
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sichuan Expressway Company Limited* (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

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四川成渝高速公路股份有限公司 Sichuan Expressway Company Limited*

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00107)

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 85% EQUITY INTEREST IN THE TARGET COMPANY; AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company



Lego Corporate
Finance Limited
力高企業融資有限公司

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders



金融有限公司
OCTAL Capital Limited

Capitalised terms used in this cover shall have the same meanings as those defined in the circular.

A letter from the Board is set out on pages 6 to 26 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages IBC-1 to IBC-2 of this circular. A letter from Octal Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-26 of this circular.

A notice convening the EGM of the Company to be held at 3:00 p.m. on Friday, 30 January 2026 at Room 420, 4th Floor, 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the People's Republic of China is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange and the Company. If you intend to appoint a proxy to attend the EGM, you are required to complete and return the form of proxy enclosed with this circular in accordance with the instructions printed thereon. For the holders of H Shares, the form of proxy should be returned to the Company's H Share Registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong and in any event not less than 24 hours before the time appointed for convening the EGM (or any adjournment thereof) or 24 hours before the time appointed for the passing of the resolutions. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

* For identification purposes only

12 January 2026

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

“A Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the SSE and traded in RMB
“Acquisition”	the acquisition of the Target Equity Interest held by Shudao Innovation Investment by Shunan Company by way of cash payment pursuant to the Equity Transfer Agreement
“Board”	the board of Directors of the Company
“CCCC Highway Consultants”	CCCC Highway Consultants Co., Ltd. (中交公路規劃設計院有限公司), an independent professional traffic consultant in the PRC
“Company”	Sichuan Expressway Company Limited* (四川成渝高速公路股份有限公司), a joint-stock company incorporated in the PRC with limited liability whose H shares are listed and traded on the Main Board of the Stock Exchange (stock code: 00107) and the A Shares are listed and traded on the SSE (stock code: 601107)
“Completion Date”	the date on which the Target Company issues its register of members evidencing that Shunan Company holds 85% of the equity interest in the Target Company
“Consideration”	the total consideration in the sum of RMB2,409,421,220, payable by Shunan Company for the Acquisition, to be settled by way of cash
“Director(s)”	the director(s) of the Company
“Dispute over Liabilities for Jeopardizing Company’s Interests against Jin Hao Group and Hu Hejian by the Target Company”	dispute over liabilities for jeopardising company’s interests against Jin Hao Group and Hu Hejian by the Target Company where the High People’s Court of Beijing Municipality issued Civil Judgment (2021) Jing Min Chu No. 10, ruling that Jin Hao Group and Hu Hejian shall compensate RMB380,351,265.6 to the Target Company and compensate for the interest losses arising from occupied funds. The Supreme People’s Court issued Civil Judgment (2024) Zui Gao Fa Min Zhong No. 34 on 8 September 2025, dismissing the appeals filed by Jin Hao Group and Hu Hejian and upholding the original judgment

DEFINITIONS

“Dispute over Liabilities for Jeopardizing Company’s Interests against Jin Hao Group and Jiali Hengde by the Target Company”	dispute over liabilities for jeopardising company’s interests against Jin Hao Group and Beijing Jiali Hengde Real Estate Development Co., Ltd.* (北京嘉利恒德房地產開發有限公司) by the Target Company where the High People’s Court of Beijing Municipality issued Civil Judgment (2016) Jing Min Zhong No. 200 on 15 July 2019, pursuant to which, Jin Hao Group and Beijing Jiali Hengde Real Estate Development Co., Ltd. shall pay occupied funds of RMB90 million to the Target Company and compensate for the interest losses incurred from the date of transfer of occupied funds to the date of repayment
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Acquisition
“Equity Transfer Agreement”	the equity transfer agreement entered into between Shunan Company and Shudao Innovation Investment on 19 December 2025 regarding the Acquisition
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are issued in Hong Kong, subscribed for in Hong Kong dollars and traded on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising all independent non-executive directors (namely Mr. Yu Haizong, Mr. Zhou Hua, Mr. Jiang Tao and Mr. Luo Hong), formed in accordance with the requirements of the Listing Rules and to advise the Independent Shareholders on whether the Equity Transfer Agreement and the transactions contemplated thereunder are fair and reasonable and make recommendations as to voting
“Independent Financial Adviser” or “Octal Capital”	Octal Capital Limited, a licensed corporation under the Securities and Futures Commission to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser of the Company appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder

DEFINITIONS

“Independent Shareholders”	Shareholders other than (i) Shudao Investment and its associates; and (ii) all other Shareholders who are interested or involved in the Equity Transfer Agreement and the transactions contemplated thereunder
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons (having the meaning ascribed to it under the Listing Rules)
“Jin Hao Group”	Jin Hao Group Limited (金浩集團有限公司)
“Jingmen Municipal People’s Government Grants”	one-off grant of RMB3 million from Jingmen Municipal People’s Government within 10 days upon the entering into of the contract for Jingmen south toll station’s operations, management and maintenance upon the commencement of its operation for which shall be responsible by the Target Company for the purpose of jointly facilitating matters in relation to, among others, the commencement of Jingmen south toll station by both parties and renovation of Jingmen south toll station’s electromechanical systems by the Target Company, as agreed in the Commencement and Operation of Jingmen South Toll Station Agreement entered into between the Target Company and Jingmen Municipal People’s Government on 3 December 2020 and operation grant (including operating costs and corporate income tax) of RMB100 million to the Target Company granted by Jingmen Municipal People’s Government, payable not less than RMB4 million annually over 17 years from the next year after the effective date of such agreement
“Jingyi Expressway”	Jingmen-Yichang Expressway
“Latest Practicable Date”	7 January 2026, being the latest practicable date for ascertaining certain information contained in this circular prior to its publication
“Lego”	Lego Corporate Finance Limited, the financial adviser appointed by the Company in respect of the Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange and/or the Rules Governing the Listing of Stocks on the SSE, as the case may be
“LPR”	loan prime rate (one-year term) announced by the National Inter-bank Funding Center as authorised by the People’s Bank of China

DEFINITIONS

“Net Profit (Excluding Extraordinary Gains and Losses)”	net profit excluding extraordinary gains and losses
“PRC” or “China”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Valuer” or “Sichuan Tian Jian Huaheng”	Sichuan Tian Jian Huaheng Assets Appraisal Co., Ltd (四川天健華衡資產評估有限公司), an independent qualified valuer in the PRC
“RMB”	the lawful currency of the PRC
“SECD”	Sichuan Expressway Construction and Development Group Co., Ltd.* (四川高速公路建設開發集團有限公司)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	A Share(s) and/or H Share(s) (as the case may be)
“Shareholder(s)”	the registered holder(s) of the Share(s)
“Shudao Capital”	Shudao Capital Holding Group Co., Ltd. (蜀道資本控股集團有限公司)
“Shudao Innovation Investment”	Shudao (Sichuan) Innovation Investment Development Co., Ltd. (蜀道(四川)創新投資發展有限公司)
“Shudao Investment”	Shudao Investment Group Co., Ltd. (蜀道投資集團有限責任公司)
“Shudao Investment Group”	Shudao Investment and its subsidiaries (excluding the Group)
“Shunan Company”	Sichuan Shunan Investment Management Co., Ltd. (四川蜀南投資管理有限公司)
“Sichuan Development”	Sichuan Development Holding Co., Ltd.* (四川發展(控股)有限責任公司)

DEFINITIONS

“SSE”	the Shanghai Stock Exchange
“STAE”	Sichuan Tibetan Area Expressway Co., Ltd.* (四川藏區高速公路有限責任公司)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Hubei Jingyi Expressway Co., Ltd. (湖北荊宜高速公路有限公司)
“Target Equity Interest”	85% equity interest in the Target Company to be purchased by Shunan Company under the Equity Transfer Agreement
“Traffic Study Report”	the traffic study report on the forecast and evaluation of traffic volume and toll revenue of the Jingyi Expressway issued by CCCC Highway Consultants
“Transitional Period”	the period from the Valuation Benchmark Date to the Completion Date
“Valuation Benchmark Date”	31 July 2025
“Valuation Report”	the valuation report issued by the PRC Valuer in respect of the Target Company
“Yichang Municipal People’s Government Industry Support Funds”	the industry support funds amounting to 10% of sum of paid-in value-added tax and corporate income tax of the Target Company funded through budget arrangement by Yichang Municipal People’s Government commencing no earlier than 2027 annually for the purpose of jointly facilitating matters in relation to, among others, the construction of interchange between Jingyi Expressway and Xiazhou Avenue and relevant ancillary projects by both parties, as agreed in the Cooperation Framework Agreement between Yichang and Hubei Jingyi Expressway Co., Ltd. entered into between the Target Company and Yichang Municipal People’s Government on 29 June 2021
“%”	per cent

LETTER FROM THE BOARD



四川成渝高速公路股份有限公司 Sichuan Expressway Company Limited*

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00107)

Executive Directors:

Mr. Luo Zuyi (Chairman)
Mr. You Zhiming (Vice Chairman)
Madam Ma Yonghan
Mr. Yao Jiancheng
Madam Mao Yurong

Registered Address:

252 Wuhouci Da Jie
Chengdu
Sichuan Province
The PRC
Postcode: 610041

Non-executive Directors:

Mr. Yang Shaojun (Vice Chairman)
Mr. Li Chengyong
Mr. Chen Chaoxiong

Independent non-executive Directors:

Mr. Yu Haizong
Mr. Zhou Hua
Mr. Jiang Tao
Mr. Luo Hong

12 January 2026

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION AND CONNECTED
TRANSACTION IN RELATION TO THE ACQUISITION OF
85% EQUITY INTEREST IN THE TARGET COMPANY;
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

I. INTRODUCTION

Reference is made to the announcement of the Company dated 19 December 2025 in relation to the Equity Transfer Agreement. The purpose of this circular is to provide you with information

LETTER FROM THE BOARD

on the resolutions to be proposed at the EGM in relation to (i) further details of the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) the recommendations of the Independent Board Committee in respect of the Equity Transfer Agreement; (iii) the advice of the Independent Financial Adviser in respect of the Equity Transfer Agreement; (iv) the Valuation Report; (v) the Traffic Study Report; and (vi) a notice convening the EGM.

II. EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out as follows:

Date	19 December 2025
Parties	1. Shunan Company (as the purchaser); and 2. Shudao Innovation Investment (as the vendor and performance guarantor of the Target Company).
Subject matter	In accordance with the terms and conditions of the Equity Transfer Agreement, Shunan Company conditionally agreed to purchase, and Shudao Innovation Investment conditionally agreed to sell, the Target Equity Interest (i.e. 85% equity interest in the Target Company).
Consideration and basis of determination	The Consideration of the Acquisition is RMB2,409,421,220. The Consideration was determined after arm's length negotiations between Shunan Company and Shudao Innovation Investment with reference to the market value of RMB2,834,613,200 of 100% equity interest in the Target Company (including equivalent market value of the Target Equity Interest of RMB2,409,421,220) as at the Valuation Benchmark Date as appraised by the PRC Valuer. The PRC Valuer considered both the asset-based approach and the income approach, and eventually adopted the income approach with the use of the discounted cash flow method in arriving at the conclusion on the valuation of the market value of the Target Company as at the Valuation Benchmark Date, which constitutes the profit forecast under Rule 14.61 of the Listing Rules.

LETTER FROM THE BOARD

The principal assumptions adopted by the PRC Valuer in the Valuation Report are set out in the section headed “III. Valuation Assumptions” in this letter. Ernst & Young, the reporting accountants of the Company, has reported on the arithmetic accuracy of the calculations of the discounted cash flow forecast underlying the Valuation. The full text of Ernst & Young’s report is set out in Appendix III to this circular. Lego, the financial adviser to the Company, has confirmed that the future cash flow forecast underlying the valuation has been prepared after due and careful enquiry by the Directors. The full text of the letter from Lego is set out in Appendix IV to this circular.

The Consideration will be funded by Shunan Company’s internal resources and/or bank loans.

Payment terms

Pursuant to the terms and conditions of the Equity Transfer Agreement, Shunan Company shall make payment to the bank designated by Shudao Innovation Investment in cash as follows:

1. First installment: within 5 working days after the Equity Transfer Agreement becomes effective, Shunan Company shall pay Shudao Innovation Investment no less than 30% of the Consideration; and
2. Second installment: within 30 natural days from the Completion Date, Shunan Company shall pay the remaining Consideration plus accrued interest. The interest shall be calculated as: remaining Consideration $\times$ (LPR/365) $\times$ (number of days from the date of payment of the first installment to the date of payment of the second installment).

LETTER FROM THE BOARD

Arrangement for
Transitional Period

The profit or loss of the Target Company during the Transitional Period shall be handled in accordance with the following principles:

1. Normal operational profit or loss shall be borne and enjoyed by Shunan Company; and
2. Abnormal profit or loss (including but not limited to profit or loss arising from events or acts affecting the profitability or value of the Target Company such as theft, loss or man-made damage of assets, excluding abnormal profit or loss not attributable to Shudao Innovation Investment's performance of its fiduciary duties of good management) shall be borne by Shudao Innovation Investment as to shareholding proportion originally held by it in the Target Company.

Profit guarantee

From 1 January 2026 to 31 December 2028, Shudao Innovation Investment shall provide a performance guarantee for the annual Net Profit (Excluding Extraordinary Gains and Losses) of the Target Company, which shall not be less than the following amounts:

Relevant period	Guaranteed Net Profit (Excluding Extraordinary Gains and Losses) amount
From 1 January 2026 to 31 December 2026	Not less than RMB235,055,967.05
From 1 January 2027 to 31 December 2027	Not less than RMB246,808,308.53
From 1 January 2028 to 31 December 2028	Not less than RMB269,908,801.85

LETTER FROM THE BOARD

If the actual audited Net Profit (Excluding Extraordinary Gains and Losses) (including the situation where the Target Company incurs any losses) of the Target Company in any of the above years fails to reach the corresponding guaranteed amount, Shudao Innovation Investment shall compensate Shunan Company in cash for the performance shortfall as follows:

- (1) Compensation amount to be paid by Shudao Innovation Investment for the year = (guaranteed Net Profit (Excluding Extraordinary Gains and Losses) amount of the Target Company for the year – actual audited Net Profit (Excluding Extraordinary Gains and Losses) amount for the year) $\times$ 85%.
- (2) Shudao Innovation Investment shall pay performance compensation to Shunan Company within 30 calendar days commencing from the date of issuance of respective annual audit report of the Target Company. If Shudao Innovation Investment fails to fully pay such compensation in a timely manner, it shall bear interest on the unpaid compensation calculated from the payment maturity date. When Shudao Innovation Investment fully settles the compensation, it shall pay such interest accrued as of that date to Shunan Company at the same time. The interest shall be calculated as:

$\text{Interest} = \text{unpaid compensation amount} \times (\text{LPR}/365) \times (\text{number of days from 30th calendar days commencing from the date of issuance of respective annual audit report of the Target Company to the date of full payment of compensation}).$

If the actual performance of the above profit guarantee fails to meet the relevant guarantee, the Company will comply with relevant disclosure requirements (including Rules 14.36B and 14A.63 of the Listing Rules). It is expected that the annual audit report of the Target Company will be issued in March each year.

LETTER FROM THE BOARD

Government grant and
its guarantee

Two government grants below have been included into the valuation set out in the Valuation Report issued by the PRC Valuer:

1. The Yichang Municipal People's Government Industry Support Funds: from 1 January 2027 to 31 December 2037, industry support funds intended to be received annually by the Target Company are RMB15,307,291.54 in 2027, RMB20,950,005.57 in 2028, RMB19,256,860.65 in 2029, RMB20,115,763.26 in 2030, RMB22,282,192.83 in 2031, RMB13,040,269.56 in 2032, RMB13,811,111.69 in 2033, RMB14,610,719.61 in 2034, RMB15,427,394.12 in 2035, RMB16,065,437.78 in 2036, and RMB17,561,960.01 in 2037, respectively.
2. The Jingmen Municipal People's Government Grants: the Target Company is intended to receive grants of RMB4 million annually from 2025 to 2036 and RMB36 million in 2037.

In accordance with the Equity Transfer Agreement, guarantees regarding the above two government grants to be received by the Target Company provided by Shudao Innovation Investment are as follows, with 2025 as the first fiscal year and subsequent three-fiscal-year periods as settlement periods, among which 2037 serves as the last settlement period:

1. If the amount of government grants actually received accumulatively for every settlement period by the Target Company exceeds each guaranteed amount above, Shunan Company shall pay to Shudao Innovation Investment in cash. Specifically, amount payable by Shudao Innovation Investment = (amount of government grants actually received by the Target Company accumulatively for the settlement period – amount of government grants guaranteed by Shudao Innovation Investment for the settlement period) x 85%.

LETTER FROM THE BOARD

2. If the amount of government grants actually received accumulatively for every settlement period by the Target Company is less than each guaranteed amount above, Shudao Innovation Investment shall pay and supplement to Shunan Company in cash. Specifically, amount payable by Shudao Innovation Investment = (amount of government grants guaranteed by Shudao Innovation Investment accumulatively for the settlement period – amount of government grants actually received by the Target Company for the settlement period) x 85%.
3. Shudao Innovation Investment or Shunan Company shall pay performance compensation to the other party within 30 calendar days commencing from the date of issuance of the audit report of the Target Company for the last fiscal year of every settlement period. If Shudao Innovation Investment or Shunan Company fails to fully pay such compensation in a timely manner, it shall bear interest on the unpaid compensation calculated from the payment due date. When Shudao Innovation Investment or Shunan Company fully settles the compensation, it shall pay such interest accrued as of that date to the other party at the same time. The calculation of interest is as follows: Interest = Unpaid amount x (LPR/365) x (Date of full payment – Original due date).

With respect to the long guarantee period of the two abovementioned government grants, the execution of the same can be ensured by the following:

Firstly, the Equity Transfer Agreement has provided that if there is any shortfall of actual amount of government grants to be received by the Target Company than those set out in the Valuation Report for any corresponding period, Shudao Innovation Investment shall pay 85% of the shortfall to the Company, where late payment interest will also be incurred if the full amount is not paid within the agreed timeframe. In the event of a breach of contract, the Company will pursue Shudao Innovation Investment for all damages in accordance with the terms of the Equity Transfer Agreement.

LETTER FROM THE BOARD

Secondly, as Shudao Innovation Investment shares the same ultimate controller with the Company, it is understood that Shudao Innovation Investment has always been in good operating condition and possesses long-term, stable performance capabilities.

Thirdly, following the completion of the Acquisition, the Company will ensure effective post-investment management, including but not limited to timely tracking of the status of government grants and coordinating the progress of settlements with Shudao Innovation. Furthermore, the Company will continuously and closely monitor the operation, management, and performance capabilities of Shudao Innovation Investment to protect its interests in such regard.

Litigations

The Target Company is involved in two lawsuits (the Target Company being the plaintiff in both lawsuits), including: (i) Dispute over Liabilities for Jeopardising Company's Interests against Jin Hao Group and Jiali Hengde by the Target Company; and (ii) Dispute over Liabilities for Jeopardising Company's Interests against Jin Hao Group and Hu Hejian by the Target Company.

The Valuation Report issued by the PRC Valuer has not included the two lawsuits above. In accordance with the Equity Transfer Agreement, Shunan Company and Shudao Innovation Investment agreed that, should the final outcome of the above two lawsuits result in any additional equity interest to the Target Company, such equity interest shall belong to the Target Company; Shunan Company or the Target Company as authorised by Shunan Company shall pay 85% of the amount corresponding to the above equity interest after deducting accumulated litigation expenses to Shudao Innovation Investment or any third party designated by Shudao Innovation Investment within 30 calendar days commencing from the date of the Target Company receiving the amount corresponding to the above equity interest.

LETTER FROM THE BOARD

Conditions precedent

The Equity Transfer Agreement shall come into effect upon the fulfillment of the following conditions:

1. the Equity Transfer Agreement having been duly signed and sealed by each of Shunan Company and Shudao Innovation Investment;
2. the Acquisition having been filed with the State-owned Assets Supervision and Administration Commission of the Sichuan Provincial Government* (四川省政府國有資產監督管理委員會);
3. the Company having complied with the relevant requirements under the Listing Rules in respect of the Equity Transfer Agreement and the transactions contemplated thereunder, including but not limited to reporting to the Stock Exchange and the SSE, making announcements and obtaining Independent Shareholders' approval in respect of the Equity Transfer Agreement; and
4. the right of first refusal held by Jin Hao Group with respect to the Target Company becoming void.

None of the above conditions precedent can be waived pursuant to the Equity Transfer Agreement. As at the Latest Practicable Date, the above-mentioned conditions 1, 2 and 4 have been fulfilled.

Regarding the condition 4 above, Jin Hao Group has the right of first refusal on the equity interest of the Target Company pursuant to the articles of association of the Target Company. Pursuant to the rules of the articles of association of the Target Company, Shudao Innovation Investment issued a letter to Jin Hao Group on 19 December 2025, requesting Jin Hao Group to reply in writing within 30 days of receipt of the notification as to whether it will exercise its right of first refusal under equivalent conditions as the Equity Transfer Agreement. Should Jin Hao Group choose to exercise the right of first refusal, it shall, within three days of its written reply, sign an equity transfer agreement with Shudao Innovation Investment and provide relevant evidence demonstrating its financial capacity to acquire the target equity. If Jin Hao Group fails to sign the equity transfer agreement or fails to provide evidence of its acquisition capacity within the prescribed period (i.e., within three days of the written reply), or fails to reply within the deadline (i.e., within 30 days of receipt of the notification), it shall be deemed to have waived its right of first refusal for this transfer, and consequently, Jin Hao Group's right of first refusal shall expire. As at the Latest Practicable Date, Shudao Innovation Investment has not received any responses from Jin Hao Group.

LETTER FROM THE BOARD

Termination

In accordance with the Equity Transfer Agreement, the Equity Transfer Agreement will forthwith be terminated or canceled in any of the following conditions, including:

1. Shunan Company and Shudao Innovation Investment having agreed to terminate the Equity Transfer Agreement upon negotiations;
2. If any of the following circumstances occurs, Shunan Company or Shudao Innovation Investment can unilaterally terminate the Equity Transfer Agreement: (a) the purpose of the Equity Transfer Agreement cannot be achieved due to the majeure force or reasons unaccountable to parties; (b) Shunan Company or Shudao Innovation Investment losses its ability to perform; (c) Shunan Company or Shudao Innovation Investment commits a material breach that renders the purpose of the agreement cannot be achieved; and (d) any of Shunan Company and Shudao Innovation Investment occurs circumstances under the Equity Transfer Agreement that allow unilateral termination;
3. Such termination shall be effected in writing; and
4. If the Acquisition is ordered to be terminated by a government department or authority, the Company shall have the right to terminate the Equity Transfer Agreement and request Shudao Innovation Investment to refund all Consideration paid by the Company together with interest calculated in accordance with the bank's LPR for the corresponding period.

III. VALUATION ASSUMPTIONS

Pursuant to Rule 14.60A of the Listing Rules, the principal assumptions for preparing the Valuation Report are set out as below:

(I) Premise assumptions

1. Based on the following considerations, the PRC Valuer assumes that the Target Company will continue operations by maintaining its current product mix, business scale, and operating model.

LETTER FROM THE BOARD

- (1) After the appraisal objective is achieved, although there may be changes in controlling interests, the primary business direction and operational strategies will not undergo significant changes;
- (2) Existing financial policies, pricing policies, and market share will not undergo significant changes as a result of achieving the appraisal objectives;
- (3) There is no significant change in the utility of non-operating assets and surplus assets before and after the Valuation Benchmark Date;
- (4) Although the PRC Valuer has conducted necessary assessment and analysis on independence and professional competence of the entity preparing the specialised traffic volume report, given the limitations of the PRC Valuer's professional capabilities, the valuation assumes that there is no significant deviation between estimated traffic volume and toll revenue set out in the specialised report and the final actual traffic volume and toll revenue.

(II) Special assumptions

2. The PRC Valuer estimates the enterprise value by simulating the operational performance of the Jingyi Expressway under typical market conditions, taking into account the appraisal objectives and the Target Company's potential future business outlook. Factors considered include the following:
 - (1) As highway toll rates are regulated by the government, any price adjustments require approval from relevant national authorities. Consequently, the timing and magnitude of future toll rate adjustments for the Jingyi Expressway remain highly uncertain. Given limitations in professional expertise and capabilities, the PRC Valuer are unable to predict the timing or extent of future toll rate changes. Therefore, the PRC Valuer assumes that toll rates for the Jingyi Expressway will remain at current levels throughout the concession period;
 - (2) The cost of providing products or services takes into account the full cost incurred by the enterprise after accounting for all necessary expenses and charges associated with delivering these offerings;
 - (3) The tax policy for enterprises takes into account the actual tax burden that enterprises must bear after achieving the appraisal objectives;

LETTER FROM THE BOARD

- (4) The determination of non-operating assets and surplus assets of an enterprise is not based on the enterprise's current utility, but rather on the assessment of the enterprise's operational status after the appraisal objective has been achieved.
3. Pursuant to the concession agreement and documents such as the Notice of the Provincial Department of Transportation on Extending the Term of Toll Roads (《省交通運輸廳關於延長收費公路期限的通知》), the toll collection period for the Jingyi Expressway spans from 25 December 2007 to 13 March 2038. This valuation assumes that the concession term will remain unchanged.
4. As at the Valuation Benchmark Date, the interest-bearing debt of the Target Company consists of shareholder loans provided by its parent company, Shudao Innovation Investment, with a book principal balance of RMB938.0667 million. According to the management of the Target Company and the bank loan agreements (a total of RMB900 million from China Construction Bank and Industrial and Commercial Bank of China, with an interest rate of 2.43%), the Target Company proposes to obtain bank loans to replace the shareholder loans from Shudao Innovation Investment. The bank loans are expected to be received no later than 31 December 2025. On the day the bank loans are obtained, the Target Company intends to repay in full the remaining principal and interest of the shareholder loans from Shudao Innovation Investment in a lump sum. Prior to repayment of all shareholder loan principal, the existing shareholder loans will continue to accrue interest at 3.6%. The valuation assumes that the Target Company will obtain the bank loans on 31 December 2025 and simultaneously repay the loans from Shudao Innovation Investment, with the related fund settlement carried out in the manner described above. Forecasts are made based on the interest rate and repayment schedule stipulated in the provided bank loan agreements.

At the Latest Practicable Date, the above-mentioned bank loans have been obtained by the Target Company.

5. It is assumed that during the future operating period of the Target Company, its operating costs and expenses will not undergo significant changes or fluctuations from the current level.
6. Unless otherwise stated, it is assumed that the Target Company fully complies with all relevant laws and regulations, and that its management responsibly fulfils the obligations of the asset owner and has competently exercised effective management over the relevant assets.

LETTER FROM THE BOARD

(III) General assumptions

7. It is assumed that the current industrial policies of the industry will not undergo any significant changes, and that no new laws or regulations (whether favorable or unfavorable) will be promulgated.
8. It is assumed that the existing national laws, regulations, and policies, as well as the national macroeconomic conditions, will not experience any major changes; that the political, economic, and social environments of the regions in which the parties to this transaction operate will not undergo significant changes; and that no other unforeseeable or force majeure events will cause materially adverse impacts.
9. The PRC Valuer fully understands the current macroeconomic conditions, including the fluctuations in RMB interest rates and exchange rates. However, due to limitations in professional capacity and competence, it is unable to predict their future trends. Therefore, the PRC Valuer assumes that RMB interest rates and exchange rates will not experience significant changes from their current levels.
10. With respect to the information and materials provided by the client and other parties that form the basis of the valuation conclusion, the PRC Valuer assumes such information to be reliable and has conducted necessary verification in accordance with valuation procedures. However, the PRC Valuer makes no guarantees regarding the truthfulness, legality, or completeness of such information and materials.
11. It is assumed that all licenses, permits, consents, or other legal or administrative authorisation documents required for the asset utilisation method underlying the value estimation, whether issued by relevant local or national government authorities, private organisations, or groups, have already been obtained or can be renewed at any time.

Ernst & Young confirms that it has reviewed the calculations for the discounted cash flow forecast underlying the valuation.

Lego has confirmed that the future cash flow forecast underlying the valuation has been compiled after due and careful enquiry by the Directors.

The report from Ernst & Young and the letter from Lego are set out in the Appendices III and IV, respectively to this circular in accordance with Rule 14.60A of the Listing Rules.

LETTER FROM THE BOARD

IV. BACKGROUND INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company established in the PRC on 18 November 2002, and its main business is to invest in, construct, operate, and manage Jingyi Expressway.

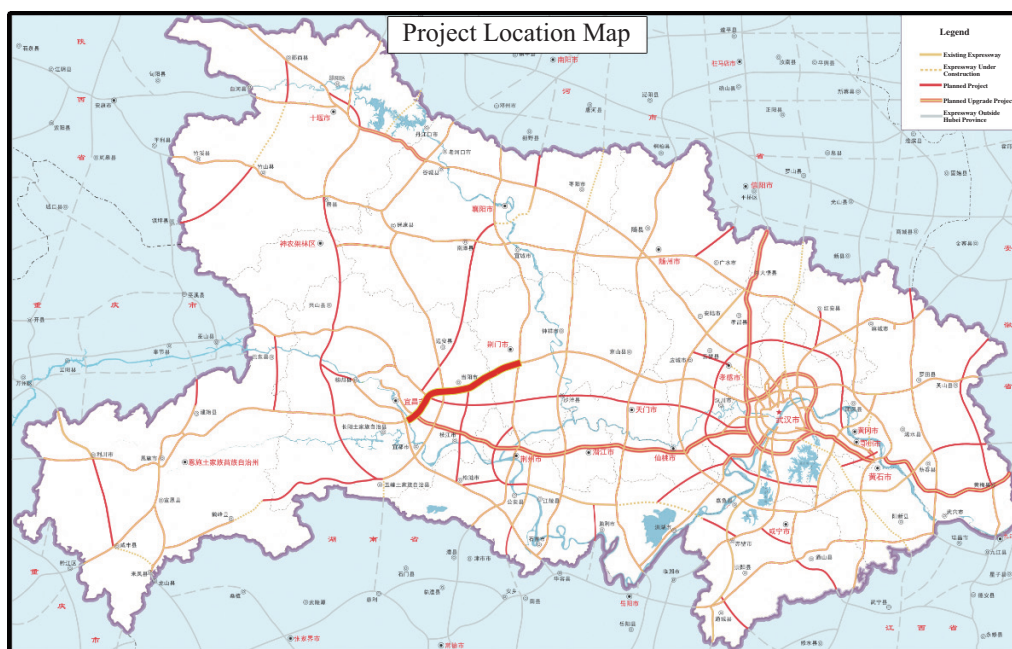
As at the Latest Practicable Date, the registered capital of the Target Company is RMB850 million which is fully paid-up and held by Shudao Innovation Investment and Jin Hao Group as to 85% and 15%, respectively. On 21 November 2019, Shudao Innovation Investment acquired 85% equity interest in the Target Company from Hanggang Financial Holding Investment Co., Ltd.* (航港金控投資有限公司), an Independent Third Party, at the consideration of RMB2,420 million.

Jin Hao Group is held as to approximately 55.56% by Mr. Hu Hejian (“Mr. Hu”), 22.22% by Mr. Wu Pengfei (“Mr. Wu”) and 22.22% by Beijing Jiali Hengde Real Estate Development Co., Ltd.* (“Beijing Jiali”, 北京嘉利恒德房地產開發有限公司, which is held as to 80% by Jin Hao Group and 20% by Mr. Wu), respectively. To the best of the knowledge, information and belief of the Directors after making all reasonable enquiries, Jin Hao Group, Mr. Hu (the controlling shareholder of Jin Hao Group, being an entrepreneur in the PRC), Mr. Wu and Beijing Jiali are all Independent Third Parties.

The Target Company currently owns the concession rights of Jingyi Expressway. Jingyi Expressway, located in Hubei Province, PRC, is an important part of the Shanghai-Chengdu Expressway in the “National Expressway Network Planning” approved by the State Council and promulgated by the Ministry of Transport. Jingyi Expressway, with a total length of 94.998 kilometers, starts from Zhengjiachong Village in Jingmen City in the east, connecting with Wuhan-Jingmen Expressway and Xiangyang-Jingmen Expressway in Hubei Province, and ends at Gaojiadian Town in Yichang City in the west, connecting with Wuhan-Yichang Expressway and Yichang Yangtze River Bridge. Jingyi Expressway starts from Duodao District, Dongbao District, Jingmen City and Dangyang City, Yiling District and Xiaoting District, Yichang City, connects Yichang-Badong Expressway, Baokang-Yichang Expressway and Yichang-Zhangjiajie Expressway along the route, and is an important hub expressway leading to Xiangyang City, Zhangjiajie City, Badong County and Chengdu. In addition, the operation period of Jingyi Expressway is from 25 December 2007 to 13 March 2038.

LETTER FROM THE BOARD

For reference, a map showing the location of Jingyi Expressway is depicted below:



As disclosed in the section headed “II. Significant litigations” under the notes to special issues in the Valuation Report as set out in Appendix I to this circular, Jin Hao Group’s 15% equity interest in the Target Company has been seized due to a litigation between the Target Company, and Jin Hao Group and Beijing Jiali Hengde Real Estate Development Co., Ltd.* (北京嘉利恒德房地產開發有限公司) for liability dispute related to the interest of the Target Company, being the Dispute over Liabilities for Jeopardizing Company’s Interests against Jin Hao Group and Jiali Hengde by the Target Company. Following the said seizure of Jin Hao Group’s equity interest in the Target Company, pursuant to relevant PRC laws and regulations, Jin Hao Group’s rights to dispose of such equity interests (such as transfer or pledge) are restricted, and the registration of ownership changes cannot be processed. Aside from these restrictions, other shareholder rights remain unaffected.

Upon completion of the Acquisition, the Company will hold an 85% equity interest in the Target Company, enabling it to exercise control over the Target Company’s general meetings and its board of directors. As such, the said seizure of the Jin Hao Group’s equity interest in the Target Company will not have any material adverse impact on the 85% equity interest to be held by the Company, nor the Company’s control and management over the Target Company.

LETTER FROM THE BOARD

V. FINANCIAL INFORMATION ON THE TARGET COMPANY

The financial information of the Target Company for the two financial years ended 31 December 2023 and 2024 and the seven months ended 31 July 2025 was as follows:

	For the year ended 31 December 2023 (audited) RMB'000	For the year ended 31 December 2024 (audited) RMB'000	For the seven months ended 31 July 2025 (audited) RMB'000
Net profit before tax	252,322	255,986	198,017
Net profit after tax	167,603	192,057	148,605

As at 31 July 2025, the audited total assets and net assets of the Target Company were approximately RMB1,688 million and RMB574 million, respectively.

VI. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the investment, construction, operation and management of expressway, green energy industry investment and integrated development of resources along the routes. The principal business of the Target Company is the investment, construction and operation of the Jingyi Expressway.

Upon completion of the Acquisition, the Target Company will become an 85% indirectly owned subsidiary of the Company. The financial results of the Target Company will be consolidated into the consolidated financial statements of the Company. Therefore, the acquisition of the Target Equity Interest helps to expand the expressway projects controlled by the Company, further increasing the Company's asset scale and leveraging economies of scale. Meanwhile, the incorporation of the Target Company will expand the Company's road network, effectively boosting the Company's sustainability, facilitating the Company's assets optimisation and strengthening core competitiveness.

In terms of optimisation of assets, as the Jingyi Expressway is located in Hubei Province and is situated in the heart of China with a high concentration of logistics and transportation industries, the Jingyi Expressway has demonstrated steady revenue growth and possesses a clear locational advantage. With several industrial parks and tourism projects planned along the route, it represents a high-quality asset with significant development potential. The Acquisition will help enhance the Company's operating performance, generating new profit growth and sustained, stable cash flow.

LETTER FROM THE BOARD

In terms of enhancement of the Group's core competitiveness:

- (i) **Strategic Hub Positioning:** given that the Jingyi Expressway is situated at a critical location within the Yangtze River Economic Belt, connecting multiple national trunk lines and serving as a transportation hub between Central and Southwest China, the Acquisition marks the Company's successful entry into the core road network of the middle reaches of the Yangtze River. This enhances the Company's hub status and influence within the national expressway network, bearing significant strategic importance for the future deployment of its network.
- (ii) **Export of Management Expertise:** The Company consistently focuses on improving operational capabilities and optimising service levels, having built a standardised and systematic management model with a wealth of experience and talent reserves. The Company is well-positioned to radiate and expand its mature expressway operation experience into the national market. The Acquisition and management of the Target Company will facilitate the transformation of the Group's mature management systems – spanning operations, maintenance, and service area management – into a standardised operational paradigm applicable across regions and scenarios, thereby sharpening the Group's core competitiveness in the industry.
- (iii) **Elevation of Brand Influence:** The Company is accelerating its brand building by implementing a “Service Center – Brand Center – Profit Center” closed-loop development logic for its expressways. This cross-provincial expansion helps build a national expressway operation brand, further strengthening the Group's influence and competitiveness within the industry.

The Directors (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee contained in this circular) are of the view that the terms and conditions of the Equity Transfer Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and its Shareholders as a whole.

VII. INFORMATION ON THE COMPANY AND THE PARTIES TO THE EQUITY TRANSFER AGREEMENT

The Company

The main business of the Group is the investment, construction, operation and management of expressway, green energy industry investment and integrated development of resources along the routes.

LETTER FROM THE BOARD

Shunan Company

Shunan Company is principally engaged in project investment and management, construction, maintenance, design, technical consulting and ancillary services in respect of infrastructures including highways, bridges and tunnels etc.; and construction and lease of ancillary facilities for high-grade highways including petrol stations, advertisement stands and warehouses. As at the Latest Practicable Date, it is a direct wholly-owned subsidiary of the Company.

Shudao Innovation Investment

Shudao Innovation Investment is a company incorporated in the PRC with limited liability, and is principally engaged in equity investment, project investment, venture capital investment, investment management, investment consulting and asset management.

As at the Latest Practicable Date, (1) Shudao Capital holds 100% equity interest in Shudao Innovation Investment; (2) Shudao Investment, STAE and SECD hold 46.1553%, 51% and 2.8447% equity interest in Shudao Capital, respectively. Both STAE and SECD are wholly-owned by Shudao Investment. Accordingly, Shudao Investment controls 100% equity interest in Shudao Capital; and (3) Shudao Investment, the controlling Shareholder of the Company holding approximately 39.861% equity interest in the Company, is wholly-owned by Sichuan Development, which is in turn wholly-owned by the People's Government of Sichuan Province.

VIII. IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in relation to the Acquisition exceed 5% but are all less than 25% under the Listing Rules, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, the controlling Shareholder of the Company is Shudao Investment (holding 1,035,915,462 A Shares and 183,064,200 H Shares, totaling 1,218,979,662 Shares, representing approximately 39.861% of the total issued share capital of the Company). Shudao Investment (the controlling Shareholder of the Company) collectively holds 100% equity interest in Shudao Capital through itself and its two other wholly-owned subsidiaries, and Shudao Capital holds 100% equity interest in Shudao Innovation Investment. Therefore, Shudao Innovation Investment is a connected person of the Company under the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

The Independent Board Committee, comprising all independent non-executive Directors, has been formed to advise the Independent Shareholders on the Acquisition. Octal Capital has been appointed as the Independent Financial Adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

IX. ABSTENTION FROM VOTING ON BOARD RESOLUTIONS AND ABSTENTION FROM VOTING AT THE EGM

As Mr. Li Chengyong and Mr. Chen Chaoxiong, both non-executive Directors, hold positions in certain member companies of the Shudao Investment Group (Mr. Li Chengyong, a non-executive Director, is the head of the Capital Center of Shudao Investment; and Mr. Chen Chaoxiong, a non-executive Director, is a seconded director of Shudao Investment (i.e., a director of a subsidiary of Shudao Investment)), they are deemed to have a direct or indirect interest in the Acquisition, and therefore, they have abstained from voting on the Board resolution in relation to the approval of the Acquisition. Save as disclosed above, none of the Directors of the Company has any direct or indirect interest in the Acquisition and is required to abstain from voting on such Board resolution.

As Shudao Investment is interested in the Acquisition, Shudao Investment (the controlling Shareholder of the Company holding approximately 39.861% equity interest in the Company as at the Latest Practicable Date) and its associates will abstain from voting on the relevant resolution to be proposed at the EGM for the approval of the Acquisition.

X. VOTING BY POLL

According to the Listing Rules, each of the resolutions to be proposed at the EGM will be voted on by poll. Results of the poll voting will be published on the Company's website at www.cygs.com and the website of the Stock Exchange at www.hkexnews.hk after the EGM.

XI. EGM

The Company proposes to convene the EGM at 3:00 p.m. on Friday, 30 January 2026 at Room 420, 4th Floor, 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC.

A notice convening the EGM is set out on pages EGM-1 to EGM-3 of this circular.

If you intend to appoint a proxy to attend the EGM, you are required to complete and return the accompanying proxy form in accordance with the instructions printed thereon. For the H Shareholders, the proxy forms should be returned to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by hand or by post not less than 24 hours before the time appointed for holding the EGM or any adjourned meeting thereof.

LETTER FROM THE BOARD

Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or at any adjourned meeting should you so wish, but in such event the instrument appointing a proxy shall be deemed to be revoked.

XII. CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The H Shares register of members of the Company will be closed from Tuesday, 27 January 2026 to Friday, 30 January 2026 both days inclusive, during which period no transfer of H Shares will be effected. In order to qualify for attending the EGM, unregistered holders of H Shares shall ensure that all transfer documents of H Shares accompanied by the relevant share certificates and the appropriate transfer documents must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 26 January 2026. The record date for the purpose of determining the eligibility of the Shareholders to attend and vote at the EGM is therefore Friday, 30 January 2026.

XIII. RECOMMENDATION

The Independent Board Committee comprising all the independent non-executive Directors has been established to give advice to the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder. The letter from the Independent Board Committee, which contains its recommendation to the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder, is set out on pages IBC-1 to IBC-2 of this circular. The Company has appointed Octal Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder. The letter of advice from Octal Capital to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-26 of this circular.

The Directors (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee contained in this circular) consider that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution for approving the Equity Transfer Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

XIV. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this circular or any statement herein misleading.

Yours faithfully,

By order of the Board

Sichuan Expressway Company Limited*

Yao Jiancheng

Executive Director and Company Secretary

* *For identification purposes only*



四川成渝高速公路股份有限公司
Sichuan Expressway Company Limited*

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00107)

12 January 2026

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION AND CONNECTED
TRANSACTION IN RELATION TO THE ACQUISITION OF
85% EQUITY INTEREST IN THE TARGET COMPANY**

We have been appointed as members of the Independent Board Committee to give our advice on the Equity Transfer Agreement, details of which are set out in the letter from the Board included in the circular to the Shareholders dated 12 January 2026 (the “**Circular**”), of which this letter forms a part. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Circular.

Octal Capital has been appointed as the Independent Financial Adviser to advise us on the Equity Transfer Agreement. The letter from Octal Capital is set out on pages IFA-1 to IFA-26 of the Circular.

Having considered the terms and conditions of the Equity Transfer Agreement, the advice given by Octal Capital and the principal factors and reasons taken into consideration by them in arriving at their advice, we are of the view that the terms of the Equity Transfer Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and the Acquisition is in the ordinary and

* *For identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

usual course of business of the Group and in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution at the EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee

Mr. Yu Haizong

Independent

Non-executive

Director

Mr. Zhou Hua

Independent

Non-executive

Director

Mr. Jiang Tao

Independent

Non-executive

Director

Mr. Luo Hong

Independent

Non-executive

Director

LETTER FROM OCTAL CAPITAL LIMITED

The following is the letter of advice from Octal Capital Limited to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.

12 January 2026



801-805, 8/F, Nan Fung Tower,
88 Connaught Road Central,
Hong Kong

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 85% EQUITY INTEREST IN THE TARGET COMPANY

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Equity Transfer Agreement, particulars of which are set out in the Letter from the Board (the “**Letter from the Board**”) of the circular of the Company dated 12 January 2026 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined under the definition section of the Circular.

On 19 December 2025, Shunan Company, a direct wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Shudao Innovation Investment, pursuant to which, Shunan Company conditionally agreed to purchase, and Shudao Innovation Investment conditionally agreed to sell, the Target Equity Interest (i.e. 85% equity interest in the Target Company) at the Consideration of RMB2,409,421,220.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all independent non-executive Directors, namely Mr. Yu Haizong, Mr. Zhou Hua, Mr. Jiang Tao and Mr. Luo Hong, has been formed to advise the Independent Shareholders on the Equity Transfer Agreement and the transactions contemplated thereunder. We, Octal Capital, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM OCTAL CAPITAL LIMITED

As at the Latest Practicable Date, we were not connected with the directors, chief executive and substantial shareholders of the Company or Shunan Company or Shudao Innovation Investment or the Target Company or any of their respective subsidiaries or their respective associates and do not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and is therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

During the last two years, we were engaged as the independent financial adviser to the Company (the “**Previous Engagement**”) in respect of the major transaction and connected transaction in relation to establishment of joint venture for the development of Chengya Expressway expansion project (details of which are set out in the circular of the Company dated 25 July 2025). Under the Previous Engagement, we were required to express our opinion on and give recommendation to the then independent board committee and the then independent shareholders in respect of the relevant transaction.

Apart from normal professional fees payable to us in connection with the Previous Engagement and this appointment, no arrangement exists whereby we will receive any fees or benefits from the Group, Shunan Company, Shudao Innovation Investment, the Target Company or any of their respective subsidiaries or associates that could reasonably be regarded as relevant to our independence. As such, we do not consider that the Previous Engagement would affect our independence to act as the Independent Financial Advisor under the current appointment. Accordingly, we consider that we are independent to act as the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders in connection with the Equity Transfer Agreement pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the accuracy of the information and representations contained in the Circular and have assumed that all information and representations made or referred to in the Circular as provided by the management of the Company were true at the time they were made and continue to be true as at the date of the Circular. We have also relied on our discussion with the management of the Company regarding the Equity Transfer Agreement, and the information and representations contained in the Circular. We have also assumed that all statements of belief, opinion and intention made by the management of the Company in the Circular were reasonably made after due enquiry. We consider that we have reviewed sufficient information, among other things, (i) the Equity Transfer Agreement; (ii) the Traffic Study Report; (iii) the Valuation Report; (iv) the annual report of the Company for the year ended 31 December 2024 (the “**2024 Annual Report**”) and the interim report of the Company for the six months ended 30 June

LETTER FROM OCTAL CAPITAL LIMITED

2025 (the “**2025 Interim Report**”); and (v) other information as set out in the Circular, to reach an informed view and justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Company. We have not, however, conducted an independent in-depth investigation into the business and affairs of the Group, the Target Company, and any of their respective subsidiaries and their respective associates, nor have we carried out any independent verification of the information supplied to us.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions and recommendations in respect of the Acquisition, we have taken into consideration of the following principal factors and reasons:

1. Background information of the Group

The Group is principally engaged in investment, construction, operation and management of expressway, green energy industry investment and integrated development of resources along the routes.

The revenue of the Group is generated from five major segments, including (i) the expressway segment which comprises the operation of expressways and a high-grade toll bridge in the PRC; (ii) the construction services segment which comprises the provision of construction and upgrade services under the service concession arrangements and construction contracts; (iii) the transportation services segment which comprises the provision of advertising services, the rental of properties along expressways, the operation of gas stations along expressways and the sale of oil products; (iv) the transportation logistics segment which comprises the sale of commodity logistics trade business; and (v) the new energy technologies segment which comprises the provision of charging services for electric vehicles and the sale of charge modules.

Expressway operation in Sichuan Province contributes majority of the Group’s revenue. The following summaries the expressways operated by the Group:

	Expressway	Origin/destination	Approximate length (kilometer)	Toll Collection Rights	
				Year of commencement	Year of expiry
1	Chengbei Exit Expressway	Qinglongchang/Baihelin	10	1998	2025'
2	Chengyu Expressway	Chengdu/Sangjiapo	226	1997	2027
3	Chengya Expressway	Chengdu/Duiyan	144	2000	2029
4	Chengle Expressway	Qinglongchang/Guliba	86	2000	2029

LETTER FROM OCTAL CAPITAL LIMITED

	Expressway	Origin/destination	Approximate length (kilometer)	Toll Collection Rights	
				Year of commencement	Year of expiry
5	Chengren Expressway	Jiangjia/Zhichanggou	107	2012	2042
6	Suixi Expressway	Jixiang Town/Taiping Town, Xichong County	68	2016	2046
7	Suiguang Expressway	Jinqiao interchange/ Hongtudi interchange	103	2016	2046
8	Second Ring (Western) Expressway	Yongxing Town/ Mengyang Town	114	2016	2046

Notes:

1. With reference to the announcement of the Company dated 4 September 2025, the toll collection right of Chengbei Exit Expressway has been expired on 17 September 2025.
2. Tianqiong Expressway is currently under trial operations and the toll collection right has not yet granted, thus not included above.

The table below summarises the major financial information of the Group for the years ended 31 December 2023 and 2024 (“FY2023” and “FY2024”, respectively) extracted from the 2024 Annual Report and for the six months ended 30 June 2024 and 2025 (“1H2024” and “1H2025”, respectively) extracted from the 2025 Interim Report.

RMB’ million	FY2023 (audited)	FY2024 (audited)	1H2024 (unaudited)	1H2025 (unaudited)
Expressways segment	4,721	4,777	2,326	2,274
Construction services segment	4,116	2,806	1,783	693
Transportation services segment	1,960	2,266	1,042	1,037
Transportation logistics segment	719	284	108	27
New energy technologies segment	65	114	60	49
Total revenue	11,581	10,247	5,319	4,080
Profit for the year/period	1,267	1,540	733	883

Source: 2024 Annual Report and 2025 Interim Report

LETTER FROM OCTAL CAPITAL LIMITED

FY2024 vs FY2023

The revenue of the Group decreased by approximately 11.5% from approximately RMB11,581 million in FY2023 to approximately RMB10,247 million in FY2024, which was mainly attributable to the reduction in revenue of construction services segment. The revenue recognition of the construction services segment was based on the proportion of the actual costs incurred relative to the estimated total costs of the construction services. During FY2024, 46.6% of the total revenue was derived from toll income of the expressway segment and the toll revenue maintained stable during FY2023 and FY2024.

The Group recorded the profit after tax of approximately RMB1,540 million in FY2024, representing an improvement of approximately RMB273 million or 21.5%, as compared to approximately RMB1,267 million in FY2023. The improvement of profitability was mainly attributable to the increment in operating profit by approximately RMB225 million as well as the reduction in finance cost by approximately RMB86 million.

1H2025 vs 1H2024

The revenue of the Group decreased by approximately 23.3% from approximately RMB5,319 million in 1H2024 to approximately RMB4,080 million in 1H2025, which was mainly attributable to the reduction in revenue of construction services segment as a result of the delay in expansion construction project of Chengle Expressway and the build-operate-transfer project of Tianqiong Expressways. During 1H2025, toll revenue of the Group was approximately RMB2,274 million and was relatively stable compared to that for 1H2024.

The profit after tax of the Group was approximately RMB883 million in 1H2025, representing an increase of approximately RMB150 million or 20.5%, as compared to that of approximately RMB733 million in 1H2024. The improvement of profitability was mainly attributable to the reduction in finance cost by approximately RMB140 million.

The major items of the consolidated financial position of the Company as at 31 December 2024 and 30 June 2025 are summarised as below:

RMB' million	As at	
	31 December 2024 (audited)	30 June 2025 (unaudited)
Non-current assets		
Property, plant and equipment	1,120	1,096
Service concession arrangements	51,821	52,177
Other non-current assets	3,967	4,333
	56,908	57,606

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RMB' million	As at	
	31 December 2024 <i>(audited)</i>	30 June 2025 <i>(unaudited)</i>
Current assets		
Trade and other receivables	1,136	1,200
Cash and cash equivalents	2,957	2,491
Other current assets	31	26
	4,124	3,717
Total assets	61,032	61,323
Non-current liabilities		
Interest-bearing bank and other borrowings	35,835	36,328
Other non-current liabilities	278	313
	36,113	36,641
Current liabilities		
Trade and other payables	2,709	2,171
Interest-bearing bank and other borrowings	2,590	1,435
Other current liabilities	124	403
	5,423	4,009
Total liabilities	41,536	40,650
Net assets	19,496	20,673
Total interest-bearing bank and other borrowings	38,425	37,763
Gearing ratio (total interest-bearing bank and other borrowings/total assets)	63.0%	61.6%

Source: 2024 Annual Report and 2025 Interim Report

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As at 30 June 2025, the Group's core assets are the service concession arrangements in relation to the nine expressways operated by the Group of approximately RMB52,177 million, representing approximately 85.1% of the total assets. As at 30 June 2025, the Group recorded approximately RMB2,491 million of cash and cash equivalents.

The Group's liabilities mainly include interest-bearing bank and other borrowings of approximately RMB37,763 million, representing approximately 92.9% of total liabilities as at 30 June 2025. The Group's gearing ratio (as defined above) as at 30 June 2025 was approximately 61.6%, representing a slight decrease of approximately 1.4% as compared to that as at 31 December 2024.

2. Background information of the Target Company

The Target Company is a limited liability company established in the PRC on 18 November 2002, and its main business is to invest in, construct, operate, and manage Jingyi Expressway. As at the Latest Practicable Date, the registered capital of the Target Company is RMB850 million which is fully paid-up and held by Shudao Innovation Investment and Jin Hao Group as to 85% and 15%, respectively.

The Target Company currently owns the concession rights of Jingyi Expressway. Jingyi Expressway, located in Hubei Province, PRC, being part of the Shanghai-Chengdu Expressway in the "National Expressway Network Planning" approved by the State Council and promulgated by the Ministry of Transport. Jingyi Expressway, with a total length of 94.998 kilometers, starts from Zhengjiachong Village in Jingmen City in the east, connecting with Wuhan-Jingmen Expressway and Xiangyang-Jingmen Expressway in Hubei Province, and ends at Gaojiadian Town in Yichang City in the west, connecting with Wuhan-Yichang Expressway and Yichang Yangtze River Bridge. Jingyi Expressway starts from Duodao District, Dongbao District, Jingmen City, Dangyang City, Yiling District, Xiaoting District and Yichang City, connects Yichang-Badong Expressway, Baokang-Yichang Expressway and Yichang-Zhangjiajie Expressway along the route, and is an important hub expressway leading to Xiangyang City, Zhangjiajie City, Badong County and Chengdu. In addition, the operation period of Jingyi Expressway is from 25 December 2007 to 13 March 2038.

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The table below summarises the major financial information of Target Company for FY2024 and for the seven months ended 31 July 2025 (“7M2025”) extracted from the accountants’ report of the Target Company, as provided by the management of the Company:

RMB’000	FY2024 <i>(audited)</i>	7M2025 <i>(audited)</i>
Revenue	511,685	310,481
Cost of sales	<u>(187,614)</u>	<u>(79,587)</u>
Gross profit	324,071	230,894
<i>Gross profit margin</i>	<i>63.3%</i>	<i>74.4%</i>
Administrative expenses	(18,421)	(10,407)
Finance costs	(54,228)	(22,875)
Other income and expenses, net	<u>4,564</u>	<u>405</u>
Profit before tax	255,986	198,017
Income tax expenses	<u>(63,929)</u>	<u>(49,412)</u>
Profit for the year/period	<u><u>192,057</u></u>	<u><u>148,605</u></u>
<i>Net profit margin</i>	<i>37.5%</i>	<i>47.9%</i>
Earnings before interest and tax (“EBIT”)	310,214	220,892
Interest coverage ratio (EBIT/finance costs)	5.7x	9.7x

The revenue of the Target Company for 7M2025 amounted to approximately RMB310.5 million, primarily derived from toll income on Jingyi Expressway and the provision of rental and advertising services along Jingyi Expressway. The cost of sales for the Target Company amounted to approximately RMB79.6 million, mainly comprising staff costs, depreciation and amortization and repair and maintenance expenses. The gross profit margin of the Target Company increased from approximately 63.3% in FY2024 to about 74.4% in the 7-month period of 2025. This increase in gross profit margin was mainly attributed to the significant repair and maintenance expenses incurred in FY2024 due to severe weather conditions in Hubei Province.

The Target Company holds a loan from Shudao Innovation Investment and incurred finance costs of around RMB22.9 million during 7M2025. The interest coverage ratio improved from approximately 5.7 times for FY2024 to approximately 9.7 times for 7M2025. The Target Company recorded net profit of approximately RMB148.6 million for 7M2025, reflecting a net profit margin of approximately 47.9%.

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The table below summarises the consolidated financial position of the Target Company as at 31 July 2025 extracted from the accountants' report of the Target Company.

RMB'000	As at 31 July 2025 (audited)
Non-current assets	
Property, plant and equipment	61,194
Service concession arrangement	1,386,643
Deferred tax assets	118,139
Other non-current assets	3,575
	1,569,551
Current assets	
Trade receivables	274
Other receivables	118,123
Cash and cash equivalents	32
Other current assets	229
	118,658
Total assets	1,688,209
Non-current liabilities	
Deferred tax liabilities	40,151
Deferred income	5,545
Other non-current liabilities	41,853
	87,549
Current liabilities	
Trade payables	57,800
Shareholder loan	941,973
Other current liabilities	26,496
	1,026,269
Total liabilities	1,113,818
Net current liabilities	907,611
Net assets	574,391
Gearing ratio (Shareholder loan/total assets)	55.8%

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The total assets of the Target Company mainly included service concession arrangement amounted to approximately RMB1,386.6 million as at 31 July 2025, representing approximately 82.1% of total assets of the Target Company. Other receivables mainly represent the funds under centralized management by the internal fund center of Shudao Investment.

As at 31 July 2025, the interest-bearing debt of the Target Company consists of shareholder loans provided by Shudao Innovation Investment amounted to approximately RMB942.0 million, representing approximately 84.6% of the total liabilities of the Target Company. Based on information provided by the management of the Company, we noted the Target Company have obtained bank loans of approximately RMB900 million with an interest rate of 2.43% to replace the shareholder loans from Shudao Innovation Investment.

The Target Company maintained net current liabilities of approximately RMB907.6 million and net asset position of approximately RMB574.4 million as at 31 July 2025.

3. Background information of Shunan Company and Shudao Innovation Investment

Shunan Company

Shunan Company is principally engaged in project investment and management, construction, maintenance, design, technical consulting and ancillary services in respect of infrastructures including highways, bridges and tunnels etc.; and construction and lease of ancillary facilities for high-grade highways including petrol stations, advertisement stands and warehouses. As at the Latest Practicable Date, it is a direct wholly-owned subsidiary of the Company.

Shudao Innovation Investment

Shudao Innovation Investment is a company established in the PRC with limited liability, and is principally engaged in equity investment, project investment, venture capital investment, investment management, investment consulting and asset management.

As at the Latest Practicable Date, (1) Shudao Capital holds 100% equity interest in Shudao Innovation Investment; (2) Shudao Investment, STAE and SECD hold 46.1553%, 51% and 2.8447% equity interest in Shudao Capital, respectively. Both STAE and SECD are wholly-owned by Shudao Investment. Accordingly, Shudao Investment controls 100% equity interest in Shudao Capital; and (3) Shudao Investment, the controlling Shareholder of the Company holding approximately 39.861% equity interest in the Company, is wholly-owned by Sichuan Development, which is in turn wholly-owned by the People's Government of Sichuan Province.

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4. Economic and industry development of Hubei Province

Jingyi Expressway has a total length of approximately 95 kilometers, starts from Zhengjiachong Village in Jingmen City and ends at Gaojiadian Town in Yichang City. Jingyi Expressway is an important part of the Shanghai-Chengdu Expressway in the “National Expressway Network Planning” approved by the State Council and promulgated by the Ministry of Transport. Jingyi Expressway is a crucial initiative aimed at enhancing the highway network layout of the “Nine Vertical and Five Horizontal Four Ring Roads” in Hubei Province, accelerating the development of the Yijiang-Jingdu Metropolitan Area.

Yijiang-Jingdu Metropolitan Area includes Jingmen City, Yichang City and Jingzhou City, is the second trillion-yuan-level metropolitan area in Hubei Province. According to “Yijiang-Jingdu Metropolitan Area Development Plan” announced by Hubei Provincial Leading Group Office for Promoting the Development of Three Major Metropolitan Areas of the Hebei government in March 2023, the permanent resident population in Yijiang-Jingdu Metropolitan Area was approximately 8.9 million in 2021, representing approximately 15.5% of the total permanent resident population in Hubei Province in 2021. The Hebei government expected that the permanent resident population in Yijiang-Jingdu Metropolitan Area will further increase to approximately 9.4 million in 2027.

The table below sets out the annual growth rate of the nominal gross domestic product (“**Nominal GDP**”) and urbanisation rate from 2020 to 2024 of the PRC, Sichuan Province, Hubei Province, Jingmen City and Yichang City:

	2020	2021	2022	2023	2024
Nominal GDP growth rate					
– PRC	2.9%	13.4%	5.1%	4.9%	4.2%
– Sichuan Province	4.8%	11.5%	4.5%	6.5%	5.4%
– Hubei Province	(5.6)%	16.4%	6.7%	6.3%	5.7%
– Jingmen City	(8.3)%	13.5%	4.0%	4.6%	6.9%
– Yichang City	(7.6)%	21.8%	7.7%	6.8%	7.2%
Urbanisation rate¹					
– PRC	63.9%	64.7%	65.2%	66.2%	67.0%
– Sichuan Province	56.7%	57.8%	58.3%	59.5%	60.1%
– Hubei Province	62.9%	64.1%	64.7%	65.5%	66.4%
– Jingmen City	58.7%	59.8%	60.4%	61.2%	62.2%
– Yichang City	63.8%	63.9%	64.5%	65.3%	66.3%

Source: National Bureau of Statistics of China and Hubei Provincial Bureau of Statistics

¹ Urbanisation rate represents the percentage of urban population to total population.

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According to the statistics from the National Bureau of Statistics of China and Hubei Provincial Bureau of Statistics, the Nominal GDP in the PRC has been increasing at a compound annual growth rate (“CAGR”) of approximately 6.9% between 2020 to 2024, while the Nominal GDP in Hubei Province (where the Jingyi Expressway is located in) and Sichuan Province (where the expressways of the Group are located in) have been increasing at CAGR of approximately 7.0% and 8.7% between 2020 to 2024, respectively, both exceeding the national CAGR. Hubei Province ranked seventh in term of Nominal GDP among different PRC provinces in 2024. The annual growth rate of the Nominal GDP of Yichang City has exceeded that of Hubei Province during 2021 to 2024, ranking second in terms of Nominal GDP among the cities in Hubei Province, ranked second only to Wuhan City, the capital city of Hubei Province. While Jingmen City ranked only eighth in terms of GDP within Hubei Province in 2024, its rapid growth propelled its annual GDP growth rate in 2024 to surpass that of Hebei Province, reaching approximately 6.9%.

The urbanisation rate of Hubei Province reached approximately 66.4% in 2024; and the urbanisation rate of Sichuan Province, Jingmen City and Yichang City reached approximately 60.1%, 62.2% and 66.3% in 2024, respectively. The continuous growth in urbanisation indicates the growth in population in the well-developed area in Hubei Province and will drive the traffic demand, therefore stimulate the development of transportation infrastructure in the Hebei Province.

Moreover, the demand for transportation in Jingmen City and Yichang City continues to rise. According to “Statistical Bulletin of Jingmen City on National Economic and Social Development in 2024” and “Statistical Bulletin of Yichang City on National Economic and Social Development in 2024”, the cargo turnover in Jingmen City and Yichang City increased by 7.9% and 5.2% in 2024 respectively, while the passenger turnover increased by 1.7% and 15.9%, respectively. Additionally, the number of private cars in Jingmen City grew from approximately 504,000 in 2023 to around 518,000 in 2024, representing an increase of approximately 2.8%. For Yichang City, the number of private cars in 2024 increased by approximately 4.5% compared to the same period in 2023, reaching approximately 957,000.

In view of the above, the Board considers the development of Hubei Province, including Jingmen City and Yichang City is positive and beneficial for the operation of Jingyi Expressway.

5. Reasons for and benefits of entering into the Equity Transfer Agreement

In-line with development strategy of the Group

With reference to the 2025 Interim Report, the Company’s business development plan is to strengthen the core business foundation by optimizing existing assets and expanding the road asset portfolio through strategic upgrades of existing routes, asset consolidation, and acquisitions of high-quality road assets.

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With reference to the announcement of the Company dated 4 September 2025, the toll collection right of Chengbei Exit Expressway has been expired on 17 September 2025. The toll collection rights for the expressways held by the Company have decreased from eight to seven. Additionally, the toll collection rights for the Chengyu Expressway will be expired in 2027, while those for the Chengya Expressway and Chengle Expressway will be expired in 2029. Should the toll collection rights of these three expressways not be renewed, it could impact the Company's profitability and operational income. According to the 2025 Interim Report, the Chengle Expressway is currently undergoing an expansion project. With reference to the announcement of the Company dated 10 November 2025, Sichuan Chengya Expressway Co., Ltd. has been established to oversee the construction, operation, management, and transfer of the expansion project for the Chengya Expressway. Sichuan Chengya Expressway Co., Ltd. has entered into several construction contracts with contractors for the expansion project. As advised by management of the Company, new toll collection rights could be granted upon the completion of the expansion projects for these two expressways in 2027 and 2029, respectively.

Given that the toll collection rights for Chengyu Expressway, Chengya Expressway and Chengle Expressway are nearing expiration and the related expansion projects also require time for completion, the Company needs to seek suitable opportunities to expand its expressway network to sustain its revenue and broaden its revenue sources. Jingyi Expressway, as an important part of the Shanghai-Chengdu Expressway, has been in full operation and recorded continued growth in profit, aligning with the investment strategy of the Company. Additionally, the existing expressways portfolio of the Group has been concentrated in Sichuan Province. Acquiring Jingyi Expressway in Hubei Province will aid the Group in expanding its expressway network, entering the market in Hubei Province, and diversifying operational risks, thereby enhancing the Group's future development prospects.

We have looked into the latest growth rate of nominal GDP and the urbanisation rate of Hubei Province in 2024 (being 5.7% and 66.4% respectively as stated above) and noted that they are comparable with those of Sichuan Province (being 5.4% and 60.1% respectively as stated above). We consider the Acquisition serves a stepping stone for Group's entry into the core national expressway network of the middle reaches of the Yangtze River, and the Group's geographical expansion into Hubei Province with sustainable and comparable macro economical background is in line with the Group's development strategy and in the interest of the Company and the Shareholders as a whole.

Cost-effective and time-saving approach to expand the expressway network

Construction of expressway is a lengthy process including but not limited to preliminary researching traffic flow, conducting feasibility study, obtaining various governmental approval, acquiring land, demolishing buildings, relocating local residents, recruiting construction companies, etc. Acquisition of existing expressways with stable traffic flow only required regular repair and maintenance, whilst construction of a new expressway is relatively more time-consuming and

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administratively burdensome. Therefore, the Directors regard that investing in Jingyi Expressway is an efficient way to expand the Group's expressway profile.

The financial performance of the Target Company

As detailed in the section headed "2. Background Information of the Target Company", the Target Company has been profitable during FY2024 and 7M2025. According to the Traffic Study Report, the toll revenue of the Target Company is projected to increase from approximately RMB561.5 million in 2026 to approximately RMB784.3 million in 2037, representing a CAGR of approximately 3.1% over the 11-year period.

In accordance with the discounted cash flow forecast underlying the Valuation (the "DCF Forecast"), the Target Company is estimated to maintain a net profit throughout the forecast period, reflecting a CAGR of around 5.1% from 2026 to 2037 which is derived from the increase of forecasted net profit of the Target Company from approximately RMB238.1 million for 2026 to approximately RMB413.6 million for 2037 over the 11-year period.

Having considered the above, we concur with the Directors that there is a commercial justification for the Company to enter into the Equity Transfer Agreement.

6. Principal terms of the Equity Transfer Agreement

Major terms of the Equity Transfer Agreement are summarised as below:

Date: 19 December 2025

Parties:

1. Shunan Company (as the purchaser); and
2. Shudao Innovation Investment (as the vendor and performance guarantor of the Target Company).

Subject Matter:

In accordance with the terms and conditions of the Equity Transfer Agreement, Shunan Company conditionally agreed to purchase, and Shudao Innovation Investment conditionally agreed to sell, the Target Equity Interest (i.e. 85% equity interest in the Target Company).

Consideration and basis of determination:

The Consideration of the Acquisition is RMB2,409,421,220.

The Consideration was determined after arm's length negotiations between Shunan Company and Shudao Innovation Investment with reference to the market value of RMB2,834,613,200 of 100% equity interests in the Target Company (including equivalent market value of the Target Equity Interest of RMB2,409,421,220) as at the Valuation Benchmark Date as appraised by the PRC Valuer (the "Valuation").

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The Consideration will be funded by Shunan Company's internal resources and/or bank loans.

Payment terms:

Pursuant to the terms and conditions of the Equity Transfer Agreement, Shunan Company shall make payment to the bank designated by Shudao Innovation Investment in cash as follows:

First installment: within 5 working days after the Equity Transfer Agreement becomes effective, Shunan Company shall pay Shudao Innovation Investment no less than 30% of the Consideration; and

Second installment: within 30 natural days from the Completion Date, Shunan Company shall pay the remaining Consideration plus accrued interest. The interest shall be calculated as: remaining Consideration $\times$ (LPR/365) $\times$ (number of days from the date of payment of the first installment to the date of payment of the second installment).

Arrangement for Transitional Period:

The profit or loss of the Target Company during the Transitional Period shall be handled in accordance with the following principles:

1. Normal operating profit or loss shall be borne and enjoyed by Shunan Company; and
2. Abnormal profit or loss (including but not limited to profit or loss arising from events or acts affecting the profitability or value of the Target Company such as theft, loss or man-made damage of assets, excluding abnormal profit or loss not attributable to Shudao Innovation Investment's performance of its fiduciary duties of good management) shall be borne by Shudao Innovation Investment as to shareholding proportion originally held by it in the Target Company.

Profit guarantee:

From 1 January 2026 to 31 December 2028, Shudao Innovation Investment shall provide a performance guarantee for the annual Net Profit (Excluding Extraordinary Gains and Losses) of the Target Company, which shall not be less than the following amounts:

Relevant period	Guaranteed Net Profit (Excluding Extraordinary Gains and Losses) amount
From 1 January 2026 to 31 December 2026	Not less than RMB235,055,967.05
From 1 January 2027 to 31 December 2027	Not less than RMB246,808,308.53
From 1 January 2028 to 31 December 2028	Not less than RMB269,908,801.85

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If the actual audited Net Profit (Excluding Extraordinary Gains and Losses) of the Target Company (including the situation where the Target Company incurs any losses) in any of the above years fails to reach the corresponding guaranteed amount, Shudao Innovation Investment shall compensate Shunan Company in cash for the performance shortfall.

Government grant and its guarantee:

Two government grants below have been included into the Valuation:

1. The Yichang Municipal People's Government Industry Support Funds: from 1 January 2027 to 31 December 2037, industry support funds intended to be received annually by the Target Company are RMB15,307,291.54 in 2027, RMB20,950,005.57 in 2028, RMB19,256,860.65 in 2029, RMB20,115,763.26 in 2030, RMB22,282,192.83 in 2031, RMB13,040,269.56 in 2032, RMB13,811,111.69 in 2033, RMB14,610,719.61 in 2034, RMB15,427,394.12 in 2035, RMB16,065,437.78 in 2036, and RMB17,561,960.01 in 2037, respectively.
2. The Jingmen Municipal People's Government Grants: the Target Company is intended to receive grants of RMB4 million annually from 2025 to 2036 and RMB36 million in 2037.

In accordance with the Equity Transfer Agreement, guarantees regarding the above two government grants to be received by the Target Company provided by Shudao Innovation Investment are as follows, with 2025 as the first fiscal year and subsequent three-fiscal-year-periods as settlement periods, among which 2037 serves as the last settlement period:

1. If the amount of government grants actually received accumulatively for every settlement period by the Target Company exceeds each guaranteed amount above, Shunan Company shall pay to Shudao Innovation Investment in cash. Specifically, amount payable to Shudao Innovation Investment = (amount of government grants actually received by the Target Company accumulatively for the settlement period – amount of government grants guaranteed by Shudao Innovation Investment for the settlement period) x 85%.
2. If the amount of government grants actually received accumulatively for every settlement period by the Target Company is less than each guaranteed amount above, Shudao Innovation Investment shall pay and supplement to Shunan Company in cash. Specifically, amount payable by Shudao Innovation Investment = (amount of government grants guaranteed by Shudao Innovation Investment accumulatively for the settlement period – amount of government grants actually received by the Target Company for the settlement period) x 85%.

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3. Shudao Innovation Investment or Shunan Company shall pay performance compensation to the other party within 30 calendar days commencing from the date of issuance of the audit report of the Target Company for the last fiscal year of every settlement period. If Shudao Innovation Investment or Shunan Company fails to fully pay such compensation in a timely manner, it shall bear interest on the unpaid compensation calculated from the payment maturity date. When Shudao Innovation Investment fully settles the compensation, it shall pay such interest accrued as of that date to the other party at the same time. The calculation of interest is as follows: Interest = Unpaid amount x (LPR/365) x (Date of full payment – Original maturity date).

Litigations:

The Target Company has involved two lawsuits (the Target Company being the plaintiff in both lawsuits), including: (i) Dispute over Liabilities for Jeopardising Company's Interests against Jin Hao Group and Jiali Hengde by the Target Company; and (ii) Dispute over Liabilities for Jeopardising Company's Interests against Jin Hao Group and Hu Hejian by the Target Company.

The Valuation Report issued by the PRC Valuer has not included the financial impact of the two lawsuits above. In accordance with the Equity Transfer Agreement, Shunan Company and Shudao Innovation Investment agreed that, should the final outcome of the above two lawsuits result in any additional equity interests to the Target Company, such equity interests shall belong to the Target Company; Shunan Company or the Target Company as authorized by Shunan Company shall pay 85% of the amount corresponding to the above equity interests after deducting accumulated litigation expenses to Shudao Innovation Investment or any third party designated by Shudao Innovation Investment within 30 calendar days commencing from the date of the Target Company receiving the amount corresponding to the above equity interests.

For further details of the terms of the Equity Transfer Agreement, please refer to the Letter from the Board.

7. Analysis on the Consideration

The Consideration of RMB2,409,421,220 was determined after arm's length negotiations between Shunan Company and Shudao Innovation Investment with reference to the market value of RMB2,834,613,200 of 100% equity interests in the Target Company (including equivalent market value of the Target Equity Interest of approximately RMB2,409,421,220) as at the Valuation Benchmark Date as appraised by the PRC Valuer.

The PRC Valuer considered both the asset-based approach and the income approach, and eventually adopted the income approach with the use of the discounted cash flow method in arriving at the conclusion on the valuation of the market value of the Target Equity Interest as at the Valuation Benchmark Date, which constitutes the profit forecast under Rule 14.61 of the Listing Rules. We noted that the estimated toll revenue for the period from August 2025 to March 2038 in the Traffic Study Report has been used in the DCF Forecast and the Valuation Report.

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Therefore, to assess the fairness and reasonableness of the Consideration, we have reviewed both the Traffic Study Report and the Valuation Report.

Traffic Study Report

CCCC Highway Consultants has been engaged by Shunan Company to conduct independent research on the traffic volume and toll revenue of Jingyi Expressway for the period from August 2025 to March 2038.

Competence of CCCC Highway Consultants

In order to assess the expertise and independence of CCCC Highway Consultants, we have (i) reviewed the engagement letter between CCCC Highway Consultants and Shunan Company for the engagement of the traffic study of Jingyi Expressway; (ii) conducted a phone interview with the core team members of CCCC Highway Consultants to understand its experience, its relationship with the Company and the projection methodology; and (iii) discussed with CCCC Highway Consultants about its previous experiences on traffic consulting projects.

We understand that (a) CCCC Highway Consultants is an experienced consultant in the traffic study for the PRC's infrastructure and expressways; (b) CCCC Highway Consultants has confirmed that it is an independent third party of the Company, Shunan Company, Shudao Innovation Investment, the Target Company, and their connected persons; and (c) the scope of work of their engagement is appropriate and suitable for the preparation of the Traffic Study Report. As such, we are not aware of any matters that could cause us to have doubts on the expertise and independence of CCCC Highway Consultants.

Methodologies and assumptions

We have reviewed and discussed with CCCC Highway Consultants about Traffic Study Report on the bases, assumptions and methodologies adopted to estimate the traffic volume and toll revenue of Jingyi Expressway for the period from August 2025 to March 2038. We note that CCCC Highway Consultants has (i) collected economic data and researched the future development plan in Hubei Province and cities along Jingyi Expressway; (ii) obtained historical traffic data of Jingyi Expressway; (iii) conducted site visit and collected traffic data of Jingyi Expressway in August 2025; and (iv) analysed the data in (i), (ii) and (iii) above; and (v) built a traffic model to estimate the traffic volume and toll revenue of Jingyi Expressway.

In estimating the traffic volume and toll revenue of Jingyi Expressway, we noted that CCCC Highway Consultants has considered (i) the existing travel patterns; (ii) the historical traffic data of Jingyi Expressway for the period from January 2020 to July 2025; (iii) the toll fare of each type of vehicle is based on the official toll fare issued by the Department of Transportation of Hubei Provincial on 13 January 2021; (iv) the economic performance and development of the cities along Jingyi Expressway; (v) the future development of the surrounding transportation network. In addition, we understand from CCCC Highway Consultants that they have also

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considered the potential competition factors in relation to the transportation network surrounding the Jingyi Expressway. As stated in the Traffic Study Report, CCCC Highway Consultants adopted the “Four-Step Method” in estimating the traffic volume. We further noted that the estimated traffic volume of Jingyi Expressway will decrease by approximately 7.8% in 2029. As advised by CCCC Highway Consultants, such decrease is primarily attributed to the estimated completion of the construction or expansion projects of three competing expressways, namely the Shanghai-Chongqing Expressway, Wuhan-Tianmen-Yichang Expressway, and Xiangyang-Yichang Expressway (collectively referred to as the “**Competing Expressways**”), in 2029. To evaluate the traffic volume diversion impact of the Competing Expressways on the Jingyi Expressway, CCCC Highway Consultants has considered factors such as the travel distance, toll expenses and travel time. Upon comparison, it has been observed that the travel distance and time on the Jingyi Expressway are longer than those on the Competing Expressways. Additionally, the toll for trucks on the Jingyi Expressway are higher than those on the Competing Expressways, while the toll for passenger vehicles on the Jingyi Expressway are lower than those on the Competing Expressways. In view of the above, CCCC Highway Consultants has concluded that the completion of the Competing Expressways will negatively impact the traffic volume on the Jingyi Expressway. As a result, a downward adjustment has been applied for 2029. The estimated daily traffic volume of Jingyi Expressway for 2026 is 22,732 vehicles and that for 2037 is 30,183 vehicles, representing a CAGR of approximately 2.6% over the 11-year period.

CCCC Highway Consultants has also advised that the underlying assumptions and the forecast procedures adopted in the Traffic Study Report are commonly used in the similar traffic study projects in the PRC.

Having considered that (i) the daily traffic volume of Jingyi Expressway increased at a CAGR of approximately 3.9% from 2020 to 2024; (ii) our general understanding in respect of the basis and assumptions for the estimation of traffic volume of Jingyi Expressway adopted by CCCC Highway Consultants; (iii) the basis, assumptions and valuation methodology adopted by CCCC Highway Consultants are similar to the market; and (iv) our review of the Traffic Study Report and the discussion with CCCC Highway Consultants, nothing has come to our attention that will cause us to doubt the reasonableness behind the basis of the Traffic Study Report prepared by CCCC Highway Consultants. As such, we are of the opinion that the Traffic Study Report provides a fair and reasonable basis for the estimation of toll revenue of Jingyi Expressway.

Valuation Report

The PRC Valuer has been jointly engaged by Shunan Company and Shudao Innovation Investment to assess the entire equity interest of the Target Company (details of which are set out in the Appendix I to the Circular). According to the Valuation Report, the entire equity interest of the Target Company as at the Valuation Benchmark Date appraised by the PRC Valuer was RMB2,834,613,200.

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Competence of the PRC Valuer

We have reviewed and enquired the qualification and experience of the PRC Valuer. We have (i) reviewed the engagement letter (including their scope of work); (ii) conducted a phone interview to understand the qualification of the PRC Valuer including its previous experience in conducting business valuation, as well as the valuation methodology adopted in the Valuation; (iii) enquired the current or previous working relationship between the PRC Valuer, Shunan Company, Shudao Innovation Investment, the Target Company and their respective connected persons. We understood that the PRC Valuer is a valuation firm established in the PRC with extensive experience in conducting business valuation for over 30 years, and have participated in other valuation projects of companies listed in Hong Kong and the PRC. The PRC Valuer is a qualified valuer under State-owned Assets Supervision and Administration Commission of the State Council. The PRC Valuer also confirmed that they are independent third parties of Shunan Company, Shudao Innovation Investment, the Target Company and their respective connected persons. Furthermore, the Valuation is led by Ms. Zhao Jiming and Ms. Guan Heng who possess over 20 years and 10 years of experience in the valuation sector, respectively. Both of them are registered asset appraiser under the China Appraisal Society.

Given the preparation of independent valuation report is a statutory requirement in the PRC, both parties agreed to jointly engage the PRC Valuer. We understand from and concur with the Board that such arrangement could facilitate the progress of overall execution of the transaction, including but not limited to the negotiation and determination of the consideration between the two parties, without jeopardising the independence of the PRC Valuer nor the fairness of the Valuation Report.

We considered that the PRC Valuer is qualified and possesses relevant experience in performing the Valuation.

Methodologies and assumptions

We understood that the PRC Valuer has considered three generally adopted valuation approaches, which are income approach, market approach and cost approach (asset-based approach) in performing the Valuation. As advised by the PRC Valuer, they have adopted the income approach and cost approach (asset-based approach) in performing the Valuation in order to comply with the “Notice on Issues related to Strengthening the Evaluation and Management of State-owned Assets of Enterprises” (《關於加強企業國有資產評估管理工作有關問題的通知》) (the “**Notice**”) published by State-owned Assets Supervision and Administration Commission of the State Council, which stated that two methods are generally required to be used in evaluating the value of the state-owned enterprises and one of the results should be used as the conclusion after comprehensive analysis. In analysing the result of the income approach and cost approach (asset-based approach), the PRC Valuer takes into account the “Measures for the Transfer of Rights and Interests in Toll Roads” (《收費公路權益轉讓辦法》) (the “**Measures**”) published in 2008 published by Ministry of Transport of the PRC, State-owned Assets Supervision and Administration Commission of the State Council and Ministry of Finance of the PRC, which stated that income approach should be adopted in evaluating the value of toll collection rights when transfer of the toll road rights. In view of the abovementioned regulatory requirements, the PRC Valuer adopted the income approach for the Valuation.

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We discussed with the PRC Valuer about the market approach, the cost approach and the income approach. The PRC Valuer advised that there are limited appropriate market transactions which are either similar or comparable to the Target Company and each of these comparable transactions has their specific location characteristics, traffic characteristics, concession terms, operating environment, cost structure and ongoing maintenance schedule. The cost approach, which is a method of replacing the historical costs of the assets and liabilities shown in the statements of the financial position of the Target Company, primarily involves the re-assessment of assets and liabilities to appraise the business value of the valuation subject. Regarding the income approach, it is commonly adopted in the business valuation for valuation subject with supportable operating profit and cash flow forecast such as expressway company. The Valuation is derived from the discounted cash flow forecast for the period between August 2025 and March 2038. With reference to Appendices III and IV in the Circular, we understand that Ernst & Young checked the arithmetical accuracy of the calculations of the DCF Forecast while Lego has confirmed that the DCF Forecast have been prepared by the Directors after due and careful enquiry, who are solely responsible for the discounted cash flow forecast. Given that (i) the DCF Forecast of the Target Company are made reference with the audited financial result for FY2024 and 7M2025, reflecting the recent cost structure of the Target Company; (ii) the DCF Forecast has been reviewed by Ernst & Young and Lego; and (iii) the estimated toll revenue of the Target Company is supported by the Traffic Study Report, the PRC Valuer considered that income approach is the most appropriate methodology for the business valuation of the Target Company.

We have reviewed and discussed with the PRC Valuer the major assumptions applied in the Valuation. Since the Jingyi Expressway has been approved with a toll collection right until March 2038, the forecast period of the DCF Forecast is in line with its duration of the approved toll collection right. Based on our discussion with the PRC Valuer and our review of the DCF Forecast of the Target Company for the period between August 2025 and March 2038, we understand that (i) the projected annual revenue of the Target Company is directly derived from the annual toll revenue estimated by CCCC Highway Consultants; (ii) other revenue is estimated based on the historical financial information; (iii) the Yichang Municipal People's Government Industry Support Funds and the Jingmen Municipal People's Government Grants have also been included in the DCF Forecast with reference to their respective agreements; (iv) the projected operating cost of the Target Company is primarily based on the historical costs and the current accounting policies of the Target Company; (v) the projected finance cost is based on the new bank borrowings to be obtained prior to 31 December 2025 by the Target Company from China Construction Bank and Industrial and Commercial Bank of China for the replacement of the loan provided by Shudao Innovation Investment; and (vi) the projected working capital is mainly made reference to the historical working capital for maintaining the operation of the Target Company.

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Regarding the above assumptions used in the DCF Forecast, we (i) have cross-checked and compared the forecasted toll revenue (excluding 3% value-added tax) used in the DCF Forecast and the Traffic Study Report; (ii) reviewed the other projected revenue and operating cost against the financial information for FY2024 and 7M2025; (iii) reviewed the agreement between the Target Company and the government authorities in relation to the Yichang Municipal People's Government Industry Support Funds and the Jingmen Municipal People's Government Grants; and (iv) obtained and reviewed the loan agreements between the Target Company and China Construction Bank and Industrial and Commercial Bank of China, respectively. We noted that (i) the toll revenue used in the Valuation has no difference with those in the Traffic Study Report; (ii) the growth rate of operating cost has made reference to the average PRC consumer price index of approximately 2% for the years from 2015 to 2024; (iii) the Yichang Municipal People's Government Industry Support Funds was calculated based on 10% of sum of paid-in value added tax and corporate income tax of the Target Company from 2022 to 2037; (iv) Jingmen Municipal People's Government has agreed to provide a one-off grant of RMB3 million upon the entering into of the agreement and a total of RMB100 million of operation grant for the operation of Jingmen south toll station; (v) based on loan agreements, China Construction Bank and Industrial and Commercial Bank of China has granted new loans to the Target Company in an aggregated amount of RMB900 million with an interest rate of 1-year LPR – 0.57%. According to the latest LPR as announcement by the People's Bank of China on 20 November 2025, 1-year LPR was 3.0%. Therefore, the effective interest rate of the new loans for the Target Company was 2.43%, which is same as the interest rate adopted in the preparation of the DCF Forecast.

For the forecast period from August 2025 to March 2038, the average discount rate is approximately 6.75% which is derived by the PRC Valuer through the Capital Asset Pricing Model (the “**CAPM Model**”), by utilising on risk-free rate of return in the PRC, market risk premium and company specific risk premium. In arriving at the beta in the CAPM Model, the PRC Valuer adopted seven comparable companies which are primarily engaged in toll road operation in the PRC and listed on the Shanghai Stock Exchange and Shenzhen Stock Exchange. We have further reviewed the background of these comparable companies and noted that (i) the core businesses of these comparable companies are in same industry as the Target Company; and (ii) 50% or more of revenue is derived from expressway operation in the PRC, we are of the view that these comparable companies are fair and representative samples. The unleveraged beta derived from the said comparables has been further adjusted to derive the leverage beta based on the debt level of the Target Company at the end of each year during the forecast period.

On the other hand, the PRC Valuer advised that the general assumptions used in the Valuation including but not limited to no material change in the existing political, economic, social, legal, tax conditions where the business is currently in operation are common assumptions adopted in various business valuation projects.

Taking into account (i) the PRC Valuer is independent from the Company and Shunan Company and Shudao Innovation Investment and has relevant experience in conducting the valuation similar to that of the Target Company; (ii) adoption of income approach is in line with the requirements of the Measures; (iii) bases and assumptions adopted in the Valuation are commonly

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adopted; (iv) the key assumptions adopted in the DCF Forecast from August 2025 to March 2038 of the Target Company are fair and reasonable; and (v) the DCF Forecast of the Target Company has been reviewed by Ernst and Young and Lego, we considered that the valuation methodologies adopted by the PRC Valuer behind the Consideration is fair and reasonable.

8. Analysis on the profit guarantee and the government grant and its guarantee

Pursuant to the Equity Transfer Agreement, Shudao Innovation Investment is obligated to provide a performance guarantee for the annual Net Profit (Excluding Extraordinary Gains and Losses) of the Target Company. The guaranteed Net Profit (Excluding Extraordinary Gains and Losses) for the three years ending 31 December 2028 which is determined with reference to forecast net profit, shall not less than RMB235,055,967.05, RMB246,808,308.53 and RMB269,908,801.85, respectively. As compared to the forecast net profit as disclosed in the Valuation Report in Appendix I to the Circular and based on discussion with the management of the Target Company, the discrepancy (as reconciled below) is attributable to the after-tax financial impact related to the Yichang Municipal People's Government Industry Support Funds and the Jingmen Municipal People's Government Grant:

RMB' million	2026	2027	2028
Forecast net profit as per Appendix I	238.06	261.29	288.62
Guaranteed net profit (excluding extraordinary gains and losses) ¹	235.06	246.81	269.91
	3.00	14.48	18.71

¹ The determination of the guaranteed net profit does not taken into account of the Yichang Municipal People's Government Industry Support Funds and the Jingmen Municipal People's Government Grant.

Should the audited Net Profit (Excluding Extraordinary Gains and Losses) of the Target Company fall short of the guaranteed amount for any of these years, Shudao Innovation Investment is obligated to compensate Shunan Company for the performance deficit in cash.

The profit guarantee covers the upcoming three financial years until 31 December 2028. Having considered the scope of work done as in the Traffic Study Report, the Valuation Report, and the forecast of future cash flows of the Target Company which have been reviewed to the extent as disclosed in appendices to the Circular, we concur with the Board that the Consideration is sufficiently determined on a fair and reasonable basis, and length of profit guarantee of three years in itself serves an additional favourable term for the Acquisition.

Shudao Innovation Investment shall provide guarantees for two government grants expected to be received by the Target Company, namely the Yichang Municipal People's Government Industry Support Funds and the Jingmen Municipal People's Government Grants. The guaranteed amount for the Yichang Municipal People's Government Industry Support Funds are RMB15,307,291.54 in 2027, RMB20,950,005.57 in 2028, RMB19,256,860.65 in 2029, RMB20,115,763.26 in 2030, RMB22,282,192.83 in 2031, RMB13,040,269.56 in

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2032, RMB13,811,111.69 in 2033, RMB14,610,719.61 in 2034, RMB15,427,394.12 in 2035, RMB16,065,437.78 in 2036, and RMB17,561,960.01 in 2037, respectively. The guaranteed amount for the Jingmen Municipal People's Government Grants are RMB4 million annually from 2025 to 2036 and RMB36 million in 2037. In the event that the government grants actually received by the Target Company within each settlement period fall short of the guaranteed amount, Shudao Innovation Investment is required to make cash payments to supplement Shunan Company. Conversely, if the grants received exceed the guaranteed amount within each settlement period, Shunan Company is obligated to make cash payments to Shudao Innovation Investment.

We have discussed with the management of the Target Company regarding the ongoing monitoring mechanism in case there is a shortfall of guaranteed grant. We are advised that the strategic investment and development department of the Target Company and Shudao Innovation Investment will agree the amount of performance compensation and follow up the settlement within 30 days after the issuance of the audit report of the Target Company for every settlement period, and the Target Company will closely monitor its performance capability of the latter. We concur with the Board that the above mechanism could assist to enhance the effectiveness of and ongoing execution of the guarantee.

Taking into account (i) the determination of guaranteed Net Profit (Excluding Extraordinary Gains and Losses) for the three years ending 31 December 2028 is made reference to those used in the DCF Forecast; (ii) provision of profit guarantee by Shudao Innovation Investment for the three years ending 31 December 2028 demonstrated their confidence in the Target Company's performance in the near future; (iii) the Target Company has entered into the relevant agreements with local government in relation to the Yichang Municipal People's Government Industry Support and the Jingmen Municipal People's Government Grants Funds; (iv) the guaranteed amount for the Yichang Municipal People's Government Industry Support Funds and the Jingmen Municipal People's Government Grants has been determined in according to terms in the relevant agreements, (v) Shunan Company would be able to secure a cash compensation from Shudao Innovation Investment for any short off in relation to the profit guarantee and the government grants guarantee; and (vi) in the event that the Target Company makes a profit less than the profit guarantee or even record a loss during the three years ending 31 December 2028, the committed cash compensation would protect the Group from incurring a loss from the Acquisition, we concur with the Directors that the profit guarantee and the government grants guarantee serve as additional favourable terms of the Acquisition.

9. Financial effect of the Acquisition

Upon Completion, the Target Company will become an indirectly owned subsidiary of the Company, the financial results of the Target Company will be consolidated in the Group's financial statements.

Net asset value

As discussed with the management of the Company, the Company and the Target Company are ultimately controlled by the same controlling shareholder of the Company, thus, the Acquisition

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is a business combination under common control. The Acquisition is accounted for based on the principles of merger accounting as if the Acquisition had occurred on the date when the Target Company first came under the control of the controlling shareholder. Accordingly, the assets and liabilities of the Target Company acquired in the Acquisition are stated at their carrying amounts as if such assets and liabilities had been held or incurred by the Group from the later of the date of the relevant transactions giving rise to such assets or liabilities and the date on which the Target Company first came under the control of the controlling shareholder.

Under the principles of merger accounting, a merger deficit or a merger surplus, which represents the difference between the Consideration and the net asset value of the Target Company, is recorded.

The net asset value of the Group as at 30 June 2025 amounted to approximately RMB20,673 million will be increased to approximately RMB21,083 million upon Completion, resulting from the recognition of the merger surplus of approximately RMB410 million. Merger surplus represents the consideration of RMB2,409 million paid to the Shudao Innovation Investment to acquire 85% equity interests in the Target Company and after netting off the book value of net assets in the Target Company of approximately RMB2,819 million.

Earnings

The net profit attributed to the shareholders of the Company for FY2024 amounted to approximately RMB1,449 million. According to the audited financial statement of the Target Company, the Target Company recorded net profit after tax of approximately RMB192 million for FY2024 and approximately RMB149 million for 7M2025. After the Completion, the result of the Group may be improved by the profit-making result of the Target Company.

Working capital

As set out in the Letter from the Board, the Consideration of RMB2,409,421,220 will be settled by Shunan Company's internal resources and/or bank loans.

The management of the Company further advised that the Group has sufficient working capital to satisfy its requirements for at least the next 12 months following the date of the Circular, in the absence of unforeseeable circumstances.

It should be noted that the afore-mentioned analyses are for illustrative purpose only and do not purport to represent how the financial results and the financial position of the Group will be upon the Completion.

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Opinion and Recommendation

Having considered the principal factors and reasons discussed above and the Target Company is engaged in the same principal business as the Group, we are of the opinion that (i) the terms of the Equity Transfer Agreement are fair and reasonable so far as the Independent Shareholders are concerned; (ii) the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group; and (iii) the entering into the Equity Transfer Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders and we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Octal Capital Limited

Alan Fung
Managing Director

Wong Wai Leung
Executive Director

Note: Mr. Alan Fung has been a responsible officer of Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities since 2003. Mr. Fung has more than 28 years of experience in corporate finance and investment banking and has participated in and completed various advisory transactions in respect of mergers and acquisitions, connected transactions and transactions subject to the compliance to the Takeovers Code of listed companies in Hong Kong. Mr. Wong Wai Leung is a responsible officer of Type 1 (dealing in securities), Type 6 (advising on corporate finance) regulated activities and Type 9 (asset management) regulated activities. Mr. Wong has participated in and completed various advisory transactions of listed companies in Hong Kong in respect of the Listing Rules and the Takeovers Code.

The following is the English translation of the asset valuation report prepared for the purpose of inclusion in this circular received from Sichuan Tian Jian Huaheng, an independent qualified PRC valuer, in connection with the appraised value of the entire equity interest in the Target Company as at 31 July 2025. The Chinese text of this report shall prevail over the English text in the event of inconsistency.

**This report is prepared in accordance with the Asset Appraisal Standards of
the People's Republic of China**

**ASSET VALUATION PROJECT ON THE VALUE OF THE ENTIRE
EQUITY INTERESTS OF HUBEI JINGYI EXPRESSWAY CO., LTD.
IN RELATION TO SICHUAN SHUNAN INVESTMENT
MANAGEMENT CO., LTD.'S PROPOSED ACQUISITION OF 85%
EQUITY INTERESTS HELD BY SHU DAO (SICHUAN)
INNOVATION INVESTMENT DEVELOPMENT CO., LTD.**

ASSET VALUATION REPORT

Chuan Hua Heng Ping Bao [2025] No. 270

**Sichuan Tian Jian Huaheng Assets Appraisal Co., Ltd.
28 November 2025**

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STATEMENT

- I. This asset valuation report is prepared in accordance with the Basic Standards for Asset Appraisal issued by the Ministry of Finance, and the Standards for Practice and Code of Ethics for Asset Appraisal issued by the China Appraisal Society.
- II. The Principal or other users of this asset valuation report shall use the report in accordance with the provisions of laws and administrative regulations and the scope of use specified therein. Sichuan Tian Jian Huaheng Assets Appraisal Co., Ltd. and its professional asset appraisal personnel shall not be liable if the Principal or other users violate the aforementioned provisions in using the report.
- III. This asset valuation report is solely for use by the Principal, other users specified in the asset valuation entrustment contract, and users permitted by laws and administrative regulations. No other institutions or individuals shall use this report.
- IV. Users of this asset valuation report shall correctly understand and use the valuation conclusion. The valuation conclusion is not equivalent to the realizable price of the valuation subject, nor shall it be deemed as a guarantee of the realizable price of the valuation subject.
- V. The analyses, judgments, and conclusions in this asset valuation report are subject to the assumptions and restrictive conditions set forth herein. Users shall pay attention to the hypothetical premises for the validity of the valuation conclusion, the special matters stated in the report, and the restrictions on use.
- VI. Sichuan Tian Jian Huaheng Assets Appraisal Co., Ltd. and its professional asset appraisal personnel comply with laws, administrative regulations, and asset appraisal standards, adhere to the principles of independence, objectivity, and impartiality, and shall be legally liable for the issued asset valuation report.
- VII. The list of assets and liabilities related to the valuation subject, as well as the profit forecast data, are declared by the Principal and the appraised unit and confirmed by them through signature, seal, or other legally permitted means. The Principal and other relevant parties shall be legally responsible for the authenticity, completeness, and legality of the provided data.
- VIII. Sichuan Tian Jian Huaheng Assets Appraisal Co., Ltd. and the asset valuers have no existing or expected interests in the valuation subject of this Asset valuation report, no existing or expected interests with relevant parties, and no bias against relevant parties.
- IX. The asset valuers have conducted on-site investigations on the valuation subject and the assets involved therein, paid necessary attention to the legal ownership status of the valuation subject and the assets involved, inspected the legal ownership documents of the valuation subject and the assets involved, and truthfully disclosed any identified issues.

SUMMARY OF ASSET VALUATION REPORT

IMPORTANT

The following content is extracted from the main text of the asset valuation report (Chuan Hua Heng Ping Bao [2025] No. 270). To understand the detailed information of this valuation project and correctly interpret and use the valuation conclusion, users shall read the main text of the asset valuation report and pay attention to the hypothetical premises for the validity of the valuation conclusion, the special matters stated in the report, and the restrictions on use.

Valuation Purpose: Sichuan Shunan Investment Management Co., Ltd. (hereinafter referred to as “**Shunan Company**”) intends to acquire 85% of the equity interests in Hubei Jingyi Expressway Co., Ltd. (hereinafter referred to as “**Jingyi Company**”) held by Shu Dao (Sichuan) Innovation Investment Development Co., Ltd. (hereinafter referred to as “**Shudao Innovation Investment**”).

Valuation subject: The value of the entire equity interests of Jingyi Company.

Valuation Scope: All audited assets and liabilities of Jingyi Company.

Value Type: Market value.

Valuation Benchmark Date: 31 July 2025.

Valuation Methods: Asset-based approach and income approach. The valuation conclusion is based on the calculation results of the income approach.

Valuation Conclusion: Under the premise that the valuation assumptions are satisfied, the market value of the entire equity interests of Jingyi Company as of the Valuation Benchmark Date is RMB2,834,613,200.

Validity Period of Valuation Conclusion: The validity period of the conclusion of this asset valuation report is one year, commencing from the Valuation Benchmark Date (31 July 2025) and expiring on 30 July 2026.

NOTES ON SPECIAL ISSUES:**I. USE OF PROFESSIONAL REPORTS:**

The forecast of traffic flow and toll income on which this report is based is derived from the conclusions of the Traffic Flow Evaluation and Toll Income Calculation Report for the Jingmen-Yichang Expressway issued by CCCC Highway Consultants Co., Ltd.* (中交公路規劃設計院有限公司) engaged by the principal. Highlights of the report are set out as follows:

Name of professional institution:	CCCC Highway Consultants Co., Ltd.* (中交公路規劃設計院有限公司)
Title of professional report:	The Traffic Flow Evaluation and Toll Income Calculation Report for the Jingmen-Yichang Expressway
Date of the report:	November 2025
Calculation method:	Four-stage approach. The projection of traffic growth rate is based on the analysis of traffic trends and economic development trends of relevant highways over the years. According to the trend of GDP growth rate of the project's affected area over the years and the traffic development trends of relevant highways over the years, the prediction is made using the elasticity coefficient method. The Logit model in the non-aggregated model is also adopted to predict the sharing rate of travel modes. Based on the analysis and prediction of aforementioned trend-based traffic flow and railway transferred traffic flow, the Frator method is adopted in the calculation of the OD table for future characteristic years, and the balanced assignment method is used for traffic flow assignment. The final traffic flow is the result of subtracting the transferred traffic flow of other forms of transportation from the trend-based traffic flow after traffic assignment. Finally, based on the toll standards and preferential policies of toll roads in Hubei Province, and in combination with the traffic flow prediction results, the toll income of the roads involved in the project in the coming years is calculated. The annual toll income = $\sum$ the average daily traffic flow of each vehicle type in the current year (absolute number) $\times$ the toll standards of each vehicle type $\times$ the number of toll collection days in the year $\times$ the efficiency of toll collection from vehicles.
Conclusion of the report:	The total toll income of Jingyi Expressway from 1 August 2025 to 13 March 2038 is RMB8.242 billion (tax inclusive).

Upon investigation: CCCC Highway Consultants Co., Ltd.* (中交公路規劃設計院有限公司) is an independent professional institution engaged by the principal. It has obtained the Class-A Engineering Consulting Qualification Certificate (certificate number: A 012024010540, credibility category: professional credibility, business scope: highways, buildings, municipal public utilities, hydrogeology, engineering surveying and geotechnical engineering, valid period: from 1 July 2024 to 30 June 2027). The valuers has reviewed the data and information cited in the Traffic Flow Evaluation and Toll Income Calculation Report for the Jingmen-Yichang Expressway, understood its calculation model, and compared against the current operation status, settlement data and regional road network construction planning of Jingyi Expressway that they had learned during their visits. Upon comparison, the information is found to be in conformity. Therefore, we consider that it is time-efficient and reliable as the basis for the valuation. We fully satisfy the data on the traffic flow and toll income generated by the firm.

II. SIGNIFICANT LITIGATIONS:

1. The litigation involving RMB90 million:

According to the Civil Judgment ((2016) Jing Min Zhong No. 200) issued by the Beijing High People's Court on 15 July 2019, Jingyi Company won the case against Jin Hao Group Limited (金浩集團有限公司) ("**Jin Hao Group**") and Beijing Jiali Hengde Real Estate Development Co., Ltd.* (北京嘉利恒德房地產開發有限公司) ("**Jiali Hengde**") for liability dispute related to the interest of the company (the "**Litigation Involving RMB90 Million**"). Jin Hao Group and Jiali Hengde shall pay the occupied funds of RMB90 million to Jingyi Company and compensate for the interest loss of the occupied funds from the date of transfer to the date of repayment.

According to the Execution Ruling ((2019) Jing 03 Zhi No. 1009) issued by the Beijing No. 3 Intermediate People's Court, the Litigation Involving RMB90 Million has entered into the enforcement phase. According to the information provided by Jingyi Company, during the process of handling the Litigation Involving RMB90 Million, 15% of the equity interests held by Jin Hao Group in Jingyi Company was awaiting to be sealed and 1,360,088 shares held by Jiali Hengde in Steyr Motors Corp. (stock code: 000760, stock abbreviation: Steyr Delisted) was frozen by Jingyi Company. According to public information, due to material violation of the laws, on 23 July 2021, the Shenzhen Stock Exchange decided to terminate the listing and delist the shares of Steyr Delisted; the latest indicative announcement made by Everbright Securities Company Limited (being its lead broker after delisting) in 2025 indicated that the lead broker was unable to get in touch with Steyr Delisted. Currently, there has been no substantive progress on the enforcement procedure of this case.

2. The Litigation involving RMB380 million:

According to the Civil Judgment ((2021) Jing Min Chu No. 10) issued by the Beijing High People's Court on 20 June 2023, Jingyi Company won the case against Jin Hao Group and Hu Hejian (胡和建), a Kong Kong citizen, for dispute over damage to the interest of the company (the "**Litigation Involving RMB380 Million**"). Jin Hao Group and Hu Hejian shall pay the occupied funds of RMB380,351,265.6 to Jingyi Company and compensate for the interest loss of the occupied funds.

The second trial of the Litigation Involving RMB380 Million has been accepted by the Supreme People's Court. According to the information provided by Jingyi Company, during the process of handling the Litigation Involving RMB380 Million, 15% of the equity interests held by Jin Hao Group in Jingyi Company was sealed and 49% of the equity interests held by Jin Hao Group in Hanggang Financial Holding Investment Co., Ltd.* (航港金控投資有限公司) ("**Hanggang Financial Holding**") was frozen by Jingyi Company. On 8 September 2025, the Supreme People's Court issued the Civil Judgment ((2024) Zui Gao Fa Min Zhong No. 34) on this case, dismissing the appeal requests of Jin Hao Group and Hu Hejian and upholding the original judgment. Currently, the focus of this case lies in the subsequent enforcement. The time and amount of asset enforcement remain uncertain.

Jingyi Company has previously provided bad debt for the whole amount of the receivables of RMB90 million and RMB380 million involved in the litigations. As the litigation matters have not yet been concluded, it is difficult to estimate the time and amount of the recovery from the enforcement of aforesaid litigations of Jingyi Company in this valuation. Therefore, in this valuation, receivables are presented and treated based on the verified net book value, and the deferred income tax assets have been retained at the verified book value. The recovery from the enforcement of aforesaid litigations is not included in the scope of this valuation. We hereby draw the attention of users of the valuation report to the impact of this matter on the valuation conclusion.

III. FINANCING:

As at the Valuation Benchmark Date, Jingyi Company's interest-bearing debt consisted of shareholder loans provided by its parent company, Shudao Innovation Investment, with a book principal balance of RMB938.0667 million. According to the "Explanation on the Repayment of Shareholder Loans (《關於歸還股東借款的說明》)" provided by Jingyi Company and the bank loan contracts (a total of RMB900 million from China Construction Bank and Industrial and Commercial Bank of China, with an interest rate of 2.43%), Jingyi Company intends to replace the shareholder loans from Shudao Innovation Investment by obtaining bank loans. The bank loans are expected to be received no later than 31 December 2025. Jingyi Company plans to repay in full the remaining principal and interest of the shareholder loans from Shudao Innovation Investment on the same day it obtains the bank loans. Prior to the full repayment of the principal of the shareholder loans, the existing shareholder loans will continue to bear interest at 3.6%. This valuation assumes that Jingyi Company obtains the bank loans on 31 December 2025 and simultaneously repays the loans from Shudao Innovation Investment. The relevant fund settlement arrangements will follow the manner described above, and forecasts are made based on the interest rate and repayment schedule stipulated in the bank loan contracts provided.

IV. GOVERNMENT GRANTS:

1. On 3 December 2020, Jingyi Company and the Jingmen Municipal People's Government ("**Jingmen Government**") entered into the Agreement on the Opening and Operation of the Jingmen South Toll Station (《荊門南收費站開通運營協議書》). Pursuant to the agreement, both parties shall jointly promote the opening of the Jingmen South Toll Station. Jingyi Company is responsible for the construction of the electromechanical system renovation project of the Jingmen South Toll Station, and the Jingmen Government shall provide a one-off grant of RMB3 million within ten days after the execution of the agreement. Upon the opening of the Jingmen South Toll Station, its operation, management and maintenance shall be undertaken by Jingyi Company. The Jingmen Government shall provide Jingyi Company with RMB100 million as operation grant funds (including operating costs and enterprise income tax), to be paid over 17 years commencing from the year following the effective date of the agreement, with an annual payment of no less than RMB4 million. As at the end of September 2025, Jingyi Company had received operation grant funds of RMB16 million (representing grants attributable to the period from 2021 to 2024).

2. Pursuant to the Framework Cooperation Agreement between Yichang City and Hubei Jingyi Expressway Co., Ltd. (湖北荆宜高速公路有限公司) 《宜昌市與湖北荆宜高速公路有限公司合作框架協議》 entered into between Jingyi Company and the Yichang Municipal Government on 29 June 2021, it was agreed that: Jingyi Company shall relocate its corporate headquarters to the main urban area of Yichang City; the Yichang Municipal Government shall invest in the construction of the interchange between Jingyi Expressway and Xiazhou Avenue and the related ancillary works, including toll stations, toll canopies, Jingyi Expressway connecting roads, Xiazhou Avenue connecting roads, and a management office; Jingyi Company shall invest in the construction of a new small-scale service area (including a petrol station) near the toll station; and the Yichang Municipal Government shall allocate industrial support funds through its fiscal budget in an amount equivalent to 10% of the total value-added tax and enterprise income tax actually paid by Jingyi Company, and shall disburse such industrial support funds to Jingyi Company annually commencing from 2027. As of the Valuation Benchmark Date, Jingyi Company had, as agreed, relocated its place of registration and tax filings to Yichang City, but had not yet purchased headquarters premises in the urban area of Yichang City; acting as the construction agent while the government acted as the investor, the building works, interior decoration works and electromechanical works for the interchange and ancillary projects as agreed had been completed and accepted, and the Yichang East Toll Station had commenced operation on 28 June; due to land planning reasons, Jingyi Company had not yet commenced investment in the construction of the Yichang East service area in Xiaoting District. Given that the calculation method and payment schedule for such industrial support funds are clearly stipulated, and based on interviews with the competent government unit, the Yichang Urban Construction Project Management Center (宜昌市城建項目管理中心), the Cooperation Framework Agreement entered into between Jingyi Company and the government remains valid. Any outstanding or amended obligations in the future may be further agreed between the parties by way of supplemental agreements.

As the payment schedule stipulated under the agreement entered into with the Yichang Municipal Government has not yet fallen due, and given the uncertainties as to whether the above two items of government grants can continue to be received in full during the future operating period as agreed, Shudao Innovation Investment has undertaken to Shunan Company that, if Jingyi Company fails to receive the aforementioned government grants in full in the future, Shudao Innovation Investment will, prior to each agreed settlement date for the shortfall, pay Shunan Company 85% of such shortfall. In view of the foregoing, the valuation conclusion adopts the cash net inflows of the above two items of government grants calculated in accordance with the terms of the agreements. Users of this valuation report are hereby reminded to pay attention to the impact of this matter on the valuation conclusion.

**ASSET VALUATION PROJECT ON THE VALUE OF THE ENTIRE
EQUITY INTERESTS OF HUBEI JINGYI EXPRESSWAY CO., LTD. IN
RELATION TO SICHUAN SHUNAN INVESTMENT MANAGEMENT CO.,
LTD.'S PROPOSED ACQUISITION OF 85% EQUITY INTERESTS HELD
BY SHU DAO (SICHUAN) INNOVATION INVESTMENT DEVELOPMENT
CO., LTD.**

ASSET VALUATION REPORT

Chuan Hua Heng Ping Bao [2025] 270

Shu Dao (Sichuan) Innovation Investment Development Co., Ltd. and Sichuan Shunan Investment Management Co., Ltd.:

Under the Company's commission and in accordance with laws, administrative regulations and asset valuation standards, Sichuan Tian Jian Hua Heng Assets Appraisal Co., Ltd. (hereinafter referred to as "Sichuan Hua Heng") has conducted a valuation on the market value of the entire equity interest of Hubei Jingyi Expressway Co., Ltd. (湖北荆宜高速公路有限公司) involved in the proposed acquisition by Sichuan Shunan Investment Management Co., Ltd. of the 85% equity interest in Hubei Jingyi Expressway Co., Ltd. (湖北荆宜高速公路有限公司) held by Shu Dao (Sichuan) Innovation Investment Development Co., Ltd. as at 31 July 2025 by adopting the asset-based approach and income approach and following necessary valuation process. The report on the asset valuation is as follows:

**I. OVERVIEW OF THE PRINCIPAL, ASSESSED ENTITY, AND OTHER USERS
OF THE ASSET VALUATION REPORT AS STIPULATED IN THE ASSET
VALUATION ENTRUSTMENT CONTRACT**

(I) Principal I

Name: Sichuan Shunan Investment Management Co., Ltd.

(Abbreviation: Shunan Company)

Domicile: No. 888 South Section of Tianfu Avenue, Tianfu New Area, Chengdu City, Sichuan Province

Legal Representative: Hou Mingjun (侯明军)

Company Type: Limited liability company (wholly-owned by a legal person invested or controlled by natural persons)

Registered Capital: RMB200 million

Date of Establishment: 6 January 2011

Term of Operation: From 6 January 2011 to perpetuity

Unified Social Credit Identifier: 91510100567173770C

Main Business Scope: project investment and management; construction, maintenance, design, technical consulting, and supporting services for highway, bridge, and tunnel infrastructure; construction of vehicle service stations supporting high-grade highways, and construction and leasing of advertising spaces and storage facilities. (the above items exclude pre-approval projects; post-approval projects shall be operated with licenses and approval documents).

Shunan Company is a wholly-owned subsidiary of Sichuan Expressway Company Limited (Abbreviation: Sichuan Expressway, Stock Code: 601107.SH).

(II) PRINCIPAL II

Name: Shudao (Sichuan) Innovation Investment Development Co., Ltd. (蜀道(四川)創新投資發展有限公司)

(Abbreviation: Shudao Innovation Investment)

Domicile: Unit 1, 1st Floor, Building 4, No. 18-2, Section 2, Lushan Avenue, Wan'an Street, Tianfu New Area, China (Sichuan) Pilot Free Trade Zone

Legal Representative: Li Yuxiang (李雨翔)

Company Type: Limited Liability Company (wholly-owned by a legal person, not invested in or controlled by natural persons)

Registered Capital: RMB5 billion

Date of Establishment: 11 December 2018

Term of Operation: From 11 December 2018 to perpetuity

Unified Social Credit Identifier: 91510100MA6B34AL0L

Main Business Scope: equity investment; project investment; venture capital investment; investment management; investment consulting; asset management. (items subject to approval according to the law can only be carried out after approval by relevant departments, and shall not engage in illegal fundraising, absorption of public funds and other financial activities).

(III) Assessed Entity**1. Registration information**

Name: Hubei Jingyi Expressway Co., Ltd. (湖北荆宜高速公路有限公司)

(Abbreviation: Jingyi Company)

Domicile: No. 139 Gulaobei Road, Xiaoting District, Yichang City, Hubei Province

Legal Representative: Liu Chun (劉春)

Company Type: Other Limited Liability Company

Registered Capital: RMB850 million

Date of Establishment: 18 November 2002

Term of Operation: From 18 November 2002 to perpetuity

Unified Social Credit Identifier: 91420000744605299B

Main Business Scope: Licensed projects: Highway management and maintenance; construction project execution; catering services (excluding those producing oil smoke, odors, or waste gas); tourism business (items subject to approval according to the law can only be carried out after approval by relevant departments, the specific business items shall be subject to the approval documents or permits issued by relevant departments). General items: Engineering management services; parking lot services; car washing services; motor vehicle repair and maintenance; retail of automotive parts and accessories; advertising design and agency; advertising production; advertising release; general cargo warehousing services (excluding items requiring licensing and approval such as hazardous chemicals); engineering technical services (excluding planning management, surveying, design, and supervision); retail of general merchandise; property management; non-residential real estate leasing; machinery and equipment leasing; management services for commercial complexes; enterprise management; engaging in investment activities with own funds (except for projects that shall be approved in accordance with the law, business activities shall be carried out independently in accordance with the law with a business license).

2. Shareholders and equity structure

In November 2002, Hubei Kaibite Investment Co., Ltd. (湖北凱比特投資有限公司) (hereinafter referred to as “Kaibite”) and Jin Hao Group Limited (金浩集團有限公司) (hereinafter referred to as “Jinhao Group”) jointly initiated and established Jingyi Company as the project implementation entity for the investment, construction and operation of the Jingmen-Yichang Expressway Project in Hubei Province (hereinafter referred to as “Jingyi Expressway”). The initial registered capital of Jingyi Company was RMB100 million. On 18 November 2002, pursuant to the Capital Verification Report (No. E Huayu Yan Zi [2002] D0050) issued by Hubei Huayu Certified Public Accountants Co., Ltd.(湖北華宇會計師事務所有限公司), the share capital contributed by the shareholders of Jingyi Company was fully paid-in. The details of the capital contribution and shareholding proportion of each shareholder are as follows:

Unit: RMB0'000

Shareholders Entity	Capital contribution	Paid-in capital contribution	Shareholding percentage	Method of capital contribution
Hubei Kaibite Investment Co., Ltd. (湖北凱比特投資有限公司)	5,000	5,000	50%	Cash
Jin Hao Group Limited (金浩集團有限公司)	5,000	5,000	50%	Cash
Subtotal	10,000	10,000	100%	

Since its establishment, Jingyi Company has undergone multiple changes in registered capital and equity structure.

On 21 November 2019, Hanggang Financial Holding Investment Co., Ltd.(航港金控投資有限公司) (hereinafter referred to as “**Hanggang Financial Holding**”) and Capital Airports Holding Co., Ltd. (hereinafter referred to as “**Capital Airports**”) publicly listed and transferred their aggregate 85% equity interest in Jingyi Company on the Beijing Equity Exchange. Sichuan Transportation Investment Innovation Development Co., Ltd(四川交投創新投資發展有限公司) (the former name of Shudao (Sichuan) Innovation Investment Development Co., Ltd. (蜀道(四川)創新投資發展有限公司)) successfully acquired the equity interest at a consideration of RMB2.42 billion. On 23 December 2019, Jingyi Company convened a shareholders’ meeting and adopted a resolution to approve the addition of Sichuan Transportation Investment Innovation Development Co., Ltd(四川交投創新投資發展有限公司) as a new shareholder, and the transfer of the equity interests in Jingyi Company held by Hanggang Financial Holding and Capital Airports (the original shareholders) to the new shareholder. On the same date, Hanggang Financial Holding, Capital Airports and Sichuan Transportation Investment Innovation Development Co., Ltd(四川交投創新投資發展有限公司) completed the equity transfer. Following the equity transfer, the equity structure of Jingyi Company is as follows:

Unit: RMB0’000

Shareholders Entity	Capital contribution	Paid-in capital contribution	Shareholding percentage	Method of capital contribution
Sichuan Transportation Investment Innovation Development Co., Ltd (四川交投創新投資發展有限公司)	72,250	72,250	85%	Cash
Jin Hao Group Limited (金浩集團有限公司)	12,750	12,750	15%	Cash
Subtotal	85,000	85,000	100%	

On 11 July 2022, the shareholder “Sichuan Transportation Investment Innovation Development Co., Ltd. (四川交投創新投資發展有限公司)” changed its name to “Shudao (Sichuan) Innovation Investment Development Co., Ltd. (蜀道(四川)創新投資發展有限公司)”.

APPENDIX I VALUATION REPORT OF THE TARGET COMPANY

As at the Valuation Benchmark Date, the registered capital of Jingyi Company is RMB850 million, whose shareholders are Shu Dao (Sichuan) Innovation Investment Development Co., Ltd. and Jin Hao Group Limited. The shareholding structure is as follows:

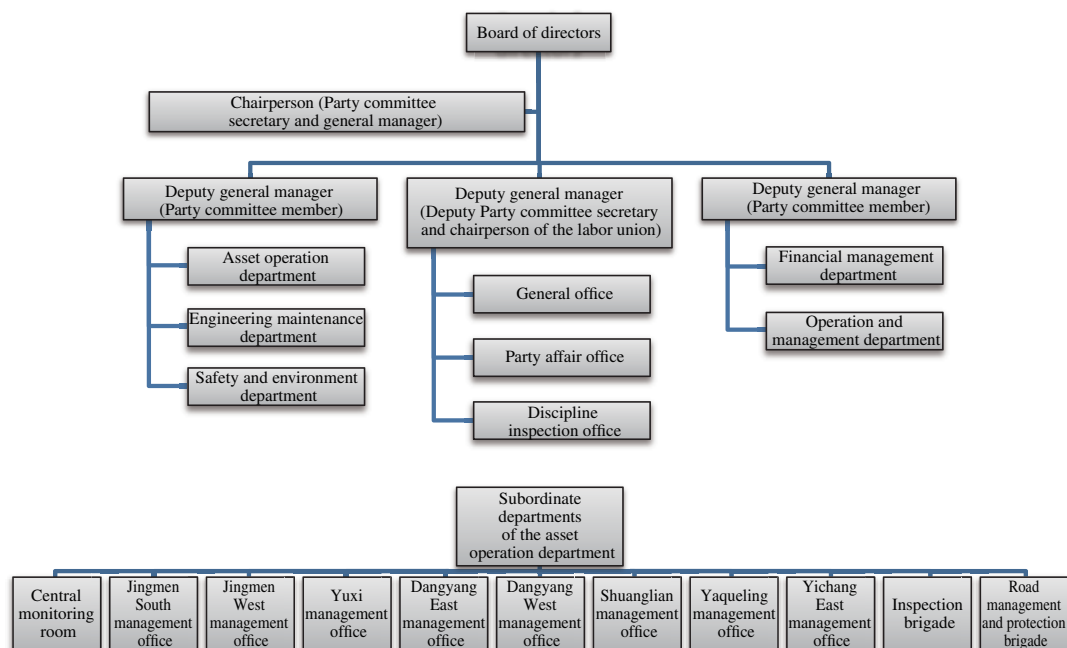
Unit: RMB0'000

Shareholders Entity	Capital contribution	Paid-in capital contribution	Shareholding percentage	Method of capital contribution
Shu Dao (Sichuan) Innovation Investment Development Co., Ltd.	72,250	72,250	85%	Cash
Jin Hao Group Limited	12,750	12,750	15% ^{Note}	Cash
Subtotal	85,000	85,000	100%	

Note: 15% equity interest in Jingyi Company held by Jin Hao Group has been seized due to successful lawsuit filed by Jingyi Company against Jin Hao Group and other interested parties for jeopardizing the company's interests, details of which please refer to "Notes on Special Issues – Major litigation matters" in this report.

3. *Organizational structure and asset structure*

Jingyi Company has established a corporate governance structure comprising the general meeting, board of directors, board of supervisors and management. It has set up functional departments including the Party affair office, discipline inspection office, general office, safety and environment department, asset operation department, engineering maintenance department, operation and management department and financial management department. Along the entire Jingyi Expressway, 8 ramp toll stations in Jingmen South, Yuxi, Dangyang East, Dangyang West, Shuanglian, Yaqueling, Jingmen West, and Yichang East, and one central monitoring room as well as the inspection brigade and road management and protection brigade has been set up and all of them are under the unified management of the asset operation department. The 8 ramp toll stations are all integrated into the provincial expressway networked toll collection systems. The organizational structure chart is as follows:



4. *Principal business operations and franchise*

The principal business of Jingyi Company is the operation of the Jingyi Expressway. In accordance with the Hubei Jingyi Expressway Franchise Agreement entered in to between the Department of Transport of Hubei Province and Jingyi Company, the expressway franchise constitutes the exclusive rights legally held by Jingyi Company during the franchise period. These rights represent intangible assets based on expressway and its ancillary facilities, including toll collection right, advertising operation right and service facility operation right.

(1) Jingyi Expressway Overview

Jingyi Company is the operator and manager of Jingmen-Yichang Expressway, which forms part of the National Expressway Network G42 (including S51). Jingyi Expressway is a vital component of Shanghai-Chengdu expressway in the “National Expressway Network Plan” approved by the State Council and promulgated by the Ministry of Transport. It serves as the key “One Horizontal” in the “Six Vertical, One Horizontal, and One Ring” framework of “Hubei Province Expressway Network Framework”. As one of the first expressways without full government funding in Hubei Province, it adopts innovative construction model of “owner responsibility, industry supervision, government service and legal administration”. The Jingyi Expressway spans 94.998 km and is built with the standard of fully enclosed, fully grade-separated and dual four-lane, starting from Duodao district and Dongbao district, Jingmen City, and Dangyangdang, Yiling district, Xiaoting district, Yichang City. The design speed of the section between Jingmen and Dangyang is 110km/h with a subgrade width of 26m; the design speed of the section between Dangyang and Yichang is 100km/h with a subgrade width of 24.5m. The project completed and put into operation on 11 January 2008.

On 17 May 2013, the General Office of Hubei Provincial People’s Government issued the Reply Letter from the General Office of Provincial People’s Government Regarding Issues Concerning the Toll Collection Period for Hubei Jingyi Expressway (《省人民政府辦公廳關於湖北荊宜高速公路收費年限有關問題的複函》), approving the toll collection period of 30 years for the Hubei Jing(men)Yi(chang) Expressway, i.e., from 25 December 2007 to 24 December 2037. In accordance with the Notice from the Provincial Department of Transport Regarding Extension of Toll Collection Period (E Jiao Fa [2021] No.213) issued by the Department of Transport of Hubei Province, for toll collection expressway projects approved by the provincial government that provided toll exemption during the COVID-19 pandemic, their toll collection period shall be extended by 79 days. Accordingly, the toll collection period of Jingyi Company was adjusted to the period from 25 December 2007 to 13 March 2038, remaining operating period of 12.67 years from the Valuation Benchmark Date.

Pursuant to Clause 80 of the Concession Agreement entered into by Jingyi Company, all assets shall be deemed transferable assets, with the exception of two categories: Jingyi Company’s current assets, and assets formed by Jingyi Company during the toll collection period that are unrelated to project operations and situated outside the project’s land use area. Based on Jingyi Company’s existing operational activities and planned operations during the forecast period, all operational long-term assets shall be deemed transferable assets.

(2) *Ancillary service facilities*

① Baihe service area

On 8 September 2010, Jingyi Company entered into the Hubei Jingyi Expressway Baihe Service Area Leasing Contract with Fuqing Yongyi Catering Service Management Co., Ltd.* (福清市永益餐飲服務管理有限公司) (“**Fuqing Yongyi**”), pursuant to which, Jingyi Company leases Baihe service area to Fuqing Yongyi for operating projects such as catering, accommodation, supermarket and vehicle repair. On 10 October 2014, Fuqing Yongyi issued the Application of Change in Contract Performance Entity, pursuant to which, Fuqing Yongyi determines to change the contract performance entity by replacing it with Fujian Hanhong Investment Management Co., Ltd.* (福建省翰弘投資管理有限公司) (“**Fujian Hanhong**”) to perform the original contract. Meanwhile, Fujian Hanhong issued the Commitment Letter Regarding Contract Performance, pursuant to which, Fujian Hanhong is committed to performing the original contract on behalf of Fujian Yongyi. On 14 December 2015, Jingyi Company entered into the Hubei Jingyi Expressway Baihe Service Area Renewal Contract with Fujian Hanhong. On 25 September 2017, Jingyi Company entered into the Supplement Agreement to Hubei Jingyi Expressway Baihe Service Area Renewal Contract with Fujian Hanhong, pursuant to which, the lease term extends to 24 December 2037. On 26 April 2021, both parties entered into the Supplement Agreement to Hubei Jingyi Expressway Baihe Service Area Renewal Contract, pursuant to which, rental of this lease term (from 8 February 2021 to 7 February 2026) is RMB2 million annually and the total lease term remains unchanged, i.e., 24 December 2037.

② Baihe service area gas station

On 23 December 2005, Jingyi Company entered into the Hubei Jingyi Expressway Baihe Service Area Gas Station Entrusted Operation Contract with PetroChina Company Limited Central China Sale Branch, pursuant to which, Jingyi Company entrusts the operation of Baihe service area gas station to PetroChina Company Limited Central China Sale Branch. The entrusted operation period is 30 years commencing from the date of completion of the Jingyi Expressway and approval by Hubei Provincial People’s Government for toll collection according to laws. The entrusted operation fee is RMB42 million.

③ Yuxi Service Area

On 16 August 2017, Jingyi Company, Capital Airport Asset Management Company (the former shareholder's supervisory body of Jingyi Company), and Fujian Hanhong signed the Minutes of the Negotiation Meeting on the New Service Area of Jingyi Expressway, stipulating that: Jingyi Company holds the property rights to the new service areas. Jingyi Company entrusts Fujian Hanhong with investment and construction, whereby Fujian Hanhong shall bear the construction costs and the confirmed land payments, thereby acquiring the project operating rights for the Yuxi Service Area and all associated revenues. Should the Jingyi Expressway concession be extended upon expiry, Fujian Hanhong's operating rights shall be correspondingly extended. On 25 September 2017 and 29 December 2017, Jingyi Company and Fujian Hanhong successively signed the Cooperation Agreement for the Yuxi Service Area Project on the Hubei Jingyi Expressway and the Supplementary Agreement for the Yuxi Service Area Project on the Hubei Jingyi Expressway. During the cooperative period, Fujian Hanhong shall first pay Jingyi Company an operational management fee. The total operational management fee is equivalent to the actual construction costs and land payments advanced by Fujian Hanhong. The annual operational management fee payable is calculated by dividing the total fee by the project operation period. Fujian Hanhong shall pay this fee by offsetting it against the advanced funds it has disbursed. The project operation term for Fujian Hanhong commences from the official operation date and ends on 24 December 2037. The agreements also stipulate that Fujian Hanhong shall establish Hubei Yuxi Express Service Area Co., Ltd. (湖北涓溪高速服務區有限公司) as the project implementation entity, which shall enjoy and assume the rights and obligations of Fujian Hanhong under the agreements.

5. Financial and operating performance for previous financial years

RMB ten thousand				
Items	2022A	2023A	2024A	2025
				(January to July) A
Assets	195,840.15	199,185.37	186,205.16	168,820.92
Liabilities	176,267.97	162,852.91	143,626.49	111,381.78
Shareholders' equity	19,572.19	36,332.46	42,578.67	57,439.14
Revenue	49,192.65	52,915.01	51,168.49	31,048.15
Net profit	12,894.65	16,760.27	19,205.69	14,860.47
Net cash flow from operating activities	31,208.79	30,472.98	55,417.00	7,650.49

Note: The figures for 2022 and 2023 are extracted from Jingyi Company's annual reports. The figures for 2024 and January to July 2025 are extracted from special audit reports.

Operating data over the recent three years indicates that Jingyi Company's toll income has remained relatively stable. The increase in net profit is primarily attributable to a decrease in external borrowings, which led to a reduction in finance costs and consequently contributed to the growth in net earnings.

6. Accounting policies and taxation

- (1) Jingyi Company implements the Enterprise Accounting Standards of Ministry of Finance.
- (2) The principal taxes and rates applicable to Jingyi Company are as follows:

Tax Type	Tax Base	Tax Rate
Income tax	Taxable income	25%
Value added tax	Sales revenue	*3%, 5%, 6%, 9%, 13%
Urban maintenance and construction tax	Turnover tax payable	7%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%

*: Jingyi Company applies the following VAT rates according to different income categories:

Simplified taxation 3%---Toll income and road compensation

Simplified taxation 5%---Advertising rent, Baihe charging pile and battery swap station site leasing, Baihe service area leasing

General taxation 6%---Baihe property management, construction agency income and construction coordination fees

General taxation 9%---Collection and payment of water fees, Yuxi service area leasing

General taxation 13%---Collection and payment of electricity bills

7. Relationship between the principal and the assessed entity

The principal, Shunan Company, is the purchaser of the equity in the assessed entity, Jingyi Company. The principal, Shudao Innovation Investment, is the seller of the equity in the assessed entity, Jingyi Company.

(IV) Connected transactions

The shareholder Shudao Innovation Investment has provided a shareholder loan to Jingyi Company. As of the Valuation Benchmark Date, the principal balance was RMB938.0667 million, and the accrued interest balance pending settlement was RMB3.9061 million.

The funds under centralized management by the affiliated entity Shudao Investment Group Co., Ltd. (funds center) showed a balance of RMB94.4715 million recorded as other receivables as of the valuation benchmark date.

(V) Other users of the asset valuation report

The asset valuation entrustment contract stipulates that the users of the valuation report are Shunan Company, Shudao Innovation Investment, and their relevant affiliated companies. Additionally, other users of the asset valuation report include those specified by laws and administrative regulations.

II. PURPOSE OF THE VALUATION

According to the Approval of Shudao Investment Group Co., Ltd. for the Project Establishment of the Non-public Agreement Transfer of the Equity Interests in Hubei Jingyi Expressway Co., Ltd. Held by Shudao Innovation Investment (Shu Dao Si Fa [2024] No. 93); the Approval of Shudao Capital Holding Group Co., Ltd. for the Project Establishment of the Equity Interests in Hubei Jingyi Expressway Co., Ltd. Held by Shu Dao (Sichuan) Innovation Investment Development Co., Ltd. (Shu Dao Zisi Fa [2024] No. 21); the Minutes of the Office Meeting of Shu Dao (Sichuan) Innovation Investment Development Co., Ltd. (13th Meeting, 2025); and the Minutes of the 29th General Manager's Office Meeting of Sichuan Shunan Investment Management Co., Ltd. (2025), Shudao Innovation Investment intends to transfer its equity interest in Jingyi Company, while Shunan Company intends to acquire an 85% equity interest in Jingyi Company. To this end, an appraisal of the value of the entire equity interest of Hubei Jingyi Expressway Co., Ltd. is required to provide a value reference for this economic transaction.

III. VALUATION SUBJECT AND SCOPE

The valuation subject is the entire equity interest of Jingyi Company's shareholders. The valuation scope covers Jingyi Company's audited assets and liabilities.

The valuation subject and scope align with those of the economic transaction. The book value has undergone a special audit by ShineWing Certified Public Accountants (Special General Partnership), which issued Audit Report No. XYZH/2025CDAA1B0927.

APPENDIX I VALUATION REPORT OF THE TARGET COMPANY

(I) On-balance-sheet assets and liabilities

Unit: RMB0'000

No.	Items	Book value
1	Current assets	11,865.79
2	Non-current assets	156,955.13
	Fixed assets	6,119.44
	Construction in progress	129.47
	Intangible assets	138,664.26
	Long-term deferred expenses	228.07
	Deferred income tax assets	11,813.89
3	Total assets	168,820.92
4	Current liabilities	102,626.93
5	Non-current liabilities	8,754.85
6	Total liabilities	111,381.78
7	Shareholders' equity	57,439.14

(II) Off-balance-sheet assets and liabilities

Based on the company's declarations and verification by the valuers personnel, the company has no off-balance-sheet assets or liabilities.

(III) Major assets

BOT project Jingyi Expressway franchise asset group: Includes real estate (excluding Yuxi Service Area) such as buildings, structures, and land related to Jingyi Expressway operations; fixed assets including machinery and equipment, vehicles, and electronic equipment; construction in progress projects in an unfinished state; and intangible assets – highway concession rights. The book value of buildings, structures, land, and other real estate (excluding Yuxi Service Area) is included within the intangible asset – highway concession rights. The specific composition of the asset group is as follows:

Unit: RMB0'000

Item	Unit	No.	Original Book Value	Net Book Value
Machinery and equipment	set/piece/item	15	10,078.31	5,665.57
Vehicles	vehicles	16	339.55	76.64
Electronic equipment	set	1,173	657.69	377.23
Construction in progress	item	2	129.47	129.47
Intangible assets – highway concession rights	item	1		
Including: Buildings	building	34	283,969.41	135,660.46
Structures	item	42		
Land	parcel	15		
Total			295,174.43	141,909.37

IV. TYPE OF VALUE

Taking into account factors such as the purpose of the valuation, market conditions and the conditions of the valuation subject, the type of value of the valuation subject is determined as market value.

Market value is defined as the estimated amount of the value for which the valuation subject should exchange on the Valuation Benchmark Date between a willing buyer and a willing seller in a normal and arm's length transaction, where the parties have each acted rationally without compulsion. Market value reflects the market as a whole rather than the knowledge and judgment of certain entities in the market on the value of the asset.

V. VALUATION BENCHMARK DATE

The Valuation Benchmark Date of this project is 31 July 2025. The Valuation Benchmark Date is determined by the Principal.

VI. BASIS FOR VALUATION**(I) Basis for Economic Behavior**

1. Approval of Shudao Investment Group Co., Ltd. for the Project Establishment of the Non-public Agreement Transfer of the Equity Interests in Hubei Jingyi Expressway Co., Ltd. Held by Shudao Innovation Investment (Shu Dao Si Fa [2024] No. 93);
2. Approval of Shudao Capital Holding Group Co., Ltd. for the Project Establishment of the Equity Interests in Hubei Jingyi Expressway Co., Ltd. Held by Shu Dao (Sichuan) Innovation Investment Development Co., Ltd. (Shu Dao Zisi Fa [2024] No. 21);
3. Minutes of the Office Meeting of Shu Dao (Sichuan) Innovation Investment Development Co., Ltd. (13th Meeting, 2025);
4. Minutes of the 29th General Manager's Office Meeting of Sichuan Shunan Investment Management Co., Ltd. (2025);

(II) Legal and regulatory basis

5. The Asset Valuation Law of the People's Republic of China (Order No. 46 of the President, the 12th National People's Congress);
6. The Measures for Administration of State-owned Assets Appraisal (Revised on 29 November 2020) (State Council Decree No. 732) and its implementation rules;
7. Regulations on Certain Issues Regarding State-owned Assets Valuation Administration (Decree No. 14 of the Ministry of Finance);
8. Interim Regulations Regarding State-owned Assets Supervision and Administration for Enterprises (State Council Decree No. 378);
9. Interim Measures for the Administration of Valuation of State-owned Assets of Enterprises (Decree No. 12 of SASAC);
10. Notice on Strengthening the Administration of Valuation of State-owned Assets of Enterprises (Guo Zi Wei Chan Quan [2006] No. 274); Circular on Matters Regarding the Review of the Valuation Reports on State-owned Assets of Enterprises (Guo Zi Chan Quan [2009] No. 941), the Guidelines for the Filing of Enterprises' State-owned Asset Appraisal Projects (Guo Zi Fa Chan Quan [2013] No. 64), the Measures for the Supervision and Administration of Transactions of State-owned Assets of Enterprises of Sichuan Province (Chuan Guo Zi Wei [2018] No. 18), the Regulations on Optimizing Asset Valuation Management for Provincially-Owned Regulated Enterprises (Chuan Guo Zi Fa [2024] No. 17) and other state-owned asset regulatory documents;

11. Measures for the Supervision and Administration of Transactions of State-owned Assets of Enterprises (Decree No. 32 of SASAC and the Ministry of Finance);
12. The Administrative Measures for Financial Supervision of Asset Appraisal Industry (Decree No. 86 of the Ministry of Finance);
13. The Company Law of the People's Republic of China (Revised in 2018);
14. The Land Administration Law of the People's Republic of China (Revised in 2019) (Order No. 32 of the President, the 13th National People's Congress); the Interim Regulations on Assignment and Transfer of the Rights to the Use of the State-Owned Urban Land of the People's Republic of China (Revised in 2020) (State Council Decree (1990) No. 55); Land Use Present Situation Classification (GB/T21010-2017);
15. Urban Real Estate Administration Law of the People's Republic of China (Revised in 2019) (Order No. 32 of the President, the 13th National People's Congress);
16. The Enterprise Income Tax Law of the People's Republic of China (Order No. 63 of the President, the 10th National People's Congress);
17. The Provisional Regulations of the People's Republic of China on Value-added Tax (State Council Decree No. 691);
18. Announcement on Relevant Policies for Deepening Value-Added Tax Reform (Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs No. 39 in 2019);
19. The Highway Law of the People's Republic of China (Revised in 2017);
20. Regulations for the Administration of Toll Roads (promulgated by Decree No. 417 of the State Council of the People's Republic of China on 13 September 2004, as amended and implemented on 1 November 2021);
21. Measures for the Transfer of Rights and Interests in Toll Roads (Order No. 11 in 2008 of the Ministry of Transport of the People's Republic of China, the National Development and Reform Commission of the People's Republic of China and the Ministry of Finance of the People's Republic of China);
22. Regulations on the Administration of Expressways in Hubei Province (Revised in 2022);

23. Measures for the Administration of Concession Rights for Infrastructure and Public Utilities jointly promulgated by the National Development and Reform Commission of the People's Republic of China, the Ministry of Finance of the People's Republic of China, the Ministry of Housing and Urban-Rural Development of the People's Republic of China, the Ministry of Transport of the People's Republic of China, the Ministry of Water Resources of the People's Republic of China and the People's Bank of China (28 March 2024);
24. Accounting Standards for Business Enterprises issued by the Ministry of Finance;
25. Other relevant legal and regulatory documents;

(III) Standard basis for valuation

26. Basic Standards for Asset Appraisal issued by the Ministry of Finance;
27. Code of Ethics for Assets Valuation and Practicing Standards for Asset Valuation issued by China Appraisal Society;

(IV) Legal ownership basis

28. Articles of Association of Hubei Jingyi Expressway Co., Ltd.;
29. Concession Agreement for Hubei Jingyi Expressway;
30. Copies of house ownership certificates and state-owned land use right certificates provided by the Company, as well as ownership explanations for houses without completed house ownership certificates;
31. Copies of various asset contracts and agreements provided by the Company;
32. Statement issued by the Company confirming no disputes over the ownership of the assets included in the appraisal scope;
33. Project construction contracts, completion acceptance reports, etc.;
34. Copies of some equipment purchase contracts, vehicle driving licenses, and ownership explanations provided by the Company;
35. Copies of deposit certificates such as bank account opening permits and bank deposit statements;
36. Other relevant property right certification materials provided by the entity evaluated;

(V) Pricing basis

- 37. Financial and accounting data provided by Jingyi Company for previous years, including financial statements, audit reports, etc.;
- 38. Operating data and analysis materials for previous years, as well as materials related to operating income and investment forecasts for future years, provided by Jingyi Company;
- 39. Notice on Optimizing and Adjusting the Toll Standards for Trucks on Expressways in Hubei Province (E Jiao Fa[2021]No. 6) Jointly Issued by Hubei Provincial Department of Transport, Hubei Provincial Development and Reform Commission, and Hubei Provincial Department of Finance;
- 40. The same-period Loan Prime Rate (LPR) loan interest rate in the loan market as of the Valuation Benchmark Date;
- 41. Statement on Repayment of Shareholders' Loans and bank loan contracts;
- 42. Other inquiries and parameter information related to the valuation collected, inquired and sorted by the valuers.

(VI) Other reference basis

- 43. Traffic Flow Evaluation and Toll Income Calculation Report for the Jingmen-Yichang Expressway issued by CCCC Highway Consultants Co., Ltd.;
- 44. The Audit Report No. XYZH/2025CDAA1B0927 issued by ShineWing Certified Public Accountants (Special General Partnership).

VII. VALUATION APPROACHES**(I) Selection of valuation approaches**

On the premise of going concern, asset-based approach and income approach were adopted to conduct valuation on the equity value of Jingyi Company.

The asset-based approach is a valuation methodology based on balance sheets, being adopted for reasonably assessing the values of both on-balance-sheet and off-balance-sheet assets and liabilities of enterprises to determine the values of the valuation subjects. Considering the circumstances of this valuation, Jingyi Company can provide, and valuers can also collect from external sources, the information required for the asset-based approach. It is therefore feasible to conduct a comprehensive inventory and appraisal of Jingyi Company's assets and liabilities, and the asset-based approach is applicable to this valuation.

The income approach is to obtain the current value of the target enterprise by anticipating the future revenues that the target enterprise is able to generate and discounting these revenues based on the risks involved in obtaining these revenues and the required rate of return. Considering the circumstances of this valuation, Jingyi Company meets the going concern condition with clear and intact property rights; the future earnings of Jingyi Company can be measured in monetary terms and reasonably predicted, and the risks corresponding to the expected earnings can be reasonably quantified. The income approach is therefore applicable to this valuation.

The market approach was not adopted for the following reasons: there was no sufficient number of comparable enterprises and equity transaction cases that were the same as or similar to the Jingyi Company in the capital market, or although there were transaction cases, market information, financial information and other relevant information of such transaction cases were not available.

(II) Specific application of asset-based approach

The asset-based approach in enterprise value assessment refers to the valuation method to determine the value of a company's equity based on the balance sheet of the assessed entity as at the valuation benchmark date, to evaluate the value of on-balance sheet and identifiable off-balance sheet assets and liabilities. Basic formula:

$$\begin{aligned}\text{Equity value} = & \sum \text{value of on - balance sheet and identifiable off} \\ & - \text{balance sheet assets} \\ & - \sum \text{value of on - balance sheet and identifiable off} \\ & - \text{balance sheet liabilities}\end{aligned}$$

1. Monetary funds

For local currency cash, bank deposits and other monetary funds denominated in home currency, the appraised value was the verified book value.

2. Receivables and prepayments

Accounts receivable and other receivables: The difference between the book balance and the appraised risk loss was taken as the appraised value, and the provision for bad debts made in the book was assessed to be 0 in value.

Prepayments: The appraised value was the verified carrying amount as the corresponding goods could be recovered or the corresponding services could be accepted; whereas the appraised value shall be 0 for those prepayments with conclusive evidence indicating that the corresponding goods cannot be recovered, the corresponding services cannot be accepted, and no corresponding assets or rights and interests can be formed.

3. *Other current assets*

The appraised value is determined based on the value of the asset and rights that still exist in the assessed entity after the valuation purpose is achieved and have no duplication with other valuation subject.

4. *BOT project – franchise asset group of Jingyi Expressway*

Pursuant to the contract executed between Jingyi Company and the government, and considering the specific nature of this concession right, the income approach has been selected for the valuation.

For this valuation of the franchise asset group, the expected future income of the asset group are estimated and discounted to their present value using an appropriate discount rate, thereby deriving the assessed value of the concession rights. Based on specific construction and operational stipulations regarding the Yuxi Service Area contained in Jingyi Company's agreement (refer to the section in this valuation report concerning the related real estate properties of Yuxi Service Area for details), the expected income of the franchise asset group exclude any impact attributable to Yuxi Service Area.

This valuation utilizes the future cash flows expected to be generated by the concession rights as the measure of expected income. The forecast of future cash flows is predicated on the existing management and operational models of the subject asset group and is based on its current condition. It considers the future cash flows realizable over the remaining useful life of the principal assets within the concession period, incorporating necessary subsequent capital expenditures and maintenance outlays. It explicitly excludes cash flows associated with potential future enhancements or replacements of fixed assets for which no firm commitments have been made. The present value of the estimated future cash flows for the subject asset group under appraisal is calculated as follows:

$$P_0 = \sum_{t=1}^n \frac{R_t}{(1+r)^t} - C_0$$

P_0 :	Present value of the estimated future cash flows of the asset group	R_t :	Cash flow attributable to the asset group in period t
n:	Explicit forecast period	r:	Discount rate
C_0 :	Initial working capital		

(1) Cash flows of the franchise asset group

Pre-tax cash flow is adopted in this valuation. The calculation formula is as follows:

Cash Flow of Franchise asset group = Earnings Before Interest and Tax (EBIT) + Depreciation and Amortization – Capital Expenditures – Change in Working Capital

Earnings Before Interest and Tax (EBIT) = Operating Revenue – Operating Cost – Taxes and Surcharges – Selling Expenses – Administrative Expenses – R&D Expenses + Other Income + Non-operating Income – Non-operating Expenses

As the franchise asset group constitutes the principal operating assets of Jingyi Company and essentially represents the entirety of the enterprise's earnings, the projections for the aforementioned data are based on the forecasts used in the income approach.

(2) Forecast period

According to the Hubei Jingyi Expressway Concession Agreement, the toll collection period is from 25 December 2007 to 24 December 2037. In accordance with the Notice of the Provincial Department of Transportation on Extending the Term of Toll Roads 《省交通運輸廳關於延長收費公路期限的通知》 (E Jiao Fa [2021] No. 213) issued by the Hubei Provincial Department of Transportation, toll road projects that were approved by the provincial government to collect tolls and exempted from vehicle tolls during the COVID-19 pandemic have their toll collection period extended by 79 days. Consequently, the toll collection period is extended to March 13, 2038. Therefore, the revenue period determined in this valuation is from August 2025 to March 2038, resulting in a total revenue period of 12.67 years.

(3) Discount rate

The discount rate is determined based on an observed market rate of return, adjusted by incorporating a specific premium to reflect the unique risks associated with the franchise asset group. In practice, the baseline for the weighted average cost of capital (WACC) adjustment is generally the WACC of representative companies within the industry.

Basic Formula: $r = \text{WACCBT} + \text{Specific Risk Premium of the Franchise asset group}$

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

Where:

$\frac{D}{E}$: Capital structure

K_e : Cost of equity capital, determined using the capital asset pricing model, where, $K_e = R_f + MRP * \beta$

K_d : Pre-tax cost of debt capital

5. Real estate related to Yuxi Service Area

For the real estate at Yuxi Service Area, given that its entire operation has been contracted to third parties throughout its operational period, the income approach is adopted in this valuation, after taking into account income derived from the collection of fixed rent.

The income approach estimates the value of the subject real estate by discounting its expected future net income to the valuation date using an appropriate discount rate and summing the present values. The basic formula is as follows:

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

P:	Income value of the property	A_i :	Expected net income for period i, assumed to be received at the beginning of the year
r:	Discount rate	g:	Growth rate of net income
n:	Income period	V_n :	Value of the structure at the end of the income period

6. Deferred income tax assets

Under the going concern assumption, deferred income tax assets are valued at the verified carrying amount.

7. Liabilities

Liabilities are valued based on the items and amounts of liabilities that the entity is actually obligated to settle upon fulfilment of the purposes of valuation.

(III) Specific application of the income approach

The income approach in business valuation refers to the method of determining equity value by capitalizing or discounting expected income. Valuation logic: This valuation applies the discounted cash flow (DCF) method, using free cash flow to equity (FCFE) as the measure of expected income and the matching capital asset pricing model (CAPM) to derive the discount rate. The calculation formula is as follows:

$$E = P + C_1 - C_2 \text{ Formula 1}$$

In formula 1:

E: Total equity value of shareholders;

P: Assessed value of operating equity;

C₁: Assessed value of surplus and non-operating assets;

C₂: Assessed value of surplus and non-operating liabilities;

Specifically, the assessed value of operating equity (*P*) in Formula 1 is derived as follows:

$$P = \sum_{t=1}^n [R_t \times (1+r)^{-t}] + T_n \times (1+r)^{-n} \text{ Formula 2}$$

In Formula 2:

R_t: FCFE for period *t* in the explicit forecast period

t: Explicit forecast period number: 1, 2, 3,..., *n*;

r: Discount rate;

T_n: Residual net value of property attributable to shareholders at the end of the forecast period;

(1) Determination of expected income:

FCFE is adopted as the quantification indicator of expected income of the enterprise in this valuation.

FCFE represents the cash flow attributable to shareholders. It is calculated as the sum of net profit and non-cash expenses, less changes in interest-bearing debt, capital expenditure and additional funding required to maintain existing production and expand operations. The formula is as follows:

$$\text{FCFE} = \text{Net Profit} - \text{Change in Working Capital} - \text{Change in Long-term Operating Assets} + \text{Change in Long-term Operating Liabilities} + \text{Change in Interest-bearing Debt}$$

- (2) ***Determination of the discount rate:*** Various methods are available for determining the discount rate. In accordance with the principle of consistency between the definition of the income metric and the discount rate, and since the income metric used in this valuation is FCFE, the discount rate is determined using the Capital Asset Pricing Model (CAPM).
- (3) ***Detailed forecast period.*** The forecast period is consistent with that applied for the franchise asset group as described earlier, spanning from August 2025 to March 2038.
- (4) ***Determination of the assessed value of surplus assets and non-operating assets (liabilities)***

Non-operating assets and liabilities are those not related to the operations of the expressway business. They primarily include other receivables, intangible assets, deferred income tax assets, accounts payable, contract liabilities, other payables, deferred income, and other non-current liabilities. These assets and liabilities are assessed separately using appropriate valuation methods.

VIII. IMPLEMENTATION PROCESS AND STATUS OF THE VALUATION PROCEDURES

(I) Acceptance of the engagement and preparatory work

Sichuan Hua Heng accepted the evaluation engagement on 18 August 2025, established a project team, formulated an evaluation plan, and prepared the valuation declaration detail sheet, asset survey form, profit forecast template, list of required valuation materials, and related submission requirements.

(II) Guiding the enterprise in asset verification and preparation of evaluation materials

Guidance was provided to the enterprise personnel assisting with the valuation, including detailed explanations and Q&A on the valuation declaration detail sheet, asset survey form, profit forecast, and required valuation materials.

(III) On-site investigation and collection of evaluation materials

An on-site investigation was conducted on the valuation subject and its related assets, liabilities, profits and losses, and cash flows. The forecast of future earnings provided by the enterprise's management was reviewed, the necessary basic data for the valuation were obtained, and communication was carried out with certified public accountants, lawyers, and other professionals.

(IV) Evaluation estimation, consolidation of calculation results, and analysis of evaluation conclusions

The valuation materials were analyzed, summarized, and organized to form the basis for valuation and estimation. The applicability of various valuation methods was assessed, and the income approach and asset-based approach were selected to evaluate the equity value. Calculation results were generated and analyzed comparatively.

(V) Internal review and communication with the Principal

A preliminary asset valuation report was drafted and subjected to internal review. Communication was conducted with the Principal regarding relevant contents of the asset valuation report, and the Principal was guided to correctly understand the valuation conclusions.

IX. VALUATION ASSUMPTIONS

The valuer, in accordance with the valuation standards, deems the following assumptions to be valid as of the Valuation Benchmark Date. Should significant changes occur in the future economic environment, they shall not be responsible for any differences in valuation conclusions arising from changes to these assumptions.

(I) Premise assumptions

1. Based on the following considerations, the valuer assumes that Jingyi Company will continue operations by maintaining its current product mix, business scale, and operating model.
 - (1) After the evaluation objective is achieved, although there may be changes in controlling interests, the primary business direction and operational strategies will not undergo significant changes;
 - (2) Existing financial policies, pricing policies, and market share will not undergo significant changes as a result of achieving the evaluation objective;

- (3) There is no significant change in the utility of non-operating assets and surplus assets before and after the Valuation Benchmark Date;
- (4) Although the valuer has conducted the necessary evaluation and analysis of the independence and professional competence of the entity preparing the traffic volume professional report, considering the limitations of the valuer's own professional capabilities, this valuation assumes that the forecasted traffic volume and toll income in the professional report will not significantly deviate from the actual future traffic volume and toll income.

(II) Special assumptions

- 2. The valuer estimates the enterprise value by simulating the operational performance of Jingyi Company under typical market conditions, taking into account the evaluation objective and Jingyi Company's potential future business outlook. Factors considered include the following:
 - (1) As highway toll rates are regulated by the government, any price adjustments require approval from relevant national authorities. Consequently, the timing and magnitude of future toll rate adjustments for the Jingyi Expressway remain highly uncertain. Given limitations in professional expertise and capabilities, the valuer is unable to predict the timing or extent of future toll rate changes. Therefore, we assume that toll rates for the Jingyi Expressway will remain at current levels throughout the concession period;
 - (2) The cost of providing products or services takes into account the full cost incurred by the enterprise after accounting for all necessary expenses and charges associated with delivering these offerings;
 - (3) The tax policy for enterprises takes into account the actual tax burden that enterprises must bear after achieving the evaluation objective;
 - (4) The determination of non-operating assets and surplus assets of an enterprise is not based on the enterprise's current utility, but rather on the assessment of the enterprise's operational status after the evaluation objective has been achieved.

3. Pursuant to the concession agreement and documents such as the Notice of the Provincial Department of Transportation on Extending the Term of Toll Roads (《省交通運輸廳關於延長收費公路期限的通知》), the toll collection period for the Jingyi Expressway spans from 25 December 2007 to 13 March 2038. This valuation assumes that the concession term will remain unchanged.
4. As at the Valuation Benchmark Date, Jingyi Company's interest-bearing debt consisted of shareholder loans provided by its parent company, Shudao Innovation Investment, with a book principal balance of RMB938.0667 million. According to the "Explanation on the Repayment of Shareholder Loans (《關於歸還股東借款的說明》)" provided by Jingyi Company and the bank loan contracts (a total of RMB900 million from China Construction Bank and Industrial and Commercial Bank of China, with a borrowing interest rate of 2.43%), Jingyi Company intends to replace the shareholder loans from Shudao Innovation Investment by obtaining bank loans. The bank loans are expected to be received no later than 31 December 2025. Jingyi Company plans to repay in full the remaining principal and interest of the shareholder loans from Shudao Innovation Investment on the same day it obtains the bank loans. Prior to the full repayment of the principal of the shareholder loans, the existing shareholder loans will continue to bear interest at 3.6%. This valuation assumes that Jingyi Company obtains the bank loans on 31 December 2025 and simultaneously repays the loans from Shudao Innovation Investment. The relevant fund settlement arrangements will follow the manner described above, and forecasts are made based on the interest rate and repayment schedule stipulated in the bank loan contracts provided.
5. It is assumed that during the future operating period of Jingyi Company, its operating costs and expenses will not undergo significant changes or fluctuations from the current level.
6. Unless otherwise stated, it is assumed that Jingyi Company fully complies with all relevant laws and regulations, and that its management responsibly fulfils the obligations of the asset owner and has competently exercised effective management over the relevant assets.

(III) General assumptions

7. It is assumed that the current industrial policies of the industry will not undergo any significant changes, and that no new laws or regulations (whether favorable or unfavorable) will be promulgated.
8. It is assumed that the existing national laws, regulations, and policies, as well as the national macroeconomic conditions, will not experience any major changes; that the political, economic, and social environments of the regions in which the parties to this transaction operate will not undergo significant changes; and that no other unforeseeable or force majeure events will cause materially adverse impacts.
9. The valuer fully understands the current macroeconomic conditions, including the fluctuations in RMB interest rates and exchange rates. However, due to limitations in professional capacity and competence, it is unable to predict their future trends. Therefore, the valuer assumes that RMB interest rates and exchange rates will not experience significant changes from their current levels.
10. With respect to the information and materials provided by the Principal and other parties that form the basis of the valuation conclusion, the valuer assumes such information to be reliable and has conducted necessary verification in accordance with valuation procedures. However, the valuer makes no guarantees regarding the truthfulness, legality, or completeness of such information and materials.
11. It is assumed that all licenses, permits, consents, or other legal or administrative authorization documents required for the asset utilization method underlying the value estimation, whether issued by relevant local or national government authorities, private organizations, or groups, have already been obtained or can be renewed at any time.

X. VALUATION CONCLUSION

(I) Calculation results of asset-based method

By adopting the asset-based method, the carrying value, the assessed value and the assessed appreciation of assets of Jingyi Company amount to RMB1,688,209,200, RMB3,921,899,900 and RMB2,233,690,700, respectively, representing an appreciation rate of 132.3%. The carrying value, the assessed value and the assessed depreciation of liabilities amount to RMB1,113,817,800, RMB1,093,621,900 and RMB20,195,900, respectively, representing an depreciation rate of 1.8%. The carrying value, the assessed value and the assessed appreciation of shareholders' equity interests amount to RMB574,391,400, RMB2,828,278,000 and RMB2,253,886,600, respectively, representing an appreciation rate of 392.4%. The table is set out as below:

Summary of Asset Valuation Result

Unit: RMB0'000

Item	Carrying amount A	Assessed value B	Change C=B-A	Appreciation rate % D=C/A×100
1 Current assets	11,865.79	11,865.79	—	—
2 Non-current assets	156,955.13	380,324.20	223,369.07	142.3
Fixed assets	6,119.44	—	-6,119.44	-100.0
Construction in progress	129.47	—	-129.47	-100.0
Intangible assets	138,664.26	368,282.24	229,617.98	165.6
Deferred income tax assets	11,813.89	11,813.89	—	—
3 Total Assets	168,820.92	392,189.99	223,369.07	132.3
4 Current liabilities	102,626.93	102,462.87	-164.06	-0.2
5 Non-current liabilities	8,754.85	6,899.32	-1,855.53	-21.2
6 Total Liabilities	111,381.78	109,362.19	-2,019.59	-1.8
7 Shareholders' equity interests	57,439.14	282,827.80	225,388.66	392.4

(II) Calculation results of income method

By adopting the income method, the carrying value and assessed value of the shareholders' equity interests of Jingyi Company amounted to RMB574,391,400 and RMB2,834,613,200, respectively, representing an appreciation of RMB2,260,221,800 or 393.50%.

(III) Determination of valuation conclusion**1. Analysis of estimation results**

There are discrepancies in calculation results between the two methods of RMB6,335,200 mainly due to:

The value of an enterprise is not entirely determined by the sum of the values of individual constituent assets. As an organic whole of an enterprise, the asset-based approach cannot reflect the impact of comprehensive factors beyond individual assets on the enterprise's value. Jingyi Company has operated in its existing highway operation areas for a long period of time, with relatively stable business operations and basically controllable risks. The income approach measures the enterprise's value from the perspective of the future profitability of its assets, reflects the impact of the enterprise's future earnings on equity, and can more comprehensively reflect the enterprise value of a highway operation company.

Pursuant to the provisions of the Measures for the Transfer of Rights and Interests in Toll Roads (Decree No. 11 of 2008), a jointly issued by the Ministry of Transport, the National Development and Reform Commission, and the Ministry of Finance, "for the valuation of toll right value in connection with the transfer of rights and interests in toll roads, the income approach shall be adopted as the valuation method, and the relevant income period shall be agreed upon by the transferor and the asset valuation institution within the approved toll period".

Taking into account the aforementioned factors, the income approach valuation conclusion is ultimately adopted for the current valuation.

2. Determination of valuation conclusion

Based on the above analysis, the income method was adopted as the valuation conclusion in this valuation.

Subject to the satisfaction of the valuation assumptions, the market value of all shareholders' equity interests of Jingyi Company as at the Valuation Benchmark Date was RMB2,834,613,200.

The valuation conclusion in this asset valuation report shall be valid for one year, commencing from the Valuation Benchmark Date of 31 July 2025 and ending on 30 July 2026.

XI. NOTES ON SPECIAL ISSUES

The followings are the matters identified during the valuation process that may affect the valuation conclusion but are beyond the professional level and capability of the asset valuers to assess and estimate. The users of the valuation report should pay attention to the possible impact of the following special matters on economic behavior.

(I) Use of expert reports

1. The relevant information such as the carrying value of assets and liabilities used in this valuation report is disclosed in the Audit Report provided by ShineWing Certified Public Accountants Ltd. (Special General Partner) engaged by principal,. ShineWing Certified Public Accountants Ltd. (Special General Partner) is the independent auditor engaged by the principal, and.holds the requisite audit qualifications for the relevant engagement. We consider that it is timeefficient and reliable as the basis for the valuation. We fully satisfy the relevant information disclosed by the firm.
2. The forecast of traffic flow and toll income on which this report is based is derived from the conclusions of the Traffic Flow Evaluation and Toll Income Calculation Report for the Jingmen-Yichang Expressway issued by CCCC Highway Consultants Co., Ltd.* (中交公路規劃設計院有限公司) engaged by the principal. Highlights of the report are set out as follows:

Name of professional institution:	CCCC Highway Consultants Co., Ltd.* (中交公路規劃設計院有限公司)
Title of professional report:	The Traffic Flow Evaluation and Toll Income Calculation Report for the Jingmen-Yichang Expressway
Date of the report:	November 2025

Calculation method: Four-stage approach. The projection of traffic growth rate is based on the analysis of traffic trends and economic development trends of relevant highways over the years. According to the trend of GDP growth rate of the project's affected area over the years and the traffic development trends of relevant highways over the years, the prediction is made using the elasticity coefficient method. The Logit model in the non-aggregated model is also adopted to predict the sharing rate of travel modes. Based on the analysis and prediction of aforementioned trend-based traffic flow and railway transferred traffic flow, the Frator method is adopted in the calculation of the OD table for future characteristic years, and the balanced assignment method is used for traffic flow assignment. The final traffic flow is the result of subtracting the transferred traffic flow of other forms of transportation from the trend-based traffic flow after traffic assignment. Finally, based on the toll standards and preferential policies of toll roads in Hubei Province, and in combination with the traffic flow prediction results, the toll income of the roads involved in the project in the coming years is calculated. The annual toll income = $\sum$ the average daily traffic flow of each vehicle type in the current year (absolute number) $\times$ the toll standards of each vehicle type $\times$ the number of toll collection days in the year $\times$ the efficiency of toll collection from vehicles.

Conclusion of the report: The total toll income of Jingyi Expressway from 1 August 2025 to 13 March 2038 is RMB8.242 billion (tax inclusive).

Upon investigation: CCCC Highway Consultants Co., Ltd.* (中交公路規劃設計院有限公司) is an independent professional institution engaged by the principal. It has obtained the Class-A Engineering Consulting Qualification Certificate (certificate number: A012024010540, credibility category: professional credibility, business scope: highways, buildings, municipal public utilities, hydrogeology, engineering surveying and geotechnical engineering, valid period: from 1 July 2024 to 30 June 2027). The valuers has reviewed the data and information cited in the Traffic Flow Evaluation and Toll Income Calculation Report for the Jingmen-Yichang Expressway, understood its calculation model, and compared against the current operation status, settlement data and regional road network construction planning of Jingyi Expressway that they had learned during their visits. Upon comparison, the information is found to be in conformity. Therefore, we consider that it is time-efficient and reliable as the basis for the valuation. We fully satisfy the data on the traffic flow and toll income generated by the firm.

(II) Incomplete or defective title information

As of the Valuation Benchmark Date, all sections of Jingyi Expressway have completed the construction of 1 monitoring center, 8 toll management offices, and 2 pairs of service areas. It involves 43 premises with a total floor area of 25,545.3 square meters, featuring reinforced concrete, brick concrete, or frame structures. None of these premises has obtained the Real Estate Ownership Certificate.

List of Premises without Certificate of

Title for Hubei Jingyi Expressway Co., Ltd. (湖北荆宜高速公路有限公司)

No.	Location	Name	Structure	Completion Date	Floor Area (m ²)	Remark
1	Duodao Toll Station (South Jingmen)	Monitoring Complex Building	Reinforced concrete	2008/01/11	923.46	Have not yet obtained the Real Estate Ownership Certificate
2		Water Pump Room	Brick concrete	2008/01/11	73.30	Have not yet obtained the Real Estate Ownership Certificate
3		Power Distribution Room	Brick concrete	2008/01/11	69.00	Have not yet obtained the Real Estate Ownership Certificate
4	Yuxi Toll Station	Monitoring Complex Building	Reinforced concrete	2008/01/11	984.30	Have not yet obtained the Real Estate Ownership Certificate
5		Power Distribution Room	Brick concrete	2008/01/11	69.00	Have not yet obtained the Real Estate Ownership Certificate
6		Water Pump Room	Brick concrete	2008/01/11	73.30	Have not yet obtained the Real Estate Ownership Certificate
7	Dangyang East Toll Station	Monitoring Complex Building	Reinforced concrete	2008/01/11	1,021.42	Have not yet obtained the Real Estate Ownership Certificate
8		Power Distribution Room	Brick concrete	2008/01/11	69.00	Have not yet obtained the Real Estate Ownership Certificate
9		Water Pump Room	Brick concrete	2008/01/11	73.30	Have not yet obtained the Real Estate Ownership Certificate
10	Dangyang West Toll Station (Yuquan Toll Station)	Monitoring Complex Building	Reinforced concrete	2008/01/11	939.66	Have not yet obtained the Real Estate Ownership Certificate

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No.	Location	Name	Structure	Completion Date	Floor Area (m ²)	Remark
11	Shuanglian Toll Station	Complex Building	Reinforced concrete	2008/01/11	966.12	Have not yet obtained the Real Estate Ownership Certificate
12		Power Distribution Room	Brick concrete	2008/01/11	69.00	Have not yet obtained the Real Estate Ownership Certificate
13		Water Pump Room	Brick concrete	2008/01/11	73.31	Have not yet obtained the Real Estate Ownership Certificate
14		Monitoring Complex Building	Reinforced concrete	2008/01/11	938.28	Have not yet obtained the Real Estate Ownership Certificate
15	Yaqueling Toll Station	Power Distribution Room	Brick concrete	2008/01/11	69.00	Have not yet obtained the Real Estate Ownership Certificate
16		Water Pump Room	Brick concrete	2008/01/11	73.30	Have not yet obtained the Real Estate Ownership Certificate
17		Complex Building	Reinforced concrete	2008/01/11	2,436.00	Have not yet obtained the Real Estate Ownership Certificate
18		Repair Workshop	Brick concrete	2008/01/11	272.50	Have not yet obtained the Real Estate Ownership Certificate
19	North of Baihe Service Area	Gas Station Building	Brick concrete	2008/01/11	212.90	Have not yet obtained the Real Estate Ownership Certificate
20		Gas Station Canopy	Frame	2008/01/11	171.15	Have not yet obtained the Real Estate Ownership Certificate
21		Power Distribution Room	Brick concrete	2008/01/11	126.20	Have not yet obtained the Real Estate Ownership Certificate
22		Water Pump Room	Brick concrete	2008/01/11	73.30	Have not yet obtained the Real Estate Ownership Certificate
23	South of Baihe Service Area	Complex Building	Reinforced concrete	2008/01/11	2,436.00	Have not yet obtained the Real Estate Ownership Certificate
24		Maintenance Workshop	Brick concrete	2008/01/11	272.50	Have not yet obtained the Real Estate Ownership Certificate
25		Gas Station Building	Brick concrete	2008/01/11	212.90	Have not yet obtained the Real Estate Ownership Certificate
26		Gas Station Canopy	Frame	2008/01/11	171.15	Have not yet obtained the Real Estate Ownership Certificate

APPENDIX I VALUATION REPORT OF THE TARGET COMPANY

No.	Location	Name	Structure	Completion Date	Floor Area (m ²)	Remark
27	Yuquan Management Center (including the Maintenance Center)	Monitoring Complex Building	Reinforced concrete	2008/01/11	2,399.29	Have not yet obtained the Real Estate Ownership Certificate
28		Dormitory Building	Brick concrete	2008/01/11	1,821.46	Have not yet obtained the Real Estate Ownership Certificate
29		Gatekeeper Room	Brick concrete	2008/01/11	38.94	Have not yet obtained the Real Estate Ownership Certificate
30		Power Distribution Room	Brick concrete	2008/01/11	135.71	Have not yet obtained the Real Estate Ownership Certificate
31		Water Pump Room	Brick concrete	2008/01/11	73.31	Have not yet obtained the Real Estate Ownership Certificate
32		Maintenance Complex Building	Reinforced concrete	2008/01/11	735.63	Have not yet obtained the Real Estate Ownership Certificate
33		Mechanical Repair Workshop	Color steel	2008/01/11	272.50	Have not yet obtained the Real Estate Ownership Certificate
34		Gatekeeper Room	Brick concrete	2008/01/11	22.09	Have not yet obtained the Real Estate Ownership Certificate
35		South Area Complex Building	Reinforced concrete	2019/12/29	3,241.68	Have not yet obtained the Real Estate Ownership Certificate
36		North Area Complex Building	Reinforced concrete	2019/12/29	3,241.68	Have not yet obtained the Real Estate Ownership Certificate
37	Yuxi Service Area	South Area Garbage Room	Brick concrete	2019/12/29	22.09	Have not yet obtained the Real Estate Ownership Certificate
38		North Area Garbage Room	Brick concrete	2019/12/29	22.09	Have not yet obtained the Real Estate Ownership Certificate
39		South Area Maintenance Workshop	Brick concrete	2019/12/29	126.88	Have not yet obtained the Real Estate Ownership Certificate

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No.	Location	Name	Structure	Completion Date	Floor Area (m ²)	Remark
40		North Area Maintenance Workshop	Brick concrete	2019/12/29	126.88	Have not yet obtained the Real Estate Ownership Certificate
41		Equipment Room	Brick concrete	2019/12/29	202.50	Have not yet obtained the Real Estate Ownership Certificate
42		South Area Gas Station	Frame	2019/12/29	96.61	Have not yet obtained the Real Estate Ownership Certificate
43		North Area Gas Station	Frame	2019/12/29	96.61	Have not yet obtained the Real Estate Ownership Certificate
Total					25,545.30	

Jingyi Company has issued the Description on and Undertaking over Premises without Certificate of Title (《關於無產權證房屋的情況說明和承諾》), declaring that the aforementioned assets are owned by the company and there is no dispute over their titles. This valuation has not taken into consideration the costs that may arise during the process of completing their titles, and the company disclaims any liability for potential disputes arising therefrom. Report users are hereby reminded to pay attention to the impact of such matter on the valuation conclusion.

(III) Matters concerning mortgage/pledge guarantees, external guarantees, and contingent liabilities (or contingent assets)

1. Major litigation matters

(1) The litigation involving RMB90 million:

According to the Civil Judgment ((2016) Jing Min Zhong No. 200) issued by the Beijing High People's Court on 15 July 2019, Jingyi Company won the case against Jin Hao Group and Beijing Jiali Hengde Real Estate Development Co., Ltd.* (北京嘉利恒德房地產開發有限公司) (“**Jiali Hengde**”) for liability dispute related to the interest of the company (the “**Litigation Involving RMB90 Million**”). Jin Hao Group and Jiali Hengde shall pay the occupied funds of RMB90 million to Jingyi Company and compensate for the interest loss of the occupied funds from the date of transfer to the date of repayment.

According to the Execution Ruling ((2019) Jing 03 Zhi No. 1009) issued by the Beijing No. 3 Intermediate People's Court, the Litigation Involving RMB90 Million has entered into the enforcement phase. According to the information provided by Jingyi Company, during the process of handling the Litigation Involving RMB90 Million, 15% of the equity interests held by Jin Hao Group in Jingyi Company was awaiting to be sealed and 1,360,088 shares held by Jiali Hengde in Steyr Motors Corp. (stock code: 000760, stock abbreviation: Steyr Delisted) was frozen by Jingyi Company. According to public information, due to material violation of the laws, on 23 July 2021, the Shenzhen Stock Exchange decided to terminate the listing and delist the shares of Steyr Delisted; the latest indicative announcement made by Everbright Securities Company Limited (being its lead broker after delisting) in 2025 indicated that the lead broker was unable to get in touch with Steyr Delisted.

(2) *The litigation involving RMB380 million:*

According to the Civil Judgment ((2021) Jing Min Chu No. 10) issued by the Beijing High People's Court on 20 June 2023, Jingyi Company won the case against Jin Hao Group and Hu Hejian (胡和建), a Kong Kong citizen, for dispute over damage to the interest of the company (the "**Litigation Involving RMB380 Million**"). Jin Hao Group and Hu Hejian shall pay the occupied funds of RMB380,351,265.6 to Jingyi Company and compensate for the interest loss of the occupied funds.

The second trial of the Litigation Involving RMB380 Million has been accepted by the Supreme People's Court. According to the information provided by Jingyi Company, during the process of handling the Litigation Involving RMB380 Million, 15% of the equity interests held by Jin Hao Group in Jingyi Company was sealed and 49% of the equity interests held by Jin Hao Group in Hanggang Financial Holding was frozen by Jingyi Company. On 8 September 2025, the Supreme People's Court issued the Civil Judgment ((2024) Zui Gao Fa Min Zhong No. 34) on this case, dismissing the appeal requests of Jin Hao Group and Hu Hejian and upholding the original judgment. Currently, the focus of this case lies in the subsequent enforcement. The time and amount of asset enforcement remain uncertain.

Jingyi Company has previously provided bad debt for the whole amount of the receivables of RMB90 million and RMB380 million involved in the litigations. As the litigation matters have not yet been concluded, it is difficult to estimate the time and amount of the recovery from the enforcement of aforesaid litigations of Jingyi Company in this valuation. Therefore, in this valuation, receivables are presented and treated based on the verified net book value, and the deferred income tax assets have been retained at the verified book value. The recovery from the enforcement of aforesaid litigations is not included in the scope of this valuation. We hereby draw the attention of users of this valuation report to the impact of this matter on the valuation conclusion.

(IV) Limitations on the valuation procedures and remedies taken

1. In this valuation, the valuers did not conduct any technical testing for all kinds of equipment in respect of their technology parameters and performance as at the Valuation Benchmark Date, and only make judgment through on-site inspection on the assumption that all related technical information and the track records provided by the Assessed Entity are true and valid.
2. In this valuation, the valuers did not conduct any technical testing for various buildings (structures) in respect of their concealed works and internal structure (other than the observable parts with unaided eyes). The judgment on buildings and structures is made through on-site survey without any testing instrument aid and assuming that the relevant construction information provided by the assessed entity is true and valid.

(V) Significant subsequent matters

1. As at the Valuation Benchmark Date, Jingyi Company's interest-bearing debt consisted of shareholder loans provided by its parent company, Shudao Innovation Investment, with a book principal balance of RMB938.0667 million. According to the "Explanation on the Repayment of Shareholder Loans 《關於歸還股東借款的說明》" provided by Jingyi Company and the bank loan contracts (a total of RMB900 million from China Construction Bank and Industrial and Commercial Bank of China, with an interest rate of 2.43%), Jingyi Company intends to replace the shareholder loans from Shudao Innovation Investment by obtaining bank loans. The bank loans are expected to be received no later than 31 December 2025. Jingyi Company plans to repay in full the remaining principal and interest of the shareholder loans from Shudao Innovation Investment on the same day it obtains the bank loans. Prior to the full repayment of the principal of the shareholder loans, the existing shareholder loans will continue to bear interest at 3.6%. This valuation assumes that Jingyi Company obtains the bank loans on 31 December 2025 and simultaneously repays the loans from Shudao Innovation Investment. The relevant fund settlement arrangements will follow the manner described above, and forecasts are made based on the interest rate and repayment schedule stipulated in the bank loan contracts provided.

2. If, after the Valuation Benchmark Date but within the validity period of this report, the condition or usage of the assets subject to appraisal, or the market environment, undergo material changes compared to those at the Valuation Benchmark Date, or if there are major changes in the underlying valuation assumptions, which consequently lead to a material change in this valuation conclusion, this conclusion must not be used directly. In such circumstances, the appraisal conclusion must be adjusted or a new valuation must be performed.

(VI) Government grants:

1. On 3 December 2020, Jingyi Company and the Jingmen Municipal People's Government ("**Jingmen Government**") entered into the Agreement on the Opening and Operation of the Jingmen South Toll Station 《荊門南收費站開通運營協議書》). Pursuant to the agreement, both parties shall jointly promote the opening of the Jingmen South Toll Station. Jingyi Company is responsible for the construction of the electromechanical system renovation project of the Jingmen South Toll Station, and the Jingmen Government shall provide a one-off grant of RMB3 million within ten days after the execution of the agreement. Upon the opening of the Jingmen South Toll Station, its operation, management and maintenance shall be undertaken by Jingyi Company. The Jingmen Government shall provide Jingyi Company with RMB100 million as operation grant funds (including operating costs and enterprise income tax), to be paid over 17 years commencing from the year following the effective date of the agreement, with an annual payment of no less than RMB4 million. As at the end of September 2025, Jingyi Company had received operation grant funds of RMB16 million (representing grants attributable to the period from 2021 to 2024).

2. Pursuant to the Framework Cooperation Agreement between Yichang City and Hubei Jingyi Expressway Co., Ltd. (湖北荆宜高速公路有限公司) 《宜昌市與湖北荆宜高速公路有限公司合作框架協議》 entered into between Jingyi Company and the Yichang Municipal Government on 29 June 2021, it was agreed that: Jingyi Company shall relocate its corporate headquarters to the main urban area of Yichang City; the Yichang Municipal Government shall invest in the construction of the interchange between Jingyi Expressway and Xiazhou Avenue and the related ancillary works, including toll stations, toll canopies, Jingyi Expressway connecting roads, Xiazhou Avenue connecting roads, and a management office; Jingyi Company shall invest in the construction of a new small-scale service area (including a petrol station) near the toll station; and the Yichang Municipal Government shall allocate industrial support funds through its fiscal budget in an amount equivalent to 10% of the total value-added tax and enterprise income tax actually paid by Jingyi Company, and shall disburse such industrial support funds to Jingyi Company annually commencing from 2027. As of the Valuation Benchmark Date, Jingyi Company had, as agreed, relocated its place of registration and tax filings to Yichang City, but had not yet purchased headquarters premises in the urban area of Yichang City; acting as the construction agent while the government acted as the investor, the building works, interior decoration works and electromechanical works for the interchange and ancillary projects as agreed had been completed and accepted, and the Yichang East Toll Station had commenced operation on 28 June; due to land planning reasons, Jingyi Company had not yet commenced investment in the construction of the Yichang East service area in Xiaoting District. Given that the calculation method and payment schedule for such industrial support funds are clearly stipulated, and based on interviews with the competent government unit, the Yichang Urban Construction Project Management Center (宜昌市城建項目管理中心), the Cooperation Framework Agreement entered into between Jingyi Company and the government remains valid. Any outstanding or amended obligations in the future may be further agreed between the parties by way of supplemental agreements.

As the payment schedule stipulated under the agreement entered into with the Yichang Municipal Government has not yet fallen due, and given the uncertainties as to whether the above two items of government grants can continue to be received in full during the future operating period as agreed, Shudao Innovation Investment has undertaken to Shunan Company that, if Jingyi Company fails to receive the aforementioned government grants in full in the future, Shudao Innovation Investment will, prior to each agreed settlement date for the shortfall, pay Shunan Company 85% of such shortfall. In view of the foregoing, the valuation conclusion adopts the cash net inflows of the above two items of government grants calculated in accordance with the terms of the agreements. Users of this valuation report are hereby reminded to pay attention to the impact of this matter on the valuation conclusion.

XII. RESTRICTIONS ON THE USE OF THE ASSET VALUATION REPORT

- (I) Scope of use. The asset valuation report may only be used for the appraisal purpose and intended use explicitly stated therein. It is strictly limited to the users designated in the asset valuation report. Unless otherwise required by laws, administrative regulations, or agreed upon by relevant parties, the content of the asset valuation report shall not be extracted, quoted, or disclosed in public media without the prior written consent of Sichuan Hua Heng. The report remains valid only within its specified validity period.
- (II) Sichuan Hua Heng and its appraisers shall not be held liable if the principal or any other user of the asset valuation report uses the report in a manner inconsistent with laws, administrative regulations, or the scope of use defined in the Report.
- (III) Apart from the principal, other users stipulated in the asset valuation entrustment contract, and those mandated by laws and administrative regulations, no other organizations or individuals shall be deemed authorized users of the asset valuation report.
- (IV) Users of this asset valuation report shall correctly understand and use the valuation conclusion. The valuation conclusion is not equivalent to the realizable price of the valuation subject, nor shall it be deemed as a guarantee of the realizable price of the valuation subject.
- (V) This report must be submitted to the state-owned assets supervision authorities or the competent department of the enterprise for filing and review. The report may only be formally used after the filing process is completed.

XIII. DATE OF THE ASSET VALUATION REPORT

The date of this asset valuation report is 28 November 2025.

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Asset Appraisal Institution : **Sichuan Tian Jian Huaheng Assets Appraisal Co., Ltd (四川天健華衡資產評估有限公司)**

Appraiser : ZhaoJiming(趙繼明)

Appraiser : Guan Heng(官衡)

- I. Details of Appendix XIII to the Valuation Report of “EXPLANATION OF SIGNIFICANT VARIANCE BETWEEN CARRYING VALUE AND APPRAISAL CONCLUSION OF ASSETS” are as follows.*

**EXPLANATION OF SIGNIFICANT VARIANCE BETWEEN
CARRYING VALUE AND APPRAISAL CONCLUSION OF ASSETS**

The assessment of Jingyi Company’s total equity interests was conducted using both the asset-based approach and the income approach, with the results derived from the income approach ultimately selected as the appraisal conclusion.

Upon completion of the asset assessment procedures, the carrying value of Jingyi Company’s total equity interests was determined to be RMB574.3914 million, while the appraised value amounted to RMB2,834.6132 million. This represents an appraisal increment of RMB2,260.2218 million, equivalent to an appreciation rate of 393.50%.

The appreciation is attributable to the following factors:

The carrying value of Jingyi Company’s total equity interests reflects historically incurred costs and operating results processed in accordance with accounting policies. The primary asset, Jingyi Expressway, was constructed during an earlier period. Its geographical distribution results in relatively lower bridge-tunnel ratio, leading to historically lower construction costs. The net value after straight-line amortization (based on traffic flow method) remains low. Additionally, high interest-bearing debt in historical periods incurred substantial financial expenses. These factors collectively contributed to the lower carrying value of the company’s equity. Conversely, the income approach reflects the equity value from the perspective of the assets’ future earning capacity. By incorporating the company’s strong profitability prospects, this method results in a significant appreciation compared to the historical carrying value.

II. Details of supplementary explanation on the Valuation Report are as follows.

**EXPLANATION ON THE SELECTION AND CALCULATION OF
IMPORTANT PARAMETERS AND SENSITIVITY ANALYSIS FOR
THE ASSET VALUATION REPORT OF THE VALUATION PROJECT
ON THE VALUE OF THE ENTIRE EQUITY INTERESTS OF HUBEI
JINGYI EXPRESSWAY CO., LTD. IN RELATION TO SICHUAN SHUNAN
INVESTMENT MANAGEMENT CO., LTD.’S PROPOSED ACQUISITION
OF 85% EQUITY INTERESTS HELD BY SHU DAO (SICHUAN)
INNOVATION INVESTMENT DEVELOPMENT CO., LTD.
(CHUAN HUA HENG PING BAO [2025] NO. 270)**

I. SELECTION AND CALCULATION OF IMPORTANT PARAMETERS

(I) Operating income

1. Toll revenue

We have referred to the Report on Traffic Volume Assessment and Toll Revenue Calculation for Jingmen-Yichang Expressway (hereinafter referred to as the “Traffic Volume Report”) issued by CCCC Highway Consultants Co., Ltd.* (中交公路規劃設計院有限公司) to predict the toll revenue of Hubei Jingyi Expressway Co., Ltd. (湖北荆宜高速公路有限公司) for future years. The forecast results of toll revenue (tax exclusive) are shown in the following table:

RMB0’000

Item	August- December 2025	2026	2027	2028
Toll revenue	21,895.04	54,517.48	56,377.67	59,426.21

(Continued)

Item	2029	2030	2031	2032	2033
Toll revenue	55,053.40	58,026.21	60,503.88	63,085.44	65,772.82

(Continued)

Item	2034	2035	2036	2037	January- March 2038
Toll revenue	68,577.67	71,498.06	73,788.35	76,148.54	15,500.97

2. Forecast of other business income

- (1) Service area rental income: Including the rental of land for Yuxi Service Area, Baihe Service Area, battery swap stations and charging piles. Among them: The circumstance of rental collection of Yuxi Service Area is special, which the corresponding assets and liabilities are classified as non-operating assets (liabilities) for evaluation, so will not be repeatedly predicted here; other rentals are expected to continue, and the income for future years is predicted with reference to the actual level in 2024.
- (2) Billboards advertising income: In accordance with the “Notice on Printing and Distributing the Work Plan for the Cleanup and Renovation of Expressway Advertising Billboards in Hubei Province” (E Jiao Fa [2023] No. 69) issued by the Department of Transportation of Hubei Province and the Administration for Market Regulation of Hubei Province in July 2023, the cleanup and renovation of expressway advertising billboards has been carried out across the province. Jingyi Expressway has no income regarding the business from advertising on billboards after the expiration of the original advertising billboard license period (13 July 2024). Combined with the introduction of Jingyi Company and the actual situation as of the valuation benchmark date, no billboards advertising income is predicted in this assessment.
- (3) Other rental income: Refers to the rental income from China Mobile communication pipelines, PetroChina gas stations and China Telecom communication pipelines. In this assessment, income is predicted to be recognized in installments during the lease term as agreed in the contract.
- (4) Other income: Including property management income, office rental income, Yichang East agent construction income, etc. Among them, property management fees and office rental income are expected to be sustainable in future years, so they are predicted with reference to the actual level in 2024. The Yichang East agent construction project has been completed and opened to traffic, and this agent construction is a non-sustaining project, so no such income is expected in the future.

APPENDIX I VALUATION REPORT OF THE TARGET COMPANY

After calculation, the forecast of other income as mentioned above for future years is as follows:

RMB0'000					
Item	August- December 2025	2026	2027	2028	2029
Service area rental income	79.37	213.33	213.33	213.33	213.33
Billboards advertising space income	0.00	0.00	0.00	0.00	0.00
Other rental income	58.33	218.75	218.75	218.75	195.00
Other income	28.57	64.42	64.42	64.42	64.42

(Continued)

Item	2030-2034	2035	2036	2037	January- March 2038
Service area rental income	213.33	213.33	213.33	213.33	35.56
Advertising space income	0.00	0.00	0.00	0.00	0.00
Other rental income	161.75	140.00	140.00	140.00	0.00
Other income	64.42	64.42	64.42	64.42	10.74

(II) Operating costs

1. Depreciation and amortization: The forecast is made in accordance with the accounting policies of Sichuan Expressway, combined with the book value of each asset. Among them, the traffic volume method is adopted for the amortization of highway operation rights. The total traffic volume consists of two parts. The actual traffic volume is used for the period before the benchmark date, whereas the forecasted data contained in the traffic volume report issued by CCCC Highway Consultants Co., Ltd.* (中交公路規劃設計院有限公司) is selected for the period after the benchmark date.
2. Highway disaster prevention and emergency repairs: For the year of 2025, the estimate is based on the budget data of Jingyi Company in 2025. For years subsequent to 2025, the estimates are made with reference to the actual historical data and consideration of the current conditions of highways. The average annual expenditure for each year is estimated to be RMB1.5 million.

3. Road maintenance:

(1) Daily and special maintenance

Full-year forecast for 2025: Jingyi Company has compiled the daily, special and policy-based maintenance budget for 2025 based on the actual conditions of road assets of the company and local policy requirements. Among them, policy-based maintenance expenditures include the improvement of greening landscapes and the renovation and upgrading of central corrugated guardrails. The assessment personnel has verified relevant information based on the signed contracts for maintenance, survey and design, supervision, testing, etc., as well as local policy documents.

Forecast for years subsequent to 2025: In June 2022, Shudao Investment Group Co., Ltd. (hereinafter referred to as “Shudao Group”), the actual controlling shareholder of Jingyi Company, issued the Guiding Opinions on Controlling Maintenance Costs of Operating Expressways (Trial) (《運營高速公路養護成本管控指導意見(試行)》) (hereinafter referred to as the “Guiding Opinions”). The Guiding Opinions point out that the maintenance of expressways shall follow the overall principles of “scientific decision-making, precise investment, cost under control, and excellent service”, “avoiding major repairs, delaying medium repairs, and strengthening daily and preventive maintenance”, and take into account the total investment of each section within a maintenance cycle. Cost assessment shall be implemented by “controlling the overall condition per cycle, managing medium repairs through process control, and regulating the annual budget”. Jingyi Company has actually incurred a significant amount of policy-based maintenance expenditures in historical years. Given that the policy-based expenditures are sporadic in nature, no separate forecasts will be made for future years. In this valuation, with reference to the Guiding Opinions and the actual conditions of Jingyi Expressway, forecasts are conducted using the annuity method based on cyclical overall control. For future years, annual maintenance expenditures (daily + special items) are predicted to be no less than the average of recent years after excluding policy-based maintenance expenditures.

(2) Mechanical and electrical maintenance costs: For the year of 2025, the estimate is based on the budget data of Jingyi Company in 2025. For years subsequent to 2025, the estimates are made with reference to the actual historical data and consideration of the current conditions of highways. The average annual expenditure for each year is estimated to be RMB5 million.

(3) Other costs: These include the labor costs and utilities fees incurred by each station in relation to levy collection and road administration. In this valuation, taking into account Jingyi Company’s budget for 2025 and the terms of the outsourcing contract, forecasts are made based on historical wage standards, factoring in a modest increase in per capita compensation.

APPENDIX I VALUATION REPORT OF THE TARGET COMPANY

After calculation, the forecast of cost as mentioned above for future years is as follows:

	RMB0'000			
Items	August- December 2025	2026	2027	2028
Depreciation and amortization of highway operation rights	4,292.37	10,577.11	10,896.78	11,152.30
Highway disaster prevention and emergency repairs	100.00	150.00	150.00	150.00
Road maintenance	4,932.23	4,400.00	4,400.00	4,400.00
Mechanical and electrical maintenance costs	159.35	500.00	500.00	500.00
Other costs	2,101.71	3,292.14	3,342.67	3,394.22

(Continued)

Items	2029	2030	2031	2032	2033
Depreciation and amortization of highway operation rights	10,028.13	10,442.73	10,819.06	11,244.36	11,601.25
Highway disaster prevention and emergency repairs	150.00	150.00	150.00	150.00	150.00
Road maintenance	4,400.00	4,400.00	4,400.00	4,400.00	4,400.00
Mechanical and electrical maintenance costs	500.00	500.00	500.00	500.00	500.00
Other costs	3,446.80	3,500.43	3,555.14	3,610.93	3,667.85

(Continued)

Items	2034	2035	2036	2037	January- March 2038
Depreciation and amortization of highway operation rights	12,023.52	12,504.26	12,913.92	13,262.75	2,715.54
Highway disaster prevention and emergency repairs	150.00	150.00	150.00	150.00	25.00
Road maintenance	4,400.00	4,400.00	4,400.00	4,400.00	733.33
Mechanical and electrical maintenance costs	500.00	500.00	500.00	500.00	83.33
Other costs	3,725.90	3,785.11	3,845.51	3,907.11	651.19

(III) Taxes and surcharges

Taxes and surcharges are estimated based on historical tax types and rates. Among these, the urban construction and maintenance tax, education surcharge, and local education surcharge are levied at rates of 7%, 3%, and 2% respectively, which calculated on the basis of the value-added tax payable in the current period. Urban land use tax is projected according to the land grade and relevant tax laws and regulations. Property tax is projected based on the applicable levy standards and calculation methods.

(IV) Administrative expenses

The administrative expenses incurred by Jingyi Company comprise labour costs and public expenses. Public expenses include vehicle usage costs, travel and transportation expenses, business entertainment fees, professional agency fees, office expenses, and service fees. Labour costs are mainly related to the number of management personnel and the growth rate of future remuneration. For the purpose of this assessment, these costs are forecasted based on the entity's future administrative personnel requirements and a modest average annual growth rate in wages and salaries. forecasts are made based on the assessed entity's future demand for management personnel and a modest annual growth rate of wages and remuneration. Public expenses such as vehicle usage costs, travel and transportation expenses, business entertainment fees, professional agency fees, and office expenses are projected by analyzing future operational needs in accordance with the enterprise's accounting practices, with reference to the 2025 budget and after excluding non-recurring expenditures. Service fees are forecasted by considering the terms of outsourcing contracts and a slight increase on the basis of historical wage standards.

(V) Finance costs and interest-bearing debt

Finance costs mainly represent net interest expenses, which are calculated as interest expenses less interest income. Interest expenses are derived from interest-bearing debt, while interest income mainly derives from bank deposits of the Company.

As of the valuation benchmark date, the interest-bearing debt of Jingyi Company consists of shareholder borrowings provided by its parent company Shudao Innovation Investment, with a carrying principal balance of RMB938,066,700. According to the Explanation on Repayment of Shareholder Borrowings(《關於歸還股東借款的說明》) provided by Jingyi Company, the Company intends to obtain bank borrowings to refinance the shareholder borrowings from Shudao Innovation Investment, with the bank borrowings expected to be received no later than 31 December 2025. Jingyi Company intends to repay all remaining principal and interest of the shareholder borrowings to Shudao Innovation Investment on the same day. The interest rate on the outstanding shareholder borrowings will remain at 3.6% until the full repayment of the principal of the shareholder borrowings. Furthermore, based on the bank borrowing agreements provided by Jingyi Company, it will obtain aggregate bank borrowings of RMB900 million from China Construction Bank and Industrial and Commercial Bank of China, with an interest rate of 2.43% p.a. and agreed repayment schedules. It is assumed that Jingyi Company will obtain the bank borrowings on 31 December 2025 and repay the borrowings from Shudao Innovation Investment in a lump sum simultaneously, future repayment of bank borrowings shall be made in accordance with the terms of the bank borrowing agreements.

(VI) Other income

1. Yichang industry support funds and Jingmen South Toll Station grant

- (1) Pursuant to the Framework Cooperation Agreement between Yichang City and Hubei Jingyi Expressway Co., Ltd. (湖北荊宜高速公路有限公司) (《宜昌市與湖北荊宜高速公路有限公司合作框架協議》) entered into between Jingyi Company and the Yichang Municipal Government on 29 June 2021, it was agreed that: the Yichang Municipal Government shall invest in the construction of the interchange between Jingyi Expressway and Xiazhou Avenue and the related ancillary works; Jingyi Company shall relocate its corporate headquarters to the main urban area of Yichang City and invest in the construction of a new small-scale service area (including a petrol station) near the toll station; and the Yichang Municipal Government shall allocate industrial support funds through its fiscal budget in an amount equivalent to 10% of the total value-added tax and enterprise income tax actually paid by Jingyi Company. Until the end of the operation period (until 24 December 2037), the industrial support funds for the first five years will be calculated but not disbursed. Starting from the sixth to the tenth year, the industrial support funds calculated for the first to fifth years will be disbursed annually, along with the industrial support funds calculated for the current year. After the tenth year, the industrial support funds for each year will be settled annually.

- (2) In December 2020, Jingyi Company and the Jingmen Municipal People's Government entered into the Agreement on the Opening and Operation of the Jingmen South Toll Station (《荊門南收費站開通運營協議書》). Pursuant to the agreement, both parties shall jointly promote the opening of the Jingmen South Toll Station. Jingyi Company is responsible for the construction of the electromechanical system renovation project of the Jingmen South Toll Station. Upon the opening of the Jingmen South Toll Station, its operation, management and maintenance shall be undertaken by Jingyi Company. The Jingmen Municipal People's Government shall provide Jingyi Company with RMB100 million as operation grant funds, to be paid over 17 years commencing from the year following the effective date of the agreement, with an annual payment of no less than RMB4 million. As at the end of September 2025, Jingyi Company had received operation grant funds of RMB16 million (representing grants attributable to the period from 2021 to 2024).

Although the payment schedule stipulated under the agreement entered into with the Yichang Municipal Government has not yet fallen due, Shudao Innovation Investment has undertaken to Shunan Company that, if Jingyi Company fails to receive the aforementioned two government grants (i.e., Yichang industry support funds and Jingmen South Toll Station grant) in full in the future, Shudao Innovation Investment will, prior to each agreed date in settlement year for the shortfall, pay Shunan Company 85% of such shortfall. In view of the foregoing, the valuation conclusion adopts the cash net inflows of the above two items of government grants calculated in accordance with the terms of the agreements.

2. *Dangyang West government subsidies*

According to the Agreement on Construction and Operation of Dangyang West Toll Station Reconstruction Project entered into by Jingyi Company and the People's Government of Dangyang Municipality on 19 June 2023, Dangyang West Toll Station is planned to be reconstructed, with project duration of about 4 months. Sub-project B, i.e. subgrade, pavement, electromechanical and traffic safety projects other than toll station greenhouse housing construction project, shall be undertaken by Jingyi Company, and the government shall pay Jingyi Company in the form of subsidy for the expenses exceeding RMB5 million.

As of the valuation benchmark date, Dangyang Municipality Transportation Bureau has entrusted Hubei Shukun Engineering Consulting Co., Ltd. (湖北沅坤工程諮詢有限公司) to conduct settlement audit on civil engineering and electromechanical engineering projects. According to the Construction Project Cost Consultation Report issued by Hubei Shukun Engineering Consulting Co., Ltd., the settlement and approval amount of civil engineering and electromechanical engineering of Dangyang West Toll Station Reconstruction and Expansion Project of Hubei Jingyi Expressway is RMB4.5528 million and RMB5.5652 million respectively, totaling RMB10.1180 million. According to the contract, the government pays Jingyi Company in the form of subsidy for the expenses exceeding RMB5 million. The corresponding subsidy amount calculated according to the approved amount is considered in this valuation.

(VII) Income tax expense

Income tax expense is calculated at 25% of the enterprise's income tax rate based on the annual tax payable for the forecast period and in combination with adjustments involved in historical years.

(VIII) Depreciation and amortization

Depreciated and amortized assets mainly involve fixed assets, intangible assets and long-term deferred expenses. For future depreciation and amortization of the enterprise, the valuation is based on the assets required for production and management on the benchmark date, and determines the depreciation rate and annual amortized amount according to the category, original value, depreciation and amortization method and economic life of the assets. Meanwhile, the impact of capital expenditure on the original value of assets is considered for calculation.

1. The straight-line method is adopted for fixed assets and long-term deferred expenses. The original book value of the enterprise's assets on the benchmark date is used as the base for asset depreciation and amortization, and the depreciation and amortization amount during the forecast period is calculated by considering the renewal investment expenditure necessary to maintain the enterprise's forecast operating ability.
2. Straight-line amortization (based on traffic flow method) is adopted for intangible assets, and the calculation formula is as follows:

Annual amortization = net book value at the beginning of the year/total traffic volume during the operating period × estimated traffic volume for each year

Among them, the historical annual traffic volume refers to the actual traffic volume, and the traffic volume in future years refers to the estimated traffic volume in each year during the operation period predicted in the Traffic Volume Report.

(IX) Capital expenditures

Capital expenditures include expenditures for the renovation and upgrading of existing assets, and capital investment in new assets. The capital expenditures of an enterprise refer to the necessary additional investments to maintain the existing operating scale, such as expenditures for the maintenance of supporting facilities, machinery and equipment, and vehicles. The renewal of additional investments is calculated based on different useful lives. Capital investment in new assets is mainly predicted in accordance with the 2025 budget of Jingyi Company, while expenditures for the renovation and upgrading of existing assets are mainly forecasted by analyzing various types of equipment based on the existing asset list.

(X) Changes in working capital

Working Capital Changes = Current Year Working Capital – Previous Year Working Capital. Working capital is the funds required to ensure the normal operation of an enterprise, defined as the difference between current assets (excluding cash and cash equivalents, and non-operating assets) and current liabilities (excluding interest-bearing liabilities and non-operating liabilities).

The current assets of an enterprise (excluding cash and cash equivalents, and non-operating assets) include items such as minimum monetary reserve in hand, accounts receivable, prepayments, and other receivables; current liabilities (excluding interest-bearing liabilities and non-operating liabilities) include items such as accounts payable, contract liabilities, other payables, employee compensation payable, and taxes payable.

The minimum monetary capital in hand is determined based on the funds required to cover operating costs, general and administrative expenses, selling expenses, and related tax expenses during the operating cycle of an enterprise. For accounts receivable, prepayments, other receivables, and other payables, future forecasts are made with reference to the turnover level of the previous fiscal year (excluding non-operating or abnormal items). Accounts payable turnover days are considered based on the average level of comparable companies in the industry and the actual settlement status of a company. Taxes payable are forecasted with reference to the ratio of historical year-end balances to the current year's tax amount. The year-end balance of employee compensation payable mainly consists of performance bonuses paid after the current year's assessment, forecasted with reference to the ratio of historical year-end balances to labor costs. Contract liabilities are separately forecasted based on the gas station leasing business at CNPC Baihe Service Area and the communication pipeline leasing business with China Mobile.

APPENDIX I VALUATION REPORT OF THE TARGET COMPANY

(XI) Future net cash flow

Based on the above analysis and forecasts, the projected data and calculation process for each item are detailed in the following table:

RMB0'000

Item	August- December 2025	2026	2027	2028
Operating income	22,061.31	55,013.98	56,874.17	59,922.72
Operating costs	11,767.57	19,022.35	19,392.55	19,699.63
General and administrative expenses	1,661.08	2,222.09	2,257.89	2,294.40
Financial expenses	1,415.18	2,046.03	1,803.07	1,212.91
Other income	177.56	439.42	1,970.15	2,534.42
Income tax	1,793.31	8,081.86	8,979.76	10,094.92
Net profit	5,496.85	23,805.60	26,128.88	28,862.13
Additional working capital	1,170.19	217.68	185.30	178.19
Additional long-term operating assets	(2,984.26)	(10,437.11)	(10,786.78)	(11,042.30)
Changes in long-term operating liabilities	36.04	173.47	(66.42)	(203.26)
Changes in interest-bearing liabilities	(3,806.67)	(10,000.00)	(10,000.00)	(35,000.00)
Subtotal of free cash flow to equity	3,540.30	24,198.49	26,663.93	4,522.98

(Continued)

Item	2029	2030	2031	2032	2033
Operating income	55,526.15	58,465.72	60,943.39	63,524.94	66,212.32
Operating costs	18,628.03	19,096.26	19,527.30	20,008.40	20,422.20
General and administrative expenses	2,331.65	2,369.64	2,408.39	2,447.91	2,488.23
Financial expenses	149.66	(1.75)	(1.81)	(1.87)	(1.92)
Other income	2,365.11	2,451.00	2,667.64	1,743.45	1,820.53
Income tax	9,274.16	10,075.99	10,743.26	11,144.49	11,834.71
Net profit	27,230.35	29,088.46	30,636.86	31,363.13	32,973.63
Additional working capital	8.40	171.53	178.17	195.91	182.24

APPENDIX I VALUATION REPORT OF THE TARGET COMPANY

Item	2029	2030	2031	2032	2033
Additional long-term operating assets	(9,888.13)	(10,332.73)	(10,709.06)	(11,104.36)	(11,491.25)
Changes in long-term operating liabilities	(3.49)	(129.82)	(234.41)	(350.70)	(456.57)
Changes in interest-bearing liabilities	(35,000.00)	0.00	0.00	0.00	0.00
Subtotal of free cash flow to equity	2,106.59	39,119.84	40,933.34	41,920.88	43,826.07

(Continued)

Item	2034	2035	2036	2037	January- March 2038
Operating income	69,017.17	71,915.81	74,206.10	76,566.30	15,547.26
Operating costs	20,902.52	21,442.47	21,912.53	22,322.96	4,225.58
General and administrative expenses	2,529.35	2,571.29	2,614.08	2,657.72	442.95
Financial expenses	(1.99)	(2.06)	(2.12)	(2.21)	(0.33)
Other income	1,900.49	1,982.16	2,045.97	5,395.62	4.39
Income tax	12,550.17	13,279.24	13,848.57	15,274.29	2,880.45
Net profit	34,611.51	36,270.42	37,534.16	41,355.81	7,934.00
Additional working capital	183.85	163.58	154.71	107.82	848.67
Additional long-term operating assets	(11,913.52)	(12,364.26)	(12,803.92)	(13,152.75)	(2,715.54)
Changes in long-term operating liabilities	(574.54)	(697.38)	(801.59)	(891.21)	(141.89)
Changes in interest-bearing liabilities	0.00	0.00	0.00	0.00	0.00
Subtotal of free cash flow to equity	45,766.64	47,773.71	49,381.78	53,509.54	9,658.98

(XII) Determination of the discount rate**1. Selection of the discount rate model**

The discount rate shall be consistent in the perimeter with the expected income. As this valuation report adopts the equity discount cashflow method and the perimeter of expected income is the cashflow to equity, the corresponding discount rate selected is the cost of equity capital (CAPM), for which the calculation formula is as follows:

$$CAPM = R_f + \beta \times MRP + R_e$$

Where:

CAPM:	cost of equity capital	R_e :	the enterprise-specific risks adjustment
MRP:	market risk premium		coefficient
R_f :	Risk-free rate of return	β :	systematic risk coefficient of equity

2. Determination of specific parameters of the discount rate**(1) Determination of the risk-free rate of return**

This asset valuation report adopts the China government 10-year treasury bond yield of 1.70% as the risk-free rate of return.

(2) Determination of the Beta coefficient β_L

The calculation formula of the systematic risk coefficient of equity for the assessed entity is as follows:

$$\beta_L = [1 + (1 - t) \times D/E] \times \beta_U$$

Where:

β_L :	Beta with financial leverage	β_U :	Beta without financial leverage
t:	statutory income tax rate of the assessed entity	D/E:	capital structure of the assessed entity

① Determination of β_U without financial leverage of the assessed entity

According to the business characteristics of the assessed entity, comparable listed companies were selected, including Shanxi Expressway, Dongguan Holdings, Fujian Expressway, Wuzhou Communications, Jilin Expressway, Wantong Expressway and Chutian Expressway. The valuer adopted the β_L values of comparable A-share listed companies in Shanghai and Shenzhen through WIND Information market database, and then converted them into β_U values based on the income tax rates and capital structures of the comparable listed companies. Market values were used for D and E when calculating the capital structure. The average β_U of the comparable companies was taken as the β_U of the assessed entity, i.e., $\beta_U = 0.5250$

Stock code	Stock short name	Income tax rate	Original β without financial leverage	Adjusted β without financial leverage
000755.SZ	Shanxi Expressway	25%	0.3575	0.4395
000828.SZ	Dongguan Holdings	25%	0.6727	0.6952
600033.SH	Fujian Expressway	25%	0.4072	0.5824
600368.SH	Wuzhou Communications	25%	0.3705	0.5153
601518.SH	Jilin Expressway	25%	0.5759	0.7144
600012.SH	Wantong Expressway	25%	0.2018	0.3670
600035.SH	Chutian Expressway	25%	0.2863	0.3612
Average				0.5250

② Determination of the capital structure D/E of the assessed entity

Debt and equity in the WACC calculation formula must use market values, and the purpose of the valuation is to estimate the market value of the company's equity, which creates a circular reference problem. Jingyi Company is a non-listed company, which differs significantly from listed companies, and it is not practicable to obtain a reasonable target capital structure. This valuation uses the Excel iterative calculation method to determine the capital structure.

③ Determination of the income tax rate of the assessed entity

The income tax rate applicable to the assessed entity as at the valuation benchmark date is 25.00%.

(3) Determination of market risk premium

The market risk premium is calculated using China Securities Market Index, expressed by the following formula:

$$\text{China Market Risk Premium} = \text{Average Return of China Stock Markets} - \text{China Risk-Free Rate}$$

Where: The average return of China stock market is calculated based on historical data from the CSI 300 Index. Monthly data for the CSI 300 Index as of the valuation benchmark date was selected from the WIND Information market database and calculated using a moving arithmetic average method. China risk-free rate is represented by the yield to maturity of all government bonds with a remaining term of 10 years from the valuation benchmark date. The calculated market risk premium for China on the valuation benchmark date was 6.43%.

(4) Determination of the enterprise-specific risk adjustment coefficient

The enterprise-specific risk adjustment coefficient was comprehensively determined based on an analysis of the assessed entity's operational risks, market risks, management risks, financial risks, and the assessed entity's corresponding countermeasures. Considering the impact of factors such as the scale of the business, historical operating performance, industry standing, operational capability, competitive strength, and internal controls on the enterprise risk, the Company's enterprise-specific risk was determined at 1.5%.

3. Determination of the discount rate

By substituting appropriate data into the CAPM formula and employing iterative calculations, we can determine the expected cost of equity. This ultimately yields the discount rates for each year as shown in the table below:

Item	August- December 2025	2026	2027	2028
Discount rate	7.38%	7.29%	7.20%	6.89%

APPENDIX I VALUATION REPORT OF THE TARGET COMPANY

(Continued)

Item	2029	2030	2031	2032	2033
Discount rate	6.58%	6.58%	6.58%	6.58%	6.58%

(Continued)

Item	2034	2035	2036	2037	January-March 2038
Discount rate	6.58%	6.58%	6.58%	6.58%	6.58%

II. SENSITIVITY ANALYSIS

(I) Change in operating revenue

Given that toll revenue accounts for over 98% of operating revenue, the correlation analysis between changes in toll revenue and changes in the assessed value, based on data calculated using the income approach, is presented in the table below:

Rate of change in toll revenue	Assessed value (RMB0'000)	Rate of change in the assessed value
-4%	267,134.81	-5.76%
-3%	271,216.38	-4.32%
-2%	275,297.99	-2.88%
-1%	279,379.64	-1.44%
0%	283,461.32	0.00%
1%	287,543.03	1.44%
2%	291,624.77	2.88%
3%	295,706.54	4.32%
4%	299,788.33	5.76%

Based on the above analysis, we observe that operating revenue exhibits a positive correlation with changes in the assessed value. For every 1% fluctuation in operating revenue, the assessed value will move in the same direction by 1.44%.

(II) Changes in the discount rate

According to the income approach data, the relationship between changes in discount rate and changes in the assessed value is as follows:

Changes in discount rate	Assessed value (RMB0'000)	Rate of change in the assessed value
2%	251,144.69	-11.40%
1.5%	258,686.57	-8.74%
1%	266,573.92	-5.96%
0.5%	274,825.52	-3.05%
0%	283,461.32	0.00%
-0.5%	292,502.47	3.19%
-1%	301,971.50	6.53%
-1.5%	311,892.30	10.03%
-2%	322,290.31	13.70%

Based on the above analysis, the composite change in discount rate exhibits a negative correlation with the assessed value. For every 0.5% composite change in the discount rate, the assessed value will fluctuate between -2.66% and -3.05%; conversely, a composite decrease of 0.5% in the discount rate will cause the assessed value to shift between 3.19% and 3.67%.

** For identification purposes only.*

III. Addendum to the Valuation Report

This valuation has referenced the Jingyi Expressway Traffic Volume Study Report issued by CCCC Highway Consultants Co., Ltd. to forecast the future toll revenue of the Target Company. The toll revenue data presented in the traffic volume study report includes value-added tax (VAT). For the purpose of this valuation, such data has been converted into VAT-exclusive revenue for forecasting. The calculation formula applied is: VAT-exclusive revenue = Toll revenue as listed in the traffic volume report $\div$ (1 + VAT rate), where the applicable VAT rate is 3%. The data reconciliation between the two sources has been verified and found to be consistent.

Set out below is the report on the forecast and evaluation of traffic volume and toll revenue of the Jingyi Expressway prepared by CCCC Highway Consultants Co., Ltd., an independent professional traffic consultant, which has been prepared for the purpose of inclusion in this circular. The Chinese text of this report shall prevail over the English text in the event of inconsistency.



中交公路規劃設計院有限公司
CCCC Highway Consultants Co., Ltd.

No. 33 Qianchaomian Hutong, Dongcheng District, Beijing

November 2025

Sichuan Shunan Investment Management Co., Ltd.
Traffic Volume Assessment and Toll Revenue Projection
Report for the Jingmen-Yichang Expressway

1. OVERVIEW

CCCC Highway Consultants Co., Ltd. (the “**Transport Consultant**”), commissioned by Sichuan Shunan Investment Management Co., Ltd., undertook an independent traffic volume evaluation and revenue projection study for the Jingmen–Yichang Expressway. The evaluation period spans from 1 August 2025 to 13 March 2038 inclusive.

This project commences at Zhengjiachong in Jingmen City, the “Gateway to Jingchu”, connecting with the Hubei Wujing Expressway and Xiangyang–Jingzhou Expressway to the east. It terminates at Gaojiadian in Yichang City, the “Throat of Sichuan–Hubei and a Major Hub in Western Hubei”, linking with the Wuhan–Yichang Expressway and Yichang Yangtze River Bridge to the west. It connects to the Yichang–Badong Expressway, Baokang–Yichang Expressway, and Yichang–Zhangjiajie Expressway along its route, serving as a vital hub for accessing Xiangyang, Zhangjiajie, Badong, Chengdu, and other destinations. The Jingmen–Yichang Expressway traverses five counties (cities/districts) – Dongbao, Duodao, Dangyang, Yiling, and Xiaoting – spanning the municipal areas of Jingmen and Yichang. The entire route is designed to expressway standards, featuring a fully enclosed, grade-separated dual carriageway with two lanes in each direction. The speed limit is 110 kilometres per hour between Jingmen and Dangyang, with a 26-metre carriageway width. The speed limit is 100 kilometres per hour between Dangyang and Yichang, featuring a 24.5-metre carriageway width. The entire route is surfaced with asphalt concrete.

The original toll collection period for the Jingmen–Yichang Expressway was 30 years, commencing on 25 December 2007 and concluding on 24 December 2037. Subsequently, with provincial government approval, the toll operation period was extended by 79 days beyond the original term, concluding on 13 March 2038.

The Jingmen–Yichang Expressway spans the cities of Yichang and Jingmen, forming a vital component of the Mid–Yangtze River Urban Agglomeration. It enhances infrastructure services along its route, facilitates coordinated industrial development in adjacent regions, and advances regional integration. Situated within the “One Main, Two Sub” metropolitan clusters (Wuhan Urban Circle, Xiangyang–Shiyan–Suizhou–Shennongjia City Cluster, Yichang–Jingmen–Jingzhou–Enshi City Cluster), this project serves as the primary east–west corridor and industrial collaboration axis connecting Yichang and Jingmen within the Yichang–Jingmen–Jingzhou–Enshi City Cluster. It fulfils four key functions: “skeletal connectivity, industrial impetus, hub anchoring, and intra-city efficiency enhancement.” It is a crucial enabler for achieving a one-hour transport circle and

the efficient flow of elements. The Jingmen–Yichang Expressway is a vital component of the Shanghai–Chengdu Expressway within the “National Expressway Network Plan” and a key part of Hubei Province’s expressway network’s east–west corridor, spanning a total length of 94.02 kilometres. Spanning the municipal areas of Jingmen and Yichang, the Jingmen–Yichang Expressway exerts significant influence on the economic development of both cities. The project enhances regional road network density, playing a vital role in refining both the national and Hubei provincial expressway networks.

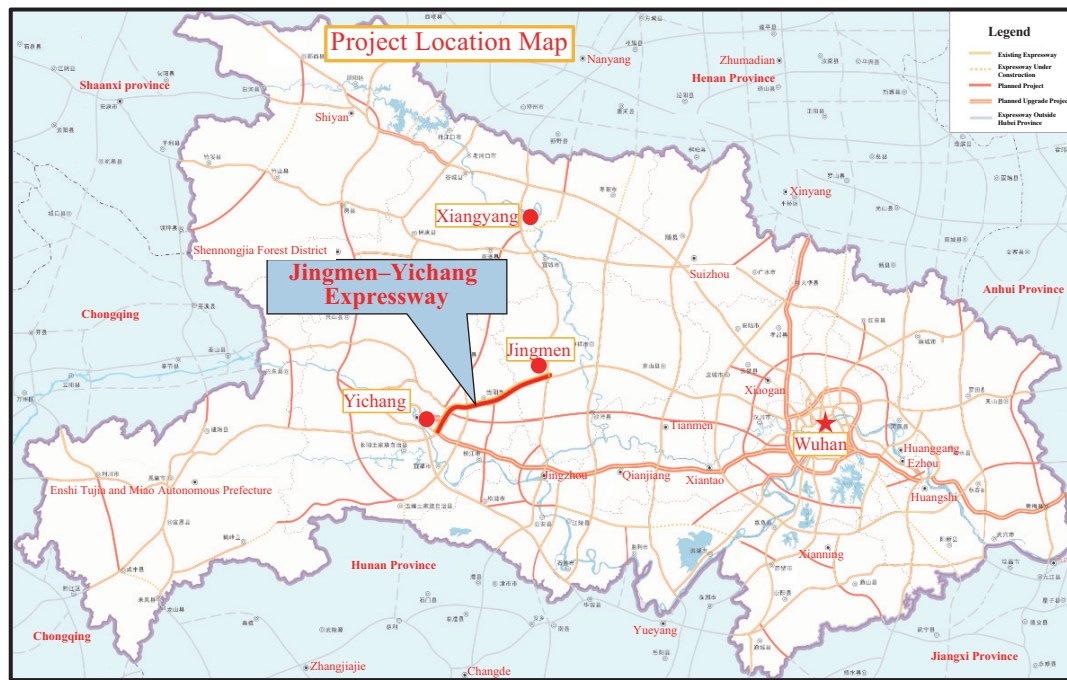


Figure 1 Location of the Jingmen–Yichang Expressway in the Expressway Network Layout Plan

Upon receiving the assessment mandate, the project team conducted field investigations at the project site. They gained detailed insights into the existing road network and fundamental traffic volumes within the project’s impact zone, gathering extensive socioeconomic and transport–related data. This laid a solid foundation for the smooth progression of preliminary assessment work.

The traffic volume forecasting assessment for this project adheres to the Ministry of Transport’s “Measures for the Preparation of Feasibility Study Reports for Highway Construction Projects” (issued April 2010). It involves a detailed analysis of historical socioeconomic and transport data alongside development plans for the project’s impact area. Based on traffic survey data and network tolling data obtained by the project team, and incorporating traffic observation data from relevant highways within the project’s impact zone, as well as recent socioeconomic developments in the project area, changes in the regional trunk highway network, and projected future socioeconomic trends alongside potential future configurations of the trunk highway network, it forecasts the project’s long–term traffic volumes and vehicle toll revenue.

2. RESEARCH CONTENT

Based on historical traffic flow data for this project and other relevant information, this report forecasts the project's traffic volume. Concurrently, it calculates projected vehicle toll revenue from the forecasted traffic volume, providing reference for investment and operational management decisions concerning this project.

The primary research content of this report comprises:

Traffic Volume Forecasting and Toll Revenue Estimation for the Jingmen–Yichang Expressway.

The specific scope of work encompasses:

- Research into regional economic development trends;
- Research into regional transport development trends;
- Establishment of traffic forecasting models and traffic volume projections;
- Estimation of vehicle toll revenue.

3. BASIS FOR PREPARATION

The basis for compiling this project evaluation report includes:

- The Highway Law of the People's Republic of China
- Technical Standards for Highway Engineering (JTG B01–2014)
- Measures for the Preparation of Feasibility Study Reports for Highway Construction Projects (April 2010)
- Reference Outline for the Preparation of Feasibility Study Reports for Enterprise Investment Projects (2023 Edition)
- Historical socioeconomic data for Hubei Province, Jingmen City, and Yichang City, alongside materials from the 14th Five–Year Plan for socioeconomic development;
- Historical traffic data for Hubei Province, Jingmen City, and Yichang City, along with the 14th Five–Year Plan for transportation development;
- Historical cross–sectional traffic volume data and revenue records for the Jingmen–Yichang Expressway;

- Traffic volume data for roads adjacent to the Jingmen – Yichang Expressway;
- The Company Law of the People’s Republic of China (2023 Revision)
- Notice of the Hubei Provincial Department of Transport, Hubei Provincial Development and Reform Commission, and Hubei Provincial Department of Finance on Optimising and Adjusting Toll Standards for Freight Vehicles on Hubei Provincial Expressways (E Jiao Fa [2021] No. 6) (湖北省交通運輸廳 湖北省發展和改革委員會 湖北省財政廳關於優化調整湖北省高速公路車輛通行貨車收費標準的通知 鄂交發[2021]6號)
- National and Hubei Provincial relevant policies.

4. BASIC DATA COLLECTION AND ANALYSIS

(1) Historical Traffic Data

Historical Traffic Volume by Section and Vehicle Type

**Table 1 Historical Traffic Volume Statistics by Vehicle Type for
Mainline Cross-Sections of Jingmen–Yichang Expressway in Recent Years (Vehicles/Day)**

Section	Passenger Vehicle				Freight Vehicle						Total
	Class I	Class II	Class III	Class IV	Class I	Class II	Class III	Class IV	Class V	Class VI	
2020											
Jingmen Interchange-Jingmen West	8,173	45	59	84	1,264	686	793	438	273	2,677	14,492
Jingmen West-Yuxi	9,016	78	63	87	1,448	712	829	503	276	3,254	16,266
Yuxi-Dangyang East	10,343	80	63	87	1,632	718	828	503	275	3,241	17,769
Dangyang East-Dangyang West	8,848	73	62	84	1,456	696	786	475	274	2,698	15,451
Dangyang West – the Interchange of Baokang–Yichang Expressway and Jingmen–Yichang Expressway	13,640	87	154	101	1,974	804	812	488	283	2,750	21,092
The Interchange of Baokang–Yichang Expressway and Jingmen–Yichang Expressway-Shuanglian	14,993	97	214	103	2,171	833	801	468	282	2,763	22,726
Shuanglian–Starting Point of the Yichang– Badong Expressway	14,920	97	214	103	2,110	832	813	468	285	2,749	22,592
Starting Point of the Yichang–Badong Expressway–Yaqueling	13,819	94	210	96	2,085	805	793	460	277	2,693	21,334
Yaqueling – the Interchange of Jingmen– Yichang Expressway and Wuhan–Yichang Expressway	11,732	78	178	88	1,572	768	743	431	267	2,582	18,439
The Interchange of Jingmen–Yichang Expressway and Wuhan–Yichang Expressway – the Interchange of Jingmen– Yichang Expressway and Yichang Bridge	7,169	27	71	83	1,472	704	684	360	227	2,260	13,057

Section	Passenger Vehicle				Freight Vehicle						Total
	Class I	Class II	Class III	Class IV	Class I	Class II	Class III	Class IV	Class V	Class VI	
2021											
Jingmen Interchange–Jingmen South	9,354	34	60	78	1,515	888	802	504	372	2,331	15,937
Jingmen South–Jingmen West	9,173	34	59	79	1,497	878	820	524	384	2,433	15,882
Jingmen West–Yuxi	9,997	61	63	80	1,674	944	879	619	389	3,898	18,604
Yuxi–Dangyang East	11,486	63	63	80	1,876	964	886	620	390	3,903	20,329
Dangyang East–Dangyang West	10,010	57	61	77	1,722	933	845	589	387	3,251	17,933
Dangyang West – the Interchange of Baokang–Yichang Expressway and Jingmen–Yichang Expressway	14,675	68	149	86	2,219	1,000	853	585	397	3,120	23,152
The Interchange of Baokang–Yichang Expressway and Jingmen–Yichang Expressway–Shuanglian	15,305	74	208	89	2,210	974	804	536	388	2,654	23,242
Shuanglian – Yibai Starting Point	15,124	73	207	89	2,142	967	805	548	390	2,608	22,954
Starting Point of the Yichang–Badong Expressway–Yaqueling	13,431	70	200	69	1,988	668	487	366	187	1,930	19,394
Yaqueling – the Interchange of Jingmen–Yichang Expressway and Wuhan–Yichang Expressway	11,236	63	182	65	1,417	565	414	311	173	1,702	16,128
The Interchange of Jingmen–Yichang Expressway and Wuhan–Yichang Expressway–the Interchange of Jingmen–Yichang Expressway and Yichang Bridge	5,750	16	30	46	1,113	466	335	231	128	1,369	9,484
2022											
Jingmen Interchange–Jingmen South	9,971	26	49	55	1,456	879	718	469	452	2,289	16,363
Jingmen South–Jingmen West	9,454	26	48	54	1,442	840	714	473	450	2,352	15,851
Jingmen West–Yuxi	10,144	50	51	54	1,597	906	762	540	456	3,659	18,219
Yuxi–Dangyang East	11,344	50	52	54	1,738	920	767	541	455	3,681	19,602
Dangyang East–Dangyang West	10,162	47	50	53	1,623	898	730	522	454	3,255	17,793
Dangyang West – the Interchange of Baokang–Yichang Expressway and Jingmen–Yichang Expressway	14,533	58	113	63	2,119	955	736	519	458	3,129	22,682
The Interchange of Baokang–Yichang Expressway and Jingmen–Yichang Expressway–Shuanglian	15,095	61	165	66	2,149	943	701	501	460	2,643	22,784
Shuanglian – Yibai Starting Point	14,867	61	165	66	2,086	933	685	506	460	2,603	22,432
Starting Point of the Yichang–Badong Expressway–Yaqueling	13,383	59	160	56	1,980	721	483	351	227	2,005	19,424
Yaqueling – the Interchange of Jingmen–Yichang Expressway and Wuhan–Yichang Expressway	10,780	52	139	53	1,371	594	404	297	212	1,702	15,603
The Interchange of Jingmen–Yichang Expressway and Wuhan–Yichang Expressway – the Interchange of Jingmen–Yichang Expressway and Yichang Bridge	5,589	14	22	33	1,008	470	338	209	147	1,267	9,095

Section	Passenger Vehicle				Freight Vehicle						Total
	Class I	Class II	Class III	Class IV	Class I	Class II	Class III	Class IV	Class V	Class VI	
2023											
Jingmen Interchange–Jingmen South	12,035	27	80	94	1,653	1,123	833	504	532	2,423	19,304
Jingmen South–Jingmen West	11,377	26	77	92	1,595	1,052	811	487	513	2,485	18,516
Jingmen West–Yuxi	12,368	44	82	94	1,745	1,090	841	505	521	2,783	20,072
Yuxi–Dangyang East	13,323	44	82	94	1,833	1,092	839	504	516	2,777	21,105
Dangyang East–Dangyang West	12,473	45	77	91	1,817	1,114	833	509	519	2,776	20,254
Dangyang West – the Interchange of Baokang–Yichang Expressway and Jingmen–Yichang Expressway	17,904	57	161	104	2,377	1,176	855	524	523	2,993	26,674
The Interchange of Baokang–Yichang Expressway and Jingmen–Yichang Expressway–Shuanglian	18,534	60	222	109	2,374	1,163	820	511	528	2,589	26,909
Shuanglian–Starting Point of the Yichang–Badong Expressway	18,333	60	221	109	2,324	1,156	811	541	527	2,542	26,624
Starting Point of the Yichang–Badong Expressway–Yaqueling	16,750	58	217	95	2,218	916	569	390	279	2,028	23,520
Yaqueling – the Interchange of Jingmen–Yichang Expressway and Wuhan–Yichang Expressway	13,609	52	194	90	1,545	800	500	313	265	1,764	19,133
The Interchange of Jingmen–Yichang Expressway and Wuhan–Yichang Expressway–the Interchange of Jingmen–Yichang Expressway and Yichang Bridge	5,728	12	29	51	977	650	410	234	198	1,294	9,583
2024											
Jingmen Interchange–Jingmen South	11,467	20	78	90	1,678	1,250	736	526	717	2,704	19,266
Jingmen South–Jingmen West	10,745	20	76	88	1,609	1,181	730	497	678	2,759	18,383
Jingmen West–Yuxi	11,591	36	83	92	1,720	1,185	733	499	681	2,581	19,201
Yuxi–Dangyang East	12,525	36	83	92	1,814	1,190	736	500	681	2,602	20,260
Dangyang East–Dangyang West	12,770	41	102	93	1,883	1,214	732	507	681	2,729	20,754
Dangyang West – the Interchange of Baokang–Yichang Expressway and Jingmen–Yichang Expressway	16,298	48	156	99	2,229	1,248	741	515	684	2,900	24,919
The Interchange of Baokang–Yichang Expressway and Jingmen–Yichang Expressway–Shuanglian	17,280	52	212	102	2,289	1,242	725	510	690	2,539	25,642
Shuanglian–Starting Point of the Yichang–Badong Expressway	17,556	52	213	103	2,291	1,243	724	511	691	2,519	25,903
Starting Point of the Yichang–Badong Expressway–Yaqueling	16,074	49	209	90	2,153	933	503	352	389	2,015	22,767
Yaqueling–Yichang East	13,536	43	186	86	1,576	857	458	318	362	1,821	19,243
Yichang East – the Interchange of Jingmen–Yichang Expressway and Wuhan–Yichang Expressway	10,931	40	175	78	1,515	895	439	330	408	1,775	16,587
The Interchange of Jingmen–Yichang Expressway and Wuhan–Yichang Expressway–the Interchange of Jingmen–Yichang Expressway and Yichang Bridge	5,338	14	28	52	940	687	349	249	284	1,341	9,282

APPENDIX II TRAFFIC STUDY REPORT OF THE JINGYI EXPRESSWAY

Section	Passenger Vehicle				Freight Vehicle						Total
	Class I	Class II	Class III	Class IV	Class I	Class II	Class III	Class IV	Class V	Class VI	
2025											
Jingmen Interchange–Jingmen South	12,923	18	80	92	1,700	1,348	657	511	766	2,794	20,889
Jingmen South–Jingmen West	12,232	17	78	90	1,634	1,264	662	492	734	2,835	20,038
Jingmen West–Yuxi	13,060	27	83	93	1,745	1,265	665	494	735	2,669	20,836
Yuxi–Dangyang East	14,072	29	84	93	1,836	1,268	668	495	735	2,698	21,978
Dangyang East–Dangyang West	13,397	34	74	92	1,878	1,287	670	507	739	2,894	21,572
Dangyang West – the Interchange of Baokang–Yichang Expressway and Jingmen–Yichang Expressway	19,589	45	155	100	2,451	1,341	687	523	743	3,201	28,835
The Interchange of Baokang–Yichang Expressway and Jingmen–Yichang Expressway–Shuanglian	20,567	52	208	101	2,460	1,323	699	513	745	2,665	29,333
Shuanglian–Starting Point of the Yichang–Badong Expressway	20,418	52	208	101	2,424	1,316	696	513	744	2,651	29,123
Starting Point of the Yichang–Badong Expressway–Yaqueling	18,614	50	203	87	2,260	1,004	500	350	439	2,104	25,611
Yaqueling–Yichang East	15,906	38	178	83	1,677	949	453	319	418	1,797	21,818
Yichang East – the Interchange of Jingmen–Yichang Expressway and Wuhan–Yichang Expressway	12,920	34	167	73	1,471	909	408	311	417	1,675	18,385
The Interchange of Jingmen–Yichang Expressway and Wuhan–Yichang Expressway–the Interchange of Jingmen–Yichang Expressway and Yichang Bridge	5,830	15	28	49	917	751	316	244	332	1,344	9,826

Historical Traffic Volume of the Main Section

Table 2 Historical Traffic Volume Statistics of the Main Section of Jingmen–Yichang Expressway in Recent Years (Vehicles/Day)

Section	2020	2021	2022	2023	2024	2025
Jingmen Interchange–Jingmen South	14,492	15,937	16,363	19,304	19,266	20,889
Jingmen South–Jingmen West	14,492	15,882	15,851	18,516	18,383	20,038
Jingmen West–Yuxi	16,266	18,604	18,219	20,072	19,201	20,836
Yuxi–Dangyang East	17,769	20,329	19,602	21,105	20,260	21,978
Dangyang East–Dangyang West	15,451	17,933	17,793	20,254	20,754	21,572
Dangyang West – the Interchange of Baokang–Yichang Expressway and Jingmen–Yichang Expressway	21,092	23,152	22,682	26,674	24,919	28,835
The Interchange of Baokang–Yichang Expressway and Jingmen–Yichang Expressway – Shuanglian	22,726	23,242	22,784	26,909	25,642	29,333

Section	2020	2021	2022	2023	2024	2025
Shuanglian–Starting Point of the Yichang–Badong Expressway	22,592	22,954	22,432	26,624	25,903	29,123
Starting Point of the Yichang–Badong Expressway–Yaqueling	21,334	19,394	19,424	23,520	22,767	25,611
Yaqueling–Yichang East	18,439	16,128	15,603	19,133	19,243	21,818
Yichang East – the Interchange of Jingmen–Yichang Expressway and Wuhan–Yichang Expressway	18,439	16,128	15,603	19,133	16,587	18,385
The Interchange of Jingmen–Yichang Expressway and Wuhan–Yichang Expressway–the Interchange of Jingmen–Yichang Expressway and Yichang Bridge	13,057	9,484	9,095	9,583	9,282	9,826
Average	17,856	18,920	18,588	21,424	20,783	22,906
Growth rate	–	6.0%	-1.8%	15.3%	-3.0%	10.2%

Note:

1. Yichang East Toll Station commenced operations on 28 June 2024; Jingmen South Toll Station commenced operations on 9 February 2021.
2. The traffic volume of the main section for 2025 represents data from January to July.

Historical Traffic Volume Statistics Chart for Jingmen–Yichang Expressway

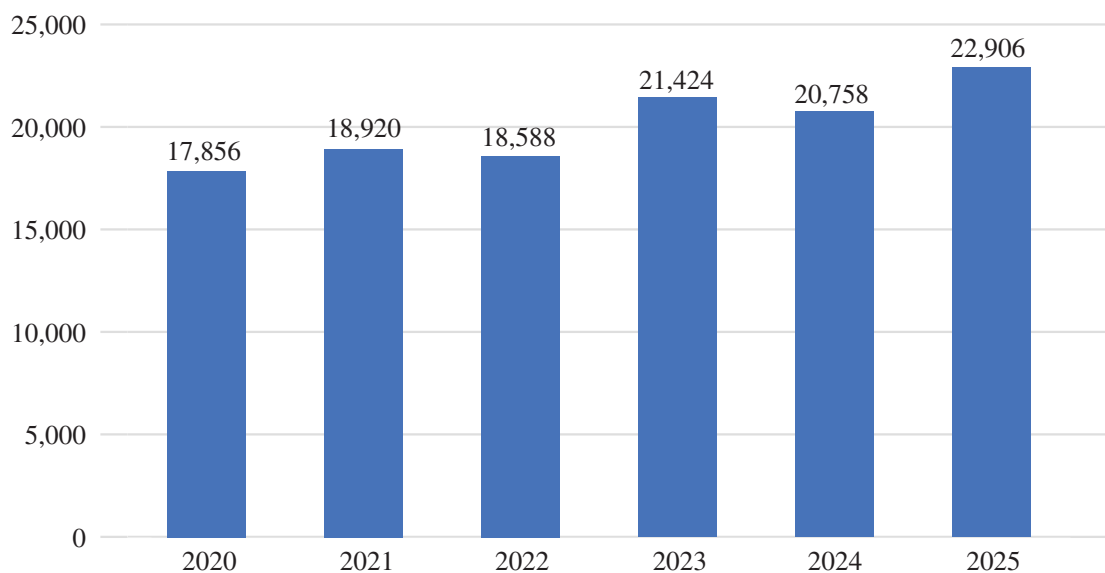


Figure 2 Historical Traffic Volume Statistics Chart for Jingmen–Yichang Expressway

Table3 Vehicle Type Proportion Statistics for Entire Jingmen-Yichang Expressway Section

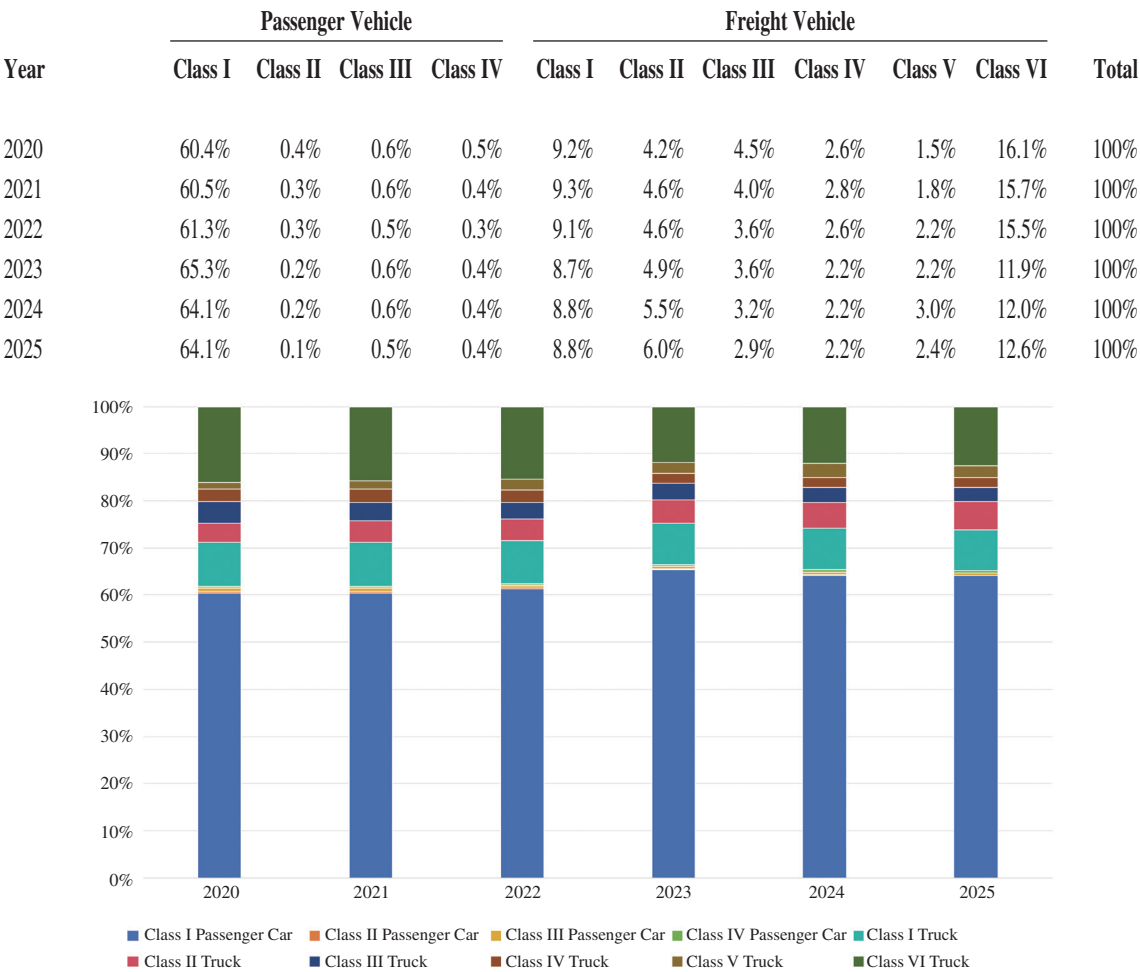


Figure 3 Variation in Vehicle Type Proportion Across the Entire Jingmen-Yichang Expressway

(2) Traffic Survey

To comprehensively understand vehicle travel patterns and composition within the project's impact zone, this assessment conducted supplementary surveys on relevant roads and key nodes in the surrounding area. Twelve traffic survey points were established, primarily located on major roads within the project's impact zone. The locations of the traffic survey points for this project are shown in the figure below.

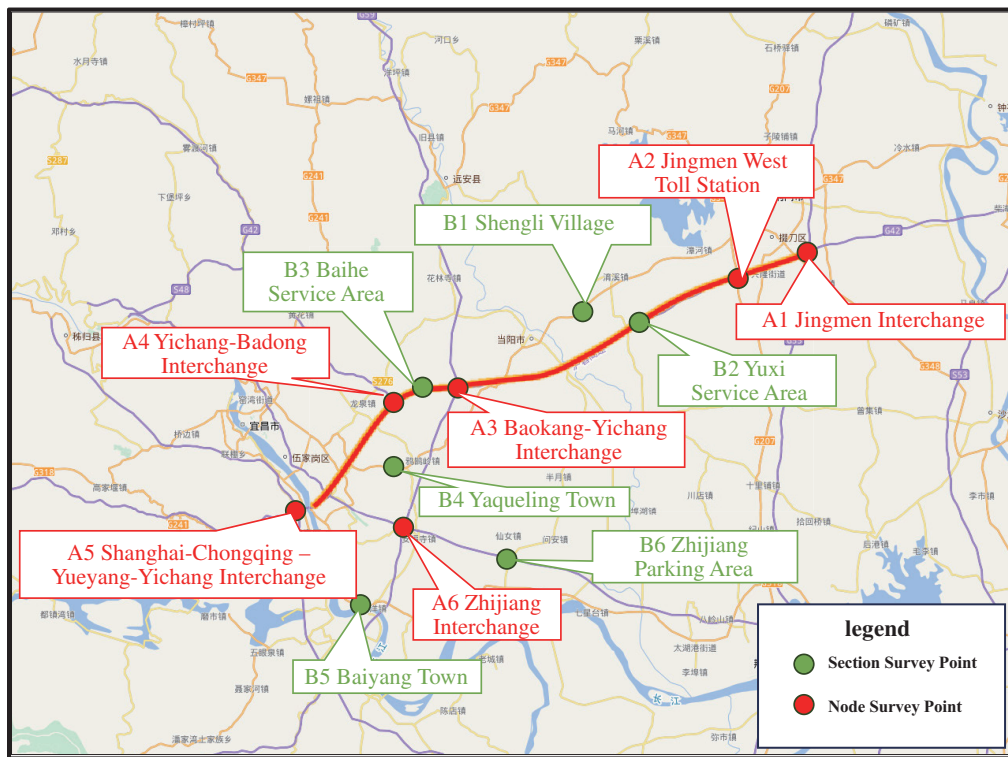


Figure 4 Schematic Diagram of Traffic Survey Point Locations

Table 4 Overview of Survey Point Layout

Serial Number	Survey Point Name	Road Name
A1	Jingmen Interchange	Jingmen–Yichang Expressway and Xiangyang–Jingzhou Expressway
A2	Jingmen West Toll Station	Jingmen–Yichang Expressway
A3	Baoyi Interchange	Hohhot–Beihai Expressway and Jingmen–Yichang Expressway
A4	Yichang–Badong Interchange	Jingmen–Yichang Expressway and Shanghai–Chengdu Expressway
A5	Shanghai–Chongqing – Yueyang–Yichang Interchange	Shanghai–Chongqing Expressway and Yueyang–Yichang Expressway
A6	Zhijiang Interchange	Shanghai–Chongqing Expressway and Hohhot–Beihai Expressway
B1	Shengli Village	G348
B2	Yuxi Service Area	Jingmen–Yichang Expressway
B3	Baihe Service Area	Jingmen–Yichang Expressway
B4	Yaqueling Town	G348
B5	Baiyang Town	G318
B6	Zhijiang Parking Area	Shanghai–Chongqing Expressway

Table 5 2025 Traffic Volume by Vehicle Type at Survey Points Along Each Section (Unit: Vehicles/Day)

No.	Survey Point	Road Name	Freight Vehicle					Passenger Vehicle	Buses	Absolute figures total
			Light	Medium	Heavy	Extra-heavy	Container			
B1	Shengli Village	G348	305	441	339	1,559	542	2,847	0	6,033
B2	Yuxi Service Area	Jingyi Expressway	1,769	1,284	1,147	771	2,633	13,399	189	21,192
B3	Baihe Service Area	Jingyi Expressway	2,456	1,332	1,235	781	2,784	20,896	314	29,798
B4	Yaqueling Town	G348	348	58	87	116	0	2,783	145	3,536
B5	Baiyang Town	G318	370	228	1,110	427	57	1,622	28	3,841
B6	Zhijiang Parking Area	Shanghai–Chongqing Expressway	1,516	894	692	313	1,037	13,553	208	18,213

Combining the provincial motorway network data collected during this survey, the regional origin–destination (OD) zones for this assessment report are presented in Table 6.

Table 6 Traffic Cell Division

ID	Block Boundaries	ID	Block Boundaries
1	Xinglong Subdistrict, Duodao Subdistrict, Shuangxi Subdistrict, Economic Development Zone and Tuanlinpu Town, Jingmen City	23	Huanggang City
2	Yuxi Subdistrict, Herong Town, Dangyang City	24	Huangshi City
3	Yuyang Subdistrict, Balin Subdistrict, Lianghe Town, Miaoqian Town, Dangyang City	25	Jingshan County, Jingmen City
4	Wangdian Town, Dangyang City	26	Jingzhou City
5	Yaqueling Town	27	Qianjiang City
6	Xiaoting District	28	Shen Nongjia Forest District
7	Honghuatao Town	29	Shiyan City
8	Duodao Macheng Town	30	Suizhou City
9	Dianjun District	31	Tianmen City
10	Dongbao District	32	Wuhan City
11	Nanchang County	33	Xiantao City
12	Wujiagang District	34	Weining City
13	Xiangcheng District	35	Baokang County, Gucheng County, Laohekou City, Zaoyang City, Fancheng District, Xiangyang City
14	Yiling District	36	Anlu City
15	Xuancheng City	37	Zigui County
16	Xuandu District, Wufeng Tujia Autonomous County	38	Shayang County, Jingmen City
17	Yuan'an County	39	Southern Hubei
18	Changyang Tujia Autonomous County	40	Northern Hubei
19	Zhijiang District	41	East Hubei
20	Zhongxiang City	42	Western Hubei
21	Ezhou City	43	Enshi Tujia and Miao Autonomous Prefecture
22	Yuquan Subdistrict, Dangyang City		

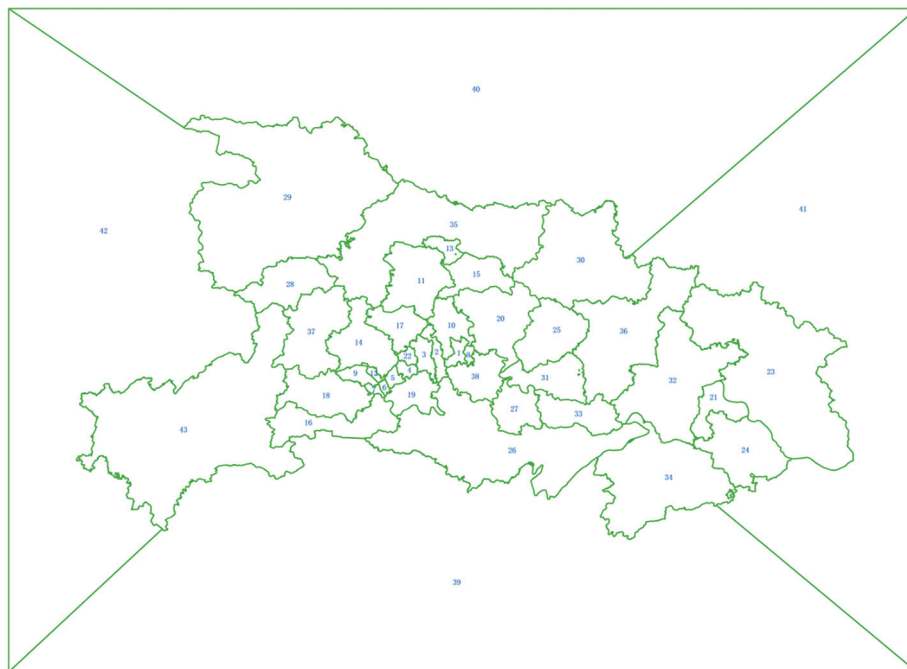


Figure 5 Traffic Cell Allocation Map

Based on the preliminary base year (2025) origin–destination (OD) matrix, traffic distribution within the existing road network yields the allocated traffic volumes for each road segment. Refer to observed traffic volumes for segment error verification of allocated flows on major roads. Should accuracy fall short of requirements, adjust the O/D matrix; generate the revised O/D matrix, re–allocate traffic volumes within the existing road network, and conduct error verification. If accuracy remains unsatisfactory, further adjust the O/D matrix. Repeat the above steps iteratively until accuracy requirements are met. Through collation of the base year passenger and freight vehicle O/D matrix, the traffic generation and attraction volumes for each sub–area are obtained, as shown in the table below.

Table 7 Base Year Traffic Generation and Attraction for Each Neighbourhood (Unit: pcu/d)

ID	Generation		Attraction		Total	Proportion
	Volume	Proportion	Volume	Proportion		
1	3,158	0.5%	2,990	0.5%	6,148	0.5%
2	943	0.2%	930	0.1%	1,873	0.2%
3	2,018	0.3%	2,144	0.3%	4,163	0.3%
4	4,506	0.7%	4,808	0.8%	9,315	0.7%
5	6,137	1.0%	5,255	0.8%	11,392	0.9%
6	6,746	1.1%	7,248	1.2%	13,994	1.1%
7	2,345	0.4%	2,254	0.4%	4,599	0.4%
8	2,471	0.4%	2,505	0.4%	4,976	0.4%
9	5,378	0.9%	5,473	0.9%	10,851	0.9%
10	2,503	0.4%	2,465	0.4%	4,967	0.4%
11	2,389	0.4%	2,264	0.4%	4,652	0.4%
12	14,461	2.3%	14,545	2.3%	29,007	2.3%
13	6,390	1.0%	6,261	1.0%	12,651	1.0%
14	3,680	0.6%	3,455	0.6%	7,135	0.6%
15	3,253	0.5%	3,174	0.5%	6,426	0.5%
16	7,275	1.2%	7,076	1.1%	14,351	1.2%
17	1,922	0.3%	1,705	0.3%	3,627	0.3%
18	3,499	0.6%	3,385	0.5%	6,883	0.6%
19	9,398	1.5%	9,540	1.5%	18,938	1.5%
20	7,920	1.3%	7,938	1.3%	15,857	1.3%
21	19,773	3.2%	20,219	3.3%	39,992	3.2%
22	733	0.1%	619	0.1%	1,353	0.1%
23	45,092	7.3%	35,182	5.7%	80,274	6.5%
24	22,502	3.6%	22,443	3.6%	44,945	3.6%
25	4,606	0.7%	4,419	0.7%	9,025	0.7%
26	35,237	5.7%	35,191	5.7%	70,428	5.7%
27	7,213	1.2%	7,175	1.2%	14,389	1.2%
28	1,057	0.2%	1,208	0.2%	2,265	0.2%
29	9,467	1.5%	8,934	1.4%	18,402	1.5%
30	8,902	1.4%	8,411	1.4%	17,313	1.4%

ID	Generation		Attraction		Total	Proportion
	Volume	Proportion	Volume	Proportion		
31	5,939	1.0%	5,933	1.0%	11,872	1.0%
32	129,294	20.8%	124,895	20.1%	254,190	20.5%
33	15,550	2.5%	15,588	2.5%	31,139	2.5%
34	21,453	3.5%	20,731	3.3%	42,184	3.4%
35	20,435	3.3%	19,952	3.2%	40,388	3.3%
36	33,186	5.3%	33,619	5.4%	66,805	5.4%
37	8,835	1.4%	9,006	1.5%	17,841	1.4%
38	3,325	0.5%	3,106	0.5%	6,431	0.5%
39	45,224	7.3%	48,766	7.9%	93,990	7.6%
40	22,034	3.5%	21,514	3.5%	43,549	3.5%
41	33,430	5.4%	44,377	7.1%	77,807	6.3%
42	17,917	2.9%	20,079	3.2%	37,996	3.1%
43	13,393	2.2%	14,208	2.3%	27,600	2.2%
Total	<u>620,990</u>	<u>100.0%</u>	<u>620,990</u>	<u>100.0%</u>	<u>1,241,980</u>	<u>100.0%</u>

5. RESEARCH METHODOLOGY

To forecast future traffic volumes and revenue for the Jingmen–Yichang Expressway, a four-stage methodology was employed for traffic volume prediction, comprising the following steps:

1. Collect historical socioeconomic development data for the project’s impact area. Conduct regression analysis on economic parameters using SPSS software. Adjust the forecast data by considering the economic development plans for the impact area to determine future trends for economic parameters;
2. Conduct on-site traffic surveys and collect traffic data to analyse regional travel patterns. Integrate these survey findings with Hubei Province’s motorway network data to establish foundational traffic projection data for this project;
3. Conduct socioeconomic and transport studies on primary attraction zones based on traffic flow composition, analyse and forecast elasticity coefficients, and employ the elasticity coefficient method to further predict traffic growth;

4. Employ the “four-stage method” to establish a relationship model between socioeconomic and transport indicators using TransCAD software, based on transport and socioeconomic surveys. Apply current traffic data to forecast future traffic volumes on the project corridor and corresponding origin–destination trips, deriving traffic distributions for each characteristic year;
5. The consultant employs the Logit model within non–aggregate modelling to forecast modal share for each transport mode. The utility function’s random term in the Logit model follows a Gumbel distribution, with its general form expressed as follows:

$$P_{in} = \frac{\exp U_{in}}{\sum_{i=1}^n \exp U_{in}}$$

Where:

P_{in} – the probability that traveller n chooses transport mode i;

U_{in} – the utility function for traveller n choosing transport mode i.

In examining modal shares, the report enhances the traditional Logit model by considering both transport supply and passenger demand perspectives. Safety factors and environmental impact factors are extracted from service characteristics, while passenger income levels and fare sensitivity metrics are incorporated. The resulting modal utility function is expressed as:

$$V_i = S_i \cdot \left[\theta_1 E_i + \theta_2 T_i + \theta_3 C_i + \theta_4 K_i + \delta \frac{E_i}{I_n} \right] \cdot R_i$$

Where:

$\theta_1, \theta_2, \theta_3, \theta_4, \delta$ – Parameters for each service characteristic variable;

$\frac{E_i}{I_n}$ – Indicator of income level sensitivity to fare E;

$S_i, E_i, T_i, C_i, K_i, R_i$ – safety, economy, speed, convenience, comfort, and environmental impact indicators for a given transport mode, respectively.

In summary, the passenger share for high-speed rail or road passenger transport is expressed as:

$$P_{1n} = \frac{\exp(V_i)}{\exp(V_i) + \exp(V_j)}$$

$$P_{2n} = 1 - P_{1n}$$

6. The forecasted traffic volume is allocated across the road network using the equilibrium allocation method. The fundamental approach involves iteratively adjusting the traffic flows assigned to each road segment until equilibrium is reached or approximated. In each iteration, a 0–1 allocation (i.e., all–or–nothing allocation) is performed based on the existing traffic flows assigned to each segment, yielding a set of additional traffic volumes for each segment. The allocated traffic volumes for each section in this iteration, combined with the additional traffic volumes obtained in this iteration, are then used to determine the allocated traffic volumes for the next iteration. When the allocated traffic volumes between two consecutive iterations become sufficiently close, the calculation may cease. The allocated traffic volumes obtained in the final iteration constitute the final traffic volumes.

The allocation steps of the equilibrium distribution method can be summarised as follows:

Step 1: Initialisation. Perform an all–or–nothing allocation according to the formula: $t_a = t_a(0) \forall a$. Obtain the traffic flow for each segment: $\{X_a^1\}$. Set $n = 1$;

Step 2: Update. Let $t_a^n = t_a(X_a^n) \forall a$

Step 3: Determine the direction for the next iteration. Perform an all–or–nothing allocation according to $\{t_a^n\}$ to obtain an additional set of traffic flows $\{Y_a^n\}$;

Step 4: Determine the step size. Solve the following equation using the bisection method: α_n

$$\sum_a (Y_a^n - X_a^n) t_a [X_a^n + \alpha_n (Y_a^n - X_a^n)] = 0 \quad 0 \leq \alpha_n \leq 1$$

Step 5: Determine the new iteration point. Let:

$$X_a^{n+1} = X_a^n + \alpha_n (Y_a^n - X_a^n) \quad \forall a$$

Step 6: Convergence test.

$$\max_a \left(\frac{|X_a^{n+1} - X_a^n|}{X_a^n} \right) \leq 5\%$$

$\{X_a^{n+1}\}$ If the solution converges, it is the required equilibrium solution; otherwise, set $n = n + 1$ and return to Step 1.

(1) Generalised Path Travel Cost Function

The generalised cost function model employed in this report is expressed as follows:

$$C = C_1 T + 0.8 P C_2 L + C_3$$

Where:

C – Path travel cost;

C_1 – Time value of action, representing the driver's assessment of time value when selecting a travel route;

T – Travel time for the road segment;

P – local fuel price;

C_2 – Fuel consumption per kilometre;

L – Route length;

C_3 – Toll charges for the route.

(2) Traffic Volume-Speed Model

The traffic volume–speed model from the second edition of Technical and Economic Indicators for Highways is employed for traffic distribution.

Motorways:

$$V_a = 80.14 \exp \left(-0.173 \left(\frac{q_a}{C_a} \right)^2 \right) \quad \frac{q_a}{C_a} \leq 0.8$$

$$V_a = 78.843 \exp \left(-0.561 \left(\frac{q_a}{C_a} \right)^8 \right) \quad \frac{q_a}{C_a} > 0.8$$

Grade 1 roads:

$$V_a = 68.119 \exp \left(-0.197 \left(\frac{q_a}{C_a} \right)^2 \right) \quad \frac{q_a}{C_a} \leq 0.75$$

$$V_a = 64.274 \exp \left(-0.526 \left(\frac{q_a}{C_a} \right)^8 \right) \quad \frac{q_a}{C_a} > 0.75$$

Second–class highway:

$$V_a = 156.7 \times \frac{1}{q_a^{0.1681}}$$

Grade 3 Highway:

$$V_a = 99.1 \times \frac{1}{q_a^{0.1323}}$$

Grade IV roads:

$$V_a = 70.5 \times \frac{1}{q_a^{0.0988}}$$

Where:

v_a – Vehicle speed on the section a;

q_a – Traffic flow on the section a;

C_a – Passage capacity of the section a.

7. Through analysis of traffic distribution and diversion effects within the future road network, the final traffic volume forecast for this project is derived.

6. TRAFFIC VOLUME FORECASTING

(1) Higher-Level Planning

- a) In 2022, the State Council issued the “Notice on Issuing a Package of Policy Measures to Solidly Stabilise the Economy”. The Hubei Provincial People’s Government also introduced a series of measures. These policies aim to ensure an overall improvement in economic performance, achieving effective qualitative enhancement and reasonable quantitative growth. The implementation of these policies will further unleash the development potential of the regional economy, with transport demand continuing to expand.
- b) On 15 February 2022, the National Development and Reform Commission issued the Implementation Plan for the Development of the Mid–Yangtze River Urban Agglomeration during the 14th Five–Year Plan Period. The Plan proposes enhancing the development momentum of node cities, leveraging the driving role of the three circles and the connecting function of the three major corridors to promote the development of peripheral node cities. It aims to consolidate the manufacturing foundations of Xiangyang, Yichang, Yueyang, and Hengyang, enhance their population attractiveness, and develop them into sub–provincial centres. Differentiated development will be pursued in Jingmen, Jingzhou, Changde, Yiyang, Jingdezhen, and Fuzhou to foster new growth points. The Mid–Yangtze River Urban Agglomeration is a key region for advancing the Yangtze River Economic Belt, promoting the rise of central China, and consolidating the “two horizontal and three vertical” urbanisation strategy. It holds significant importance within China’s socioeconomic development framework. This project involves the cities of Yichang and Jingmen, which are integral components of the Mid–Yangtze River Urban Agglomeration. The initiative will enhance infrastructure services along the corridor, foster coordinated industrial development, and elevate regional integration levels. The area’s locational advantages will be further consolidated.

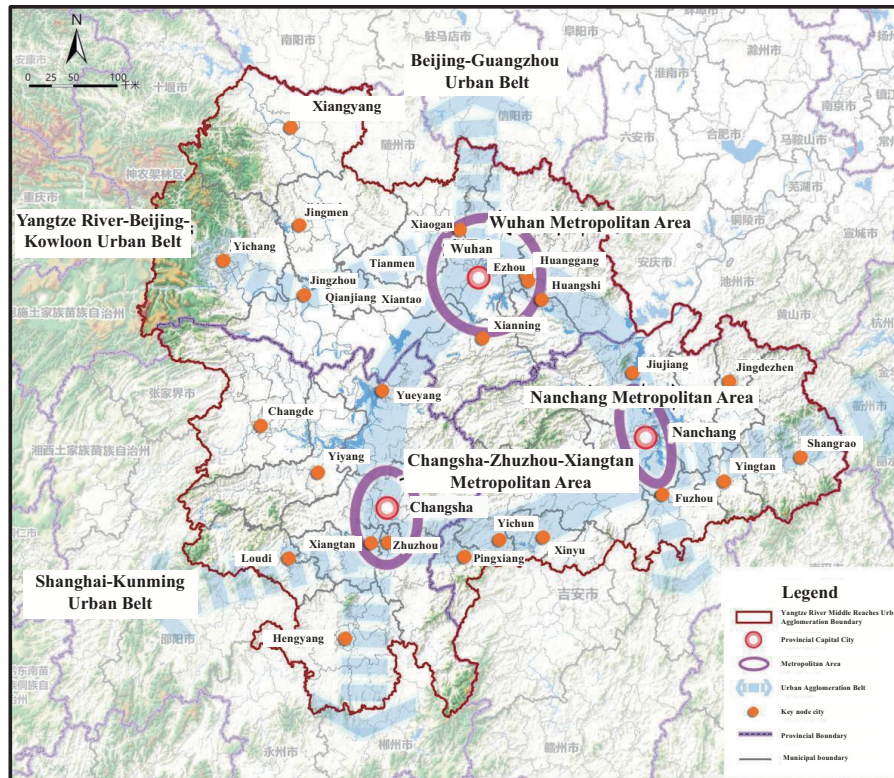


Figure 6 Schematic Diagram of the Spatial Pattern of the Mid-Yangtze River Urban Agglomeration

- c) In March 2023, the Office of the Leading Group for Promoting the Development of Three Major Metropolitan Areas in Hubei Province issued the Yichang–Jingmen–Jingzhou Metropolitan Area Development Plan. This plan establishes a spatial structure comprising “one axis, two belts, a triangular green core, and four major clusters,” forming an ideal metropolitan spatial configuration characterised by triangular encirclement, an embedded green heart, clustered pearl-like settlements, and the organic coexistence of mountains, rivers, cities, and farmland. Key development nodes include Yichang Eastern Future City, Yichang High-Speed Rail New City, Jingzhou Economic Development Zone, Jingzhou High-Tech Zone, Jingzhou Guanju New City, Jingmen High-Tech Zone, and Zhanghe New District. This plan identifies five core tasks to advance the Yichang–Jingzhou–Jingmen Metropolitan Area: concentrate efforts on implementing high-standard infrastructure projects to accelerate the establishment of a national comprehensive transport hub; coordinate integrated river basin management to ensure river safety, social stability, and public wellbeing; drive industrial upgrading through innovation, promote the integrated development of services such as cultural tourism consumption, and reshape industrial competitive advantages; continuously enhance the comprehensive carrying capacity and public service

capabilities of central cities to improve the metropolitan area's liveability and business environment; persistently advance bilateral opening-up within and beyond the Yichang–Jingmen–Jingzhou Metropolitan Area, deepen coordinated reforms across sectors, establish a unified large-scale market, and jointly forge new heights in opening-up. This project is situated within the “One Main, Two Sub” metropolitan clusters (Wuhan Urban Circle, Xiangyang–Shiyan–Suizhou–Shennongjia City Cluster, Yichang–Jingmen–Jingzhou–Enshi City Cluster). It serves as the primary east–west corridor and industrial collaboration axis connecting Yichang and Jingmen within the Yichang–Jingmen–Jingzhou–Enshi City Cluster, fulfilling four key functions: “skeletal connectivity, industrial impetus, hub anchoring, and intra-city efficiency enhancement.” Regional linkage and coordination will become more tightly integrated and efficient, serving as a crucial pillar for realising a one-hour transport circle and the efficient flow of factors.

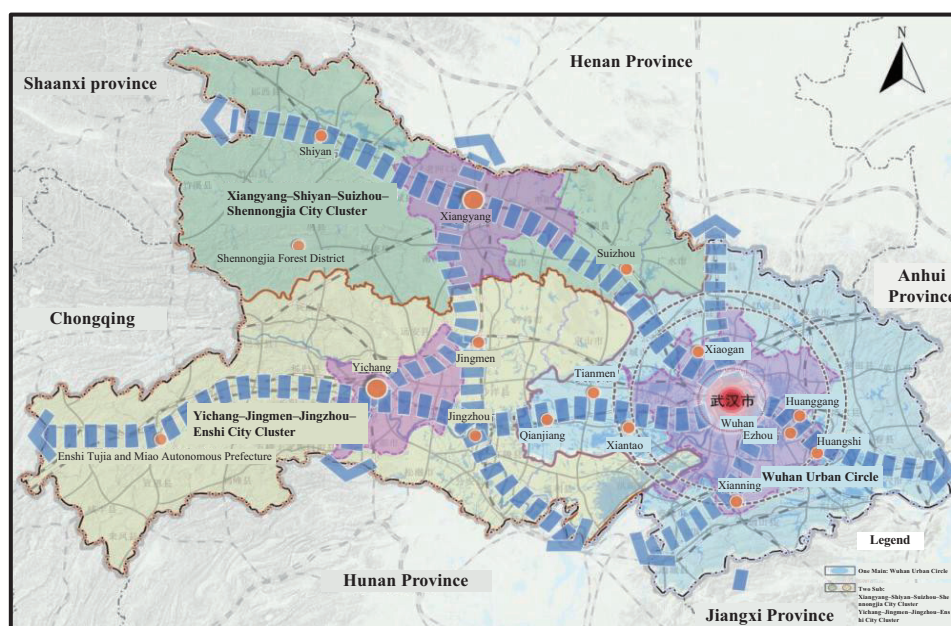


Figure 7 Schematic diagram of Hubei's “One Main, Two Sub” spatial pattern

- d) Hubei is vigorously building a modern industrial system underpinned by advanced manufacturing. While advancing the high-end, intelligent and green transformation of traditional industries, it is pursuing breakthrough development in five key sectors: optoelectronic information, new energy, intelligent connected vehicles, and others. Leveraging the Yichang–Jingzhou–Jingmen metropolitan area as a catalyst, the province is strengthening regional industrial synergy. Yichang leverages its phosphorite resources and industrial foundations to focus on modern chemical new materials, life sciences and health, new energy and high-end equipment, big data, and computing power economy. Jingmen City, guided by its “4211” modern industrial

framework, is driving the transformation and upgrading of traditional sectors like chemicals and equipment manufacturing, while expanding pillar industries including new energy and materials, automotive manufacturing, and intelligent equipment production. The Jingmen-Yichang Expressway, serving as the vital transport artery connecting Jingmen and Yichang, not only facilitates seamless movement of people between the two cities but also underpins the stable operation of regional industrial and supply chains. As industrial parks along the route develop and complementary industrial chains extend in phosphorous chemicals, new energy, and high-end equipment, logistics demands for raw material allocation, component supply, and finished product transport will rise steadily. This will provide robust transport support for the region's high-quality industrial development.

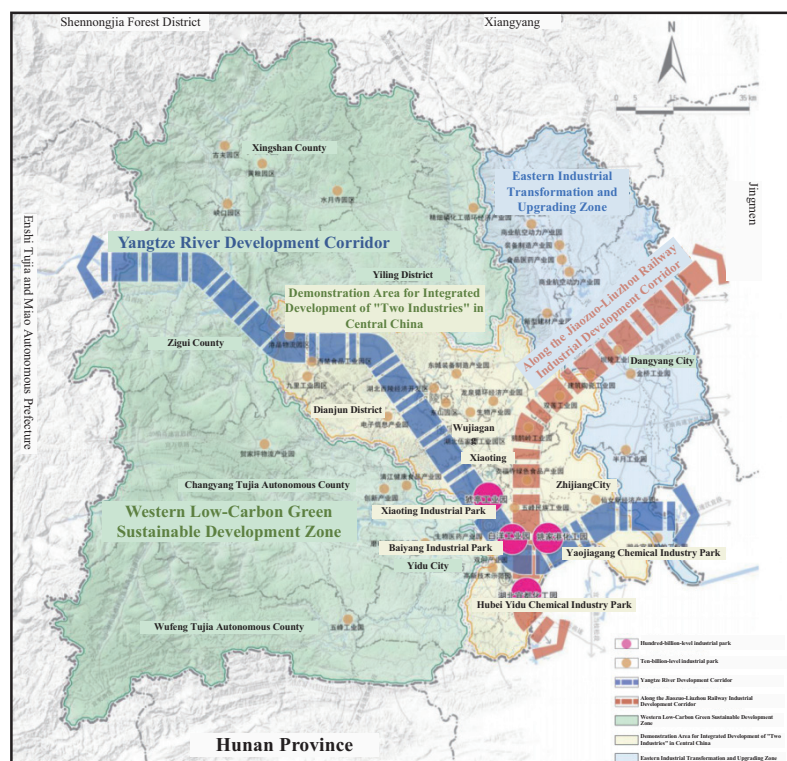


Figure 8 Schematic Diagram of Industrial Development in Yichang City

- e) Southwest Hubei boasts abundant natural and cultural tourism resources, encompassing diverse landscapes, ecological sites, historical landmarks, and distinctive folk customs. However, attractions are largely dispersed, hindering the formation of large-scale, integrated tourism appeal and limiting cross-regional visitor convenience and experience. This project connects core tourism assets along its route, effectively breaking spatial barriers between attractions and fostering a cohesive tourism network. Visitors can switch between different types of attractions more conveniently. Whether exploring natural landscapes, tracing historical and cultural heritage, or experiencing

rural folk customs, travel time and inconvenience are significantly reduced, markedly enhancing comfort and satisfaction. Improved transport accessibility further expands the reach of southwestern Hubei's tourism appeal, attracting visitors from neighbouring regions and beyond. This revitalises the local tourism market, stimulating growth in accommodation, catering, cultural industries, and transport services along the route. It injects sustained vitality into the regional tourism economy, bolstering southwestern Hubei's position as a competitive tourism destination brand. Future prosperity in the area's tourism sector will directly drive further growth in traffic volumes for this project.

- f) The future generation and attraction of traffic within each transport community in the project's impact zone are forecasted using the elasticity coefficient method. This approach examines the elastic relationship between socioeconomic and transport indicators. By projecting the socioeconomic development of each transport community and applying transport elasticity coefficients, the growth rates of future traffic generation and attraction volumes for each community are determined, thereby forecasting the total future traffic generation and attraction. Traffic growth rate projections are grounded in historical traffic trends along relevant highways and economic development trajectories. Based on the historical GDP growth rate trends within the project's impact zone and the historical traffic development trends of relevant highways, traffic growth rates were forecasted using the elasticity coefficient method. The results are presented in the table below.

Table 8 Projected GDP Growth Rates for the Project Impact Zone

Impact Area	Hubei Province	Jingmen City	Yichang City	Dangyang City
2026-2030	6.0%	6.0%	7.5%	6.5%
2031-2035	5.5%	5.0%	6.5%	5.5%
2036-2040	5.0%	4.0%	5.5%	4.5%

Table 9 Projected Traffic Growth Rates for the Project Impact Zone

Impact Area	Hubei Province	Jingmen City	Yichang City	Dangyang City
Passenger vehicles				
2026-2030	4.5%	4.8%	6.0%	4.9%
2031-2035	3.9%	3.5%	4.6%	3.6%
2036-2040	3.0%	2.4%	3.3%	2.5%

Impact Area	Hubei Province	Jingmen City	Yichang City	Dangyang City
Freight vehicles				
2026-2030	4.2%	4.5%	5.6%	4.6%
2031-2035	3.6%	3.3%	4.2%	3.3%
2036-2040	2.8%	2.2%	3.0%	2.3%

(2) Network Analysis

The Jingmen-Yichang Expressway constitutes a vital segment of the Shanghai-Chengdu Expressway within the National Expressway Network Plan, serving as a key component of Hubei Province's horizontal expressway corridors. The route spans a total length of 94.02 kilometres. The Jingmen-Yichang Expressway commences in the east at Zhengjiachong, Jingmen City – the gateway to Jingchu—connecting with the Wuhan-Jingmen Expressway and Xiangyang-Jingzhou Expressway. It terminates in the west at Gaojiadian, Yichang City – the strategic hub of western Hubei and the throat of Sichuan-Hubei—linking with the Hanyang-Yichang Expressway and the Yichang Yangtze River Bridge. The Jingmen-Yichang Expressway traverses five counties (cities and districts) – Dongbao, Duodao, Dangyang, Yiling, and Xiaoting—spanning the municipal areas of Jingmen and Yichang. It exerts a significant influence on the economic development of both cities. The project enhances the regional road network density, playing a vital role in improving the national and Hubei provincial expressway networks.

The surrounding road network primarily comprises the Shanghai-Chongqing Expressway, Erenhot-Guangzhou Expressway, Shanghai-Chengdu Expressway, Wuhan-Jingmen Expressway, Hohhot-Beihai Expressway, Yueyang-Yichang Expressway, Zaozhuang-Shishou Expressway, along with National Highways 318 and 348. In terms of network connectivity, this project interlinks with the Wuhan-Tianmen-Yichang Expressway (under construction), Shanghai-Chongqing Expressway, G318, and G348 to form the Wuhan-Yichang east-west corridor. Simultaneously, it connects with the Xiangyang-Jingmen Expressway and Xiangyang-Yichang Expressway (under construction) to establish the Yichang-Xiangyang north-south corridor. The Jingmen-Yichang

Expressway serves as a vital transport hub for “east–west linkage and north–south connectivity” in central–western Hubei.



Figure 9 Position of the Project within the Expressway Network Layout Plan

(3) Competitive Analysis

The project has been completed. Upon the opening of other nearby highways under construction or in planning, traffic volumes on this project may be affected. To rationally assess this impact, this report compares the corridor of this project with other relevant corridors based on factors including geographical location, distribution of primary traffic sources, regional road network conditions, and costs and distances of roads of different grades within the corridor. By comparing driving distances, travel times, and travel costs, the competitive advantages of this project are analysed.

a) Competitive Analysis of the Project Corridor versus the Shanghai–Chongqing Expressway Corridor and Wuhan–Tianmen–Yichang Expressway Corridor for the Wuhan–Yichang Direction

For the Wuhan–Yichang direction, Wuhan City and Yichang City were selected as the starting and terminating points respectively. The specific spatial relationship between the project

corridor and the Shanghai–Chongqing Expressway Corridor and the Wuhan–Tianmen–Yichang Expressway Corridor is illustrated in Figure 10, with comparative details presented in Table 10.

The Wuhan West to Yichang section of the Shanghai–Chongqing Expressway commences at the Wuhan West Interchange and terminates at the Gaojiadian Interchange in Wujiaochang District, Yichang City (intersection of the Shanghai–Chongqing Expressway and the Yaqueling–Xiaoting Expressway). The existing carriageway comprises two lanes in each direction. Pursuant to the Provincial Development and Reform Commission’s Approval for the Wuhan–Yichang Section Reconstruction Project of the Shanghai–Chongqing Expressway, the reconstruction plan of the Shanghai–Chongqing Expressway adopts a design speed of 120 kilometres per hour and an eight-lane dual carriageway standard. Construction of Wuhan–Yichang section of the Shanghai–Chongqing Expressway commenced in January 2025, with a project duration of 48 months and completion anticipated in early 2029.

The entire Wuhan–Tianmen–Yichang Expressway adopts a design speed of 120 kilometres per hour and a dual-carriageway six-lane expressway standard. The Wuhan to Tianmen section opened to traffic in January 2025; the Tianmen to Erenhot–Guangzhou Expressway section commenced construction on 30 March 2023 with a planned construction period of 48 months; the Jingmen (Erenhot–Guangzhou Expressway) to Yichang section has a construction period of 36 months. According to the schedule, the entire route is expected to be completed and open to traffic by the end of 2028.

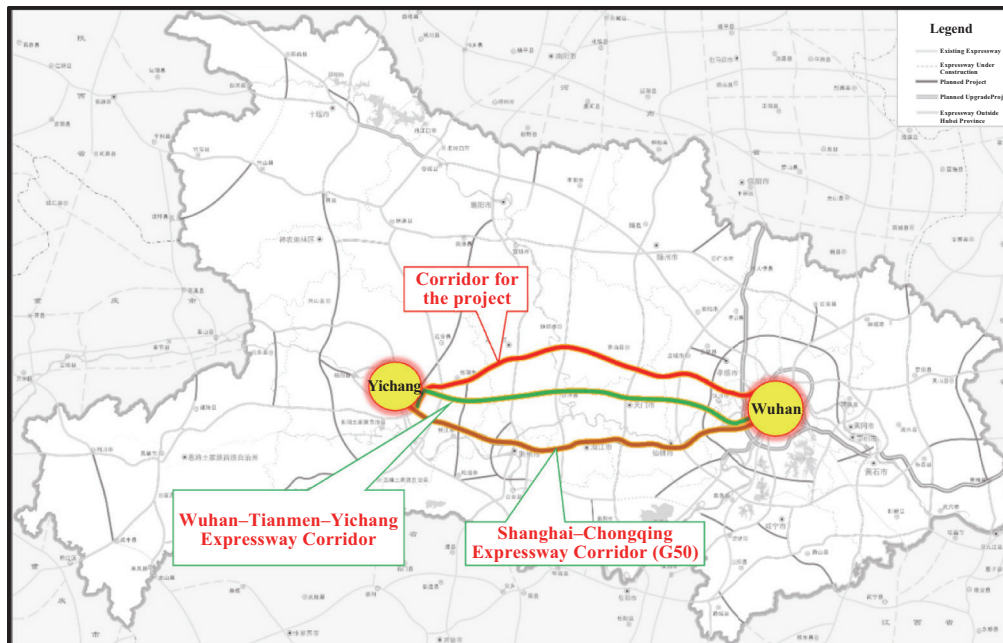


Figure 10 Comparison of Travel Routes for Wuhan–Yichang Highway Corridor

Table 10 Comparison of Travel Routes for Wuhan–Yichang Highway Corridors

Corridor	Channel Composition	Technical Grade	Travel Distance (km)	Class I Passenger Vehicle Fee (RMB)	Class VI Freight Vehicle Fee (RMB)	Travel time (hours)
Jingmen–Yichang Expressway	This Project + Wuhan–Jingmen Expressway	Expressway	338	150	800	4.0
Shanghai–Chongqing Expressway	Shanghai–Chongqing Expressway, Wuhan to Yichang Section	Expressway	319	180	815	3.9
Wuhan–Tianmen– Yichang Expressway	Wuhan–Chongqing Expressway Wuhan–Tianmen–Yichang Section	Expressway	309	170	775	3.8

As shown in the table above, on the Wuhan–Yichang route, although the Jingmen–Yichang Expressway does not hold an advantage in terms of travel distance and travel time, it offers a significant cost advantage for coach travel. For user groups sensitive to transport costs but less so to travel time and distance, the Jingmen–Yichang Expressway holds strong competitive appeal. Conversely, for those prioritising time efficiency and distance considerations, its competitive edge is comparatively weaker.

Overall, the future completion of the Shanghai–Chongqing Expressway reconstruction and the opening of the Wuhan–Tianmen–Yichang Expressway (2029) will divert some long-distance through traffic between Yichang and Wuhan, potentially affecting this project.

b) Competitive Analysis of the Project Corridor versus Xiangyang-Yichang Expressway Corridor for Yichang-Xiangyang Direction

For the Yichang–Xiangyang corridor, Yichang City and Xiangyang City were selected as the starting and terminating points respectively. The specific spatial relationship between this project corridor and the Xiangyang–Yichang Expressway corridor is illustrated in Figure 11, with comparative details presented in Table 11.

The Xiangyang–Yichang Expressway is a key project under the Hubei Province Comprehensive Transport Development Plan for the 14th Five-Year Plan. Its completion will further enhance the regional expressway network layout in Hubei Province, promote coordinated economic development between Yichang and Xiangyang, and thereby achieve leapfrog development in Hubei’s transport sector.

The Xiangyang–Yichang Expressway commences at Fangjiaji, Jiuji Town, Xiangyang, and terminates in Yichang City. Divided into Xiangyang and Yichang sections, the entire route adopts a design standard for expressways with a design speed of 100 km/h and two lanes in each direction. The Yichang section is projected to open to traffic in 2027. Construction of the Xiangyang section commenced in November 2024, with a construction period of 48 months, and is expected to be completed by the end of 2028.

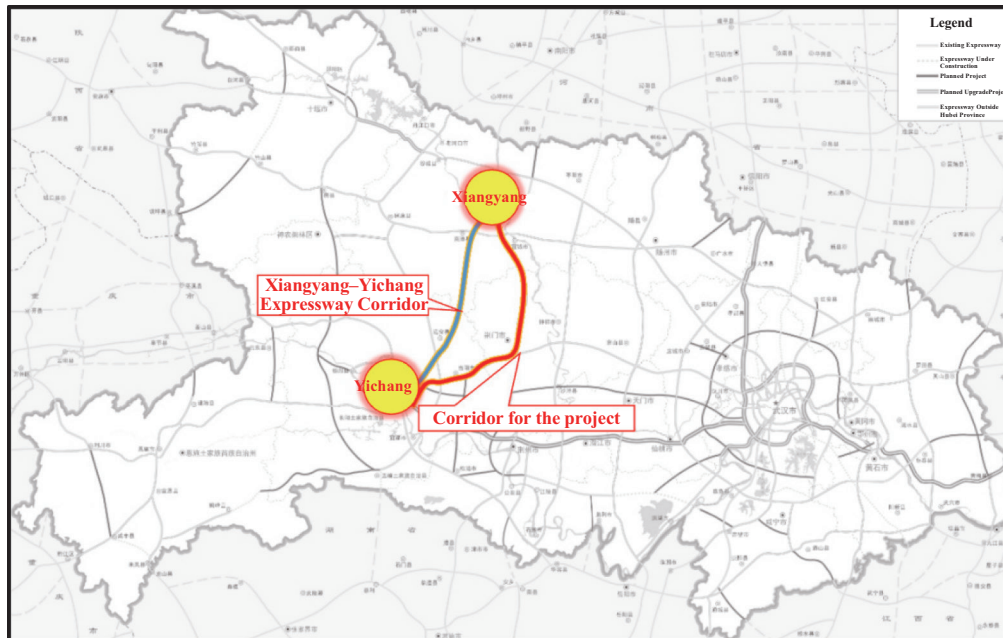


Figure 11 Comparison of Travel Routes for Corridors Between Yichang and Xiangyang

Table 11 Comparison of Travel Routes for Corridors Between Yichang and Xiangyang

Corridor	Corridor Composition	Technical Grade	Mileage (kilometres)	Class I	Class VI	Travel time (hours)
				Passenger Vehicle Fee (CNY)	Freight Vehicle Fee (CNY)	
Jingmen–Yichang Expressway	This Project + Xiangyang– Jingzhou Expressway	Expressway	250	100	538	2.9
Xiangyang–Yichang Expressway	Xiangyang–Yichang Expressway	Expressway	190	130	520	1.5

For the Yichang–Xiangyang direction, this project’s corridor offers lower passenger vehicle tolls compared to the Xiangyang–Yichang Expressway corridor. However, it entails a longer journey distance and extended travel time, with slightly higher tolls for freight vehicles.

Overall, the completion of the Xiangyang–Yichang Expressway (2029) is expected to divert a portion of long-distance through traffic between Yichang and Xiangyang, significantly impacting this project.

(4) Analysis of Regional Transport Mode Development

The Hubei Province Comprehensive Transport Development Plan for the 14th Five-Year Period states: Implementing key directives on the comprehensive protection of the Yangtze River, we shall prioritise ecological conservation and green development, enhance the functionality of the Yangtze’s golden waterway, accelerate construction of high-speed rail along the river, systematically alleviate bottlenecks constraints at the Three Gorges hub, expedite the establishment of a modernised, multi-modal transport corridor for the Yangtze River Economic Belt, and promote high-quality development of the economic belt.

The Yangtze River High-Speed Railway constitutes one of the principal corridors within the national high-speed rail network’s “Eight Vertical and Eight Horizontal” framework. Spanning approximately 2,100 kilometres, it runs eastward from Shanghai through Jiangsu, Anhui, Hubei, and Chongqing, terminating westward in Chengdu, Sichuan. The project entails a total planned investment of around 550 billion yuan. The Hubei section, spanning 898.5 kilometres, accounts for approximately 42.8% of the total length and traverses seven prefecture-level cities and autonomous prefectures: Huanggang, Wuhan, Xiaogan, Tianmen, Jingmen, Yichang, and Enshi.

The construction of the Hubei section of the Yangtze River High-Speed Railway is of great significance for accelerating the development of “Hubei on Rails” and building a new-era “hub connecting all regions”. Upon completion and opening, Hubei will establish a cross-shaped main framework operating at 350 kilometres per hour, enabling access to major cities nationwide within 3 to 4 hours. This will further highlight the hub advantages of the central corridor. Concurrently, leveraging the Wuhan–Shiyan Highspeed Railway, Xiangyang–Jingmen High-Speed Railway, Wuhan–Yichang section of the Yangtze River High-Speed Railway, and the Wuhan–Yichang Railