assets under the right-of-use are based on the actual inputs of fixed assets, intangible assets and assets under the right-of-use during the forecast period, and are included in the cost for the forecast period on a cost-ratio basis; business hospitality expenses are forecast with reference to the proportion of income in the historical period; office expenses, travel expenses, rental and property management fees, consulting fees, vehicle-related expenses, renovation expenses, labour expenses and other expenses that are not strongly correlated to income are projected with reference to the amounts incurred in the historical period, or with a certain amount of growth considered on the basis of the amounts incurred in the historical period.

As a result of the above analysis, the forecast of selling expense is shown in the table below:

Unit: RMB'0,000

Item	September- December 2023	2024	2025	2026	2027	2028
Management expenses	3,586.66	7,779.36	8,145.01	8,443.62	8,720.77	9,020.07

(7) Forecast of Research and Development Expenses

The research and development (R&D) expenses in the consolidated financial statements of Wubo Technology include employee remuneration, depreciation and amortisation, service expenses, material expenses and other expenses.

In terms of the employee remuneration, as the remuneration level in China has been increasing over the long term, this assessment is based on the remuneration increase level and number of employee provided by Wubo Technology; depreciation and amortisation expenses and depreciation of right-of-use assets are forecasted on the basis of actual inputs of fixed assets, intangible assets and right-of-use assets during the forecast period, and are included in the cost for the forecast period on a cost-to-cost basis; service expenses, material expenses and other expenses that do not have a strong correlation with incomes are forecasted with reference to the amounts incurred in the historical period or by considering a certain amount of growth on the basis of the amounts incurred in the historical period.

After implementing the above analyses, the forecast of R&D expenses is shown in the table below:

Currency: RMB0'000

Items	September-	2024	2025	2026	2027	2028
	December 2023					
R&D expenses	1,680.99	3,962.61	4,666.80	5,413.41	5,635.39	5,871.29

(8) *Forecast of Finance Expenses*

The finance expenses in the consolidated financial statements of Wubo Technology include interest income, interest expenses, handling fees, and exchange gains and losses.

In terms of the interest expenses, the forecasted interest expenses for the future years are based on the borrowings of Wubo Technology as at the Valuation Benchmark Date; in terms of the interest income and handling fees, their forecast are based on the proportion of the historical annual income; exchange gains and losses are subject to uncertainty and will not be forecasted in this valuation.

After implementing the above analyses, the forecast of finance expenses is shown in the table below:

Currency: RMB0'000

Items	September-	2024	2025	2026	2027	2028
	December 2023					
Finance expenses	-234.82	-957.88	-1,088.95	-1,185.22	-1,229.74	-1,338.25

(9) *Forecast of Income Tax*

According to the regulation under the current laws of China, enterprises are required to pay enterprise income tax on their operating profits earned on an annual basis in accordance with the law.

The valuation was based on the forecast total profit of the future years at the consolidated level of Wubo Technology, taking into account the adjustments for additional deduction for R&D expenses and business entertainment expenses in determining its taxable income for the future years, and also taking into account the pre-paid enterprise income tax of Wubo Technology, and the corresponding enterprise income tax rate in estimating the income tax generated by the appraised enterprise for the future years.

There are small and micro-enterprises in the companies included in the scope of consolidation under the income approach. Since the business volume and volume of the small and micro-enterprises are relatively small and their contribution to Wubo Technology is relatively weak, the current valuation is made with reference to the enterprise income tax rate of the companies with a larger volume of business for the purpose of projection, i.e., the income tax rate of the consolidated income forecast is based on 25% without taking into account the impact of the income tax incentives for small and micro-enterprises.

After implementing the above analyses, the forecast of income tax is shown in the table below:

Currency: RMB0'000

Item	September- December 2023	2024	2025	2026	2027	2028
Enterprise income tax	0.00 ^{Note}	1,755.07	2,113.37	2,085.08	2,379.28	2,713.14

Note: The impact of additional deduction for R&D expenses and other factors on enterprise income tax is considered here.

(10) Forecast of Depreciation and Amortization

Depreciation expense of fixed assets, amortisation of intangible assets and depreciation expense of right-of-use assets during the forecast period are made up of three components, which are the depreciation of inventories and renewal of assets, with depreciation life and residual value rate based on the accounting policies implemented by Wubo Technology as at the Valuation Benchmark Date. After analysing and forecasting, the results of the forecast of the depreciation and amortisation for the future years are as follows:

Currency: RMB0'000

Items	September-	2024	2025	2026	2027	2028
	December					
	2023					
Depreciation of fixed assets	53.57	126.45	95.31	64.58	94.26	138.82
Amortization of intangible assets	166.57	499.95	499.95	499.95	499.95	499.05
Amortization of long term deferred expenses	109.81	0.00	0.00	0.00	0.00	0.00
Depreciation of right-of-use assets	107.67	323.00	323.00	323.00	323.00	323.00
Total	437.62	949.40	918.26	887.53	917.20	960.87

(11) Forecast of Capital Expenditure

Capital expenditure is mainly the investment of enterprises in the normal renewal of assets such as vehicles, electronic equipment, intangible assets and right-of-use assets, and consists of three main parts: firstly, the normal renewal expenditure of the stock of assets (replacement expenditure); secondly, the capital expenditure of the incremental assets (expansion expenditure); and thirdly, the normal renewal expenditure of the incremental assets (replacement expenditure).

The inventory of fixed assets of Wubo Technology is mainly vehicles and electronic equipment. According to the budget information provided by the management of Wubo Technology, Wubo Technology has no plan to add new assets in the coming years. Therefore, capital expenditure mainly consists of the replacement expenditure of the stock of assets, which is measured based on the breakdown of fixed assets.

After analysing and forecasting, the results of the capital expenditure forecast for the future years are as follows:

Currency: RMB0'000

Item	September-	2024	2025	2026	2027	2028	Perpetual Period
	December 2023						
Capital expenditure	172.22	68.34	36.95	185.81	184.08	2,341.42	1,055.62

(12) Forecast of Increase in Operation Capital

Working capital refers to the funds required by an enterprise to maintain its daily operations and is generally expressed as the balance of current assets less current liabilities. However, in conjunction with the operating conditions of Wubo Technology itself and the operating characteristics of the industry, this working capital forecast is reasonably determined based on the proportion of working capital to income as at the Valuation Benchmark Date. The increase in working capital refers to the cash occupied for the provision of commercial credit, cash required to be maintained for normal operations, etc. in line with the changes in the operating activities of the enterprise. At the same time, the acquisition of commercial credit provided by others in the course of economic activities can correspondingly reduce the immediate payment of cash.

The formula for calculating the forecast of additional working capital is as follows:

Additional working capital for the current year = working capital at the end of the current year – working capital at the end of the previous year

1) Calculation of working capital at the Valuation Benchmark Date

Working capital as at the Valuation Benchmark Date is determined by excluding non-operating assets and liabilities from current assets and current liabilities as at the Valuation Benchmark Date.

Working capital at the Valuation Benchmark Date = RMB2,735,876,500 – RMB1,854,745,300 = RMB881,131,200

- 2) The forecasted increase in operating capital for each year of the forecast period is set out in the table below:

Currency: RMB0'000

Items	September-December					
	2023	2024	2025	2026	2027	2028
Operation capital	88,113.12	94,446.31	101,353.27	108,805.81	116,847.62	125,525.90
Increase in operation capital	0.00	6,333.19	6,906.97	7,452.54	8,041.81	8,678.28

(13) Determination of Enterprise Free Cash Flow

Based on the various forecasts above, the forecast of the enterprise free cash flow for the future forecast period and the perpetual period are as follows:

Currency: RMB0'000

Items	September-December						Perpetual Period
	2023	2024	2025	2026	2027	2028	
I. Operating income	759,419.49	2,312,740.66	2,481,874.05	2,664,367.06	2,861,289.64	3,073,797.85	3,073,797.85
Income from main business	759,419.49	2,312,740.66	2,481,874.05	2,664,367.06	2,861,289.64	3,073,797.85	3,073,797.85
Income from other business	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: (I) Operating expenses	744,574.84	2,264,360.46	2,429,010.60	2,607,711.84	2,800,546.64	3,008,647.47	3,008,647.47
Cost from main business	744,574.84	2,264,360.46	2,429,010.60	2,607,711.84	2,800,546.64	3,008,647.47	3,008,647.47
Cost from other business	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(II) taxes and surcharges	5,909.34	19,173.16	20,697.36	22,337.57	24,108.73	26,022.90	26,022.90
(III) Sales expenses	2,488.57	6,792.51	7,398.46	7,975.65	8,447.58	8,952.13	8,952.13
(IV) Management fee	3,586.66	7,779.36	8,145.01	8,443.62	8,720.77	9,020.07	9,020.07
(V) R&D expenses	1,680.99	3,962.61	4,666.80	5,413.41	5,635.39	5,871.29	5,871.29
(VI) Finance expenses	-234.82	-957.88	-1,088.95	-1,185.22	-1,229.74	-1,338.25	-1,338.25
II. Operating profit	1,413.92	11,630.43	13,044.78	13,670.18	15,060.27	16,622.24	16,622.24
Add: non-operating income							
Less: non-operating expenses							
III. Total profit	1,413.92	11,630.43	13,044.78	13,670.18	15,060.27	16,622.24	16,622.24
Less: income tax expenses	0.00	1,755.07	2,113.37	2,085.08	2,379.28	2,713.14	2,713.14

Items	September- December						Perpetual Period
	2023	2024	2025	2026	2027	2028	
IV. Net profits	1,413.92	9,875.37	10,931.41	11,585.10	12,680.99	13,909.10	13,909.10
Add: depreciation of fixed assets	53.57	126.45	95.31	64.58	94.26	138.82	138.82
Add: long-term amortisation of intangible assets	276.38	499.95	499.95	499.95	499.95	499.05	499.05
Add: depreciation of right-of-use assets	107.67	323.00	323.00	323.00	323.00	323.00	323.00
Add: interest on borrowing (after tax)	85.90	79.55	39.60	30.36	64.91	56.85	56.85
Less: capital expenditure (excluding tax)	172.22	68.34	36.95	185.81	184.08	2,341.42	1,046.86
Less: increase in working capital	0.00	6,333.19	6,906.97	7,452.54	8,041.81	8,678.28	0.00
VI. Enterprise free cash flow	1,765.23	4,502.78	4,945.35	4,864.65	5,437.22	3,907.12	13,879.96

4. Determination of Discount Rate

(1) Model of the selected discount rate

In accordance with the principle of consistency between the amount of income and the discount rate, the amount of income of this appraisal is the free cash flow of the company, the discount rate is determined by selecting the weighted average cost of capital (WACC) valuation model.

Model formula of WACC:

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

Where: K_e : cost of equity capital

E: market value of equity

K_d : cost of debt capital

D: market value of interest-bearing

T: income tax rate

(2) *In calculating the cost of equity capital, we adopted the Capital Asset Pricing Model (CAPM).*

Model formula of CAPM: $K_e = r_f + \beta_e \times R_{Pm} + R_c$

Where: r_f : risk-free rate of return

R_{Pm} : market risk premium

R_c : Enterprise-specific risk adjustment factor

β_e : Expected market risk factor of the equity capital of the appraised subject

$\beta_e = \beta_u \times [1 + (1-t) \times (D/E)]$

β_u : Expected un-leveraged market risk factor of comparable companies

$\beta_u = \beta_t / [1 + (1-t) \times (D_i/E_i)]$

β_t : Expected average market risk factor of comparable companies

D_i, E_i : Interest-bearing debts and equity capital of comparable companies respectively

(3) *Determination of relevant parameters in the model*

① Determination of cost of equity capital K_e

A. Determination of risk-free rate of return r_f :

The yield of treasury bonds is usually considered risk-free. This valuation is based on the “Yield of PRC Treasury Bonds” provided by RoyalFlush iFinD Data Terminal. This valuation is an assessment of the enterprise value under the assumption of going concern, and the yield to maturity of treasury bonds with a remaining term of 10 years or more (including 10 years) is adopted as the risk-free yield, which the risk-free rate of return is 2.94%.

B. Determination of the market risk factor β_e of equity:

According to the business characteristics of Wubo Technology, asset valuation professionals made enquiry of the listed companies in the same industry as Wubo Technology through RoyalFlush iFinD Data Terminal and selected 3 listed companies for reference through screening of business scope, asset size, listing time, profitability and other factors. The β_e value of the above listed companies with financial leverage as at 31 August 2023 was enquired, and then converted to β_u value without financial leverage based on the income tax rate and capital structure of the reference listed companies, and the average value was taken as the β_u value of Wubo Technology, and the average value of the capital structure of the reference listed companies was taken as the target capital structure of Wubo Technology. The income tax rate to be applied during the forecast period is 25%. The equity system risk factor of Wubo Technology is calculated by substituting each parameter into the the equity system risk factor formula.

Calculation formula: $\beta_e = \beta_u \times [1 + (1-t) \times (D/E)]$

In the calculation formula: β_e : systematic risk factor of equity with financial leverage;

β_u : systematic risk factor for equity without financial leverage;

t: income tax rate of Wubo Technology;

D/E: target capital structure of Wubo Technology.

Based on analysis and calculation above, β_e is 0.6710.

C. Determination of market risk premium R_{Pm}:

Market risk premium refers to the expected excess return required by investors for equity investment with the same average risk as the overall market, i.e., the risk compensation that exceeds the risk-free interest rate. Of which, the excess return on equity investment R_m is estimated with the help of RoyalFlush iFinD Data Terminal by selecting the most representative index in the stock market in China, the Shanghai and Shenzhen 300 Index, and using the year-end closing prices (right restoration price) of the constituent stocks of the Shanghai and Shenzhen 300 Index at the end of each year to estimate the geometric average rate of return for each of the 300 stocks in the 10-year period in a rolling manner.

The risk-free rate of return R_{f1} is selected as the yield to maturity of treasury bonds. With the help of Royal Flush iFinD Data Terminal, the average yield to maturity of treasury bonds with a maturity period of 10 years or more (including 10 years) at the end of each year in the past ten years is selected as the risk-free yield.

The market risk premium R_{Pm} in 2023 is 6.71%.

D. Determination of enterprise-specific risk adjustment factor R_c

The specific risk adjustment factor is an adjustment factor based on the difference in the size of the company, operation and management, and risk-resistant ability between Wubo Technology and the selected comparator companies. The core business of Wubo Technology is the online-enabled freight platform business, which is mainly engaged in the logistics and transportation services of road transportation and water transportation. The main customers of Wubo Technology are bulk commodities customers, and the customer base is relatively stable at present, and its freight volume and freight unit price are susceptible to the market risk and policy risk of the industry with weaker influencing factors. Based on the above, a risk adjustment factor of 1% has been applied to the specific risks of Wubo Technology.

The risk adjustment factor of Wubo Technology is determined to be 1% based on the above analysis.

E. Determination of the cost of equity capital

Substituting the above parameters into the formula to calculate: $K_e = r_f + \beta_e \times RPM + R_c = 9.81\%$

② Determination of the cost of debt capital K_d

Determined on the basis of the National Interbank Lending Market quoted rate of 4.2% for 5 years and above as announced by the People's Bank of China on 21 August 2023, the K_d is taken to be 4.2%.

③ Determination of the weighted average cost of capital

$$r = K_e \times [E/(D+E)] + K_d \times (1-t) \times [D/(D+E)]$$

The detailed data are as follows:

No.	Items	Forecast year
1	Target capital structure	0.4039
2	D	100.00
3	E	247.58
4	β asset	0.6710
5	Income tax rate	25%
6	β interest of the subject of appraisal	0.8743
7	Risk-free rate of return	2.94%
8	Market premiums	6.71%
9	Particular risk	1.00%
10	Discount rate RCAPM	9.81%
11	Ratio of remuneration of debt capital	4.20%
12	Debt cost	0.91%
13	Cost of equity	6.99%
14	Discount rate RWACC	7.89%

5. CALCULATION PROCESS AND RESULTS OF APPRAISED VALUE

(1) Process of determining the value of operating assets

Based on each of the parameters identified in the above analyses and forecasts, the value of the operating assets of the business calculated by discounting the forecasted free cash flows of the business for each year of the income period, are set out as the table below:

Currency: RMB0'000

No.	Items	September- December					2028	Perpetual Period
		2023	2024	2025	2026	2027		
1	Enterprise free cash flow	1,765.30	4,512.35	4,966.57	4,899.01	5,484.49	3,968.09	13,940.93
2	Discount rate	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%	7.89%
3	Discount period	0.17	0.83	1.83	2.83	3.83	4.83	
4	Discount coefficient	0.9874	0.9386	0.8700	0.8063	0.7473	0.6927	8.7745
5	Discounted value	1,742.99	4,226.52	4,302.32	3,922.47	4,063.39	2,706.27	121,789.71
6	Discounted value of free cash flow							142,753.67

Based on the results of the above table, the value of operating assets of the enterprise is RMB1,427.5367 million.

(1) Determination of surplus asset value

Surplus assets can be understood as assets that are not required for the ongoing operations of the enterprise, such as excess cash, marketable securities, and other assets that are not directly related to the forecasted cash flows from earnings. The surplus assets of the appraised entity as at the Valuation Benchmark Date are monetary funds.

(2) Determination of the value of non-operating assets and liabilities

Non-operating assets and liabilities refer to assets and liabilities that are not involved in the production and operation of the enterprise. Non-operating assets and liabilities of the appraised entity mainly comprise trade receivables, bills receivable, prepayments, other receivables, deferred income tax assets, accounts payable and other payables that are not related to operations. Non-operating assets and liabilities are forecasted under the cost approach.

Summary of the results of the valuation of non-operating assets and liabilities

Currency: RMB0'000

Items	Specific items	Book value	Appraised value
Non-operating assets	Accounts receivable	4,084.36	4,084.36
	Prepayments	85.75	85.75
	Other payables	11,748.60	11,748.60
	Deferred income tax assets	339.06	339.06
Sub-total		16,257.76	16,257.76
Non-operating assets	Accounts receivable	200.00	200.00
	Other payables	13,633.96	13,633.96
Sub-total		13,833.96	13,833.96

(3) Valuation of long-term equity investments

Long-term equity investments are long-term equity investment units which are not included in the scope of the income forecast.

On the basis of understanding and verifying the reasons for the formation of the long-term equity investments, their book values, the accounting statements of the investee companies and reviewing the articles of association, relevant accounting records and other information, the asset valuation professionals have adopted an appropriate method of valuation based on factors such as the actual control exercised by the unit under appraisal over the long-term equity investments and the extent of its influence on the value of the appraised subject.

The results of the appraisals are set out below:

No.	Name of investee	Adoption of valuation methodology	Selection of valuation approaches	Appraised value (RMB0'000)
1	Shandong Starlink Intelligent Logistics Technology Co., Ltd.* (山東星鏈智行物流科技有限公司)	Asset-based approach	Asset-based approach	0.91
2	Shanghai MySteelsoft Information and Technology Engineering Co., Ltd. (上海鋼軟信息技術工程股份有限公司)	Determined by multiplying the net assets of the investee by the shareholding percentage	Determined by multiplying the net assets of the investee by the shareholding percentage	6,001.29
3	Fujian Dongkai Investments Centre (Limited Partnership)* (福建東凱投資中心(有限合夥))	Asset-based approach	Asset-based approach	2,997.39

No.	Name of investee	Adoption of valuation methodology	Selection of valuation approaches	Appraised value (RMB0'000)
4	Tianjin Dongming Finance & Leasing Co., Ltd.* (天津東銘融資租賃有限公司)	Asset-based approach and income approach	Income approach	7,640.64
5	Tianjin Wubo Technology Co., Ltd.* (天津物泊科技有限公司)	Asset-based approach	Asset-based approach	32.35
6	Fujian Xianyue Investment Co., Ltd.* (福建仙悅投資有限責任公司)	Asset-based approach	Asset-based approach	2,727.95
7	Wubo Internet of Vehicles (Shenzhen) Co., Ltd.* (物泊車聯網(深圳)有限公司)	Asset-based approach and income approach	Asset-based approach	57.94
8	Pingtian Wubo Technology Co., Ltd.* (平潭物泊科技有限公司)	Asset-based approach	Asset-based approach	4.50
9	Fujian Putian Yuanheng Technology Co., Ltd.* (福建省莆田轅衡科技有限公司)	Asset-based approach	Asset-based approach	61.13
10	Fujian Xintianyuan Enterprise Management Centre (Limited Partnership)* (福建鑫天源企業管理中心(有限合夥))	Asset-based approach	Asset-based approach	6,070.80
11	Lianyungang Starlink Logistics Co., Ltd.* (連雲港星鏈物流有限公司)	Asset-based approach and income approach	Income approach	3,232.11
12	Lianyungang Yibeisi Technology Co., Ltd.* (連雲港億倍斯科技有限公司)	Asset-based approach	Asset-based approach	20.00
13	Fujian Starlink Intelligent Technology Co., Ltd.* (福建星鏈智行科技有限公司)	Asset-based approach	Asset-based approach	166.88
14	Fujian Bobao Technology Co., Ltd.* (福建泊寶科技有限公司)			0.00
15	Anhui Wubo Technology Co., Ltd.* (安徽物泊科技有限公司)			0.00
16	Inner Mongolia Wubo Technology Co., Ltd.* (內蒙古物泊科技有限公司)			0.00
17	Tianjin Wubo Network Technology Co., Ltd.* (天津物泊網絡科技有限公司)			0.00
18	Tianjin Wubo Shipping Technology Co., Ltd.* (天津物泊航運科技有限公司)			0.00
19	Wubo Technology (Urumqi) Co., Ltd.* (物泊科技(烏魯木齊)有限公司)			0.00
	Total			29,013.89

6. VALUATION RESULTS USING THE INCOME APPROACH

(1) Calculation of the Total Enterprise Value

Total Enterprise Value = value of operating assets + value of non-operating assets – value of non-operating liabilities + value of surplus assets + value of long-term equity investments
= 142,753.67 + 16,257.76 -13,833.96 + 30,703.40 + 29,013.89
= RMB204,894.76 (RMB0'000)

(2) Determination of the Value of Interest-bearing Debts

Interest-bearing debts of the appraised entity include short-term borrowings and lease liabilities. The carrying value of short-term borrowings verified by Independent Appraiser was RMB50.00 million; the carrying value of lease liabilities was RMB14.1927 million.

(3) Calculation of the Value of Minority Interests

Tangshan Wubo Supply Chain Management Co., Ltd.* (唐山物泊供應鏈管理有限公司), Ningbo Wubo Mingcheng Logistics Co., Ltd.* (寧波物泊明程物流有限公司), Henan Zhongyuan Yungong Co., Ltd. (河南中原雲工有限責任公司), Lianyungang Wuyun Intelligent Technology Co., Ltd.* (連雲港物雲智慧科技有限公司), Lianyungang Aoboyuan Logistics Technology Co., Ltd.* (連雲港奧泊源物流科技有限公司), Rizhao Wubo Logistics Co., Ltd.* (日照物泊物流有限公司), Shangdong Shangang Zhoudao Wubo Information Technology Co., Ltd.* (山東山港舟道物泊資訊科技有限公司), Shandong Wubo Technology Co., Ltd.* (山東物泊科技有限公司) and Shanxi Jingang Wubo Transportation Co., Ltd.* (山西晉鋼物泊運輸有限公司) included in the scope of the consolidated forecast under the income approach are non-wholly-owned subsidiaries. The minority interests were excluded by taking into account the appraised value of each company and the shareholding ratio of Wubo Technology. After calculation, the value of minority interests was RMB58,780,900.

(4) Calculation of the Value of the Entire Equity Interest of Shareholders

According to the above appraisal work, the value of the entire equity interest of shareholders of Wubo Technology is:

Value of the entire equity interest of shareholders = total enterprise value – value of interest-bearing debt – value of equity interest of minority shareholders = RMB192,597.41 (RMB0'000)

(III) Other Valuation-related Information

1. The valuation of the Transaction was performed by Beijing Huaya Zhengxin Assets Appraisal Co., Ltd., an independent and qualified appraiser appointed by the Company.
2. The Valuation Benchmark Date is on 31 August 2023, the valuation report date is on 22 March 2024, and the validity period for the use of valuation conclusion is one year from the Valuation Benchmark Date.
3. There is no restriction on the scope of work of the Independent Appraiser, which may adversely affect the valuation given in the Appraisal Report.
4. Based on the key inputs, the Appraiser performed sensitivity analyses on the discount rate and the earnings growth rate adopted in the valuation, details of which are set out below:

Discount rate <i>(Absolute value change)</i>	Compound annual revenue growth rate <i>(Absolute value change)</i>	Valuation <i>RMB'000 000</i>	Valuation increase/(decrease) <i>RMB'000 000</i>
6.89% (-1%)	6.37% (-1%)	2,209.39	283.42
6.89% (-1%)	7.37%	2,172.81	246.84
6.89% (-1%)	8.37% (+1%)	2,135.11	209.14
7.89%	6.37% (-1%)	1,961.40	35.42
7.89%	7.37%	1,925.97	–
7.89%	8.37% (+1%)	1,889.45	-36.53
8.89%(+1%)	6.37% (-1%)	1,772.20	-153.78
8.89%(+1%)	7.37%	1,737.87	-188.10
8.89%(+1%)	8.37% (+1%)	1,702.46	-223.52

5. The nature and source of information on which the relevant forecasts are based.

The underlying forecast has been prepared based on the financial data in the unaudited consolidated management accounts of the Wubo Technology as at 31 December 2023, and the management's forecast of the results and cash flow of the target group for the five years ending 31 December 2028. In the course of the Independent Appraiser's work, it has carried out the following processes to evaluate the data provided by the management of Wubo Technology:

- (1) discussed with the management of Wubo Technology and obtained relevant data in respect of Wubo Technology (including the basis and rationale for the unaudited management accounts and forecasts of Wubo Technology);
- (2) examined the relevant bases and assumptions of the financial data in respect of Wubo Technology provided by management of Wubo Technology;

- (3) conducted appropriate research to obtain sufficient market data and statistical figures and prepared the valuation based on generally accepted valuation procedures and practices; and
- (4) arrived at its valuation opinion (including the basis and rationale for the unaudited management accounts and forecasts of Wubo Technology) based on the relevant assumptions and information provided by the management of Wubo Technology.

II. FURTHER INFORMATION ON THE PARTIES

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the date of this announcement, Mr. You Zhenwu, Ms. Gong Hong, Mr. Li Tiaoli, Mr. Yu Haowei and Mr. Zheng Bin, who are holding 35.916% (of which 11.044% is subject to the completion of the business registration), 7.629%, 6.804%, 5.928% and 5.928%, respectively, of the beneficial ownership interest in Dongming Industry. Save as disclosed above, there is no other person who directly or indirectly holds more than 5% of the beneficial ownership interest in Dongming Industry. is the ultimate beneficial owner of Dongming Industry.

On behalf of the Board
Yankuang Energy Group Company Limited
Li Wei
Chairman

Zoucheng, Shandong Province, China
9 July 2024

As at the date of this announcement, the Directors of the Company are Mr. Li Wei, Mr. Xiao Yaomeng, Mr. Liu Jian, Mr. Liu Qiang, Mr. Zhang Haijun, Mr. Su Li and Mr. Huang Xiaolong, and the independent non-executive Directors of the Company are Mr. Peng Suping, Mr. Zhu Limin, Mr. Woo Kar Tung, Raymond and Ms. Zhu Rui.

* *For identification purposes only*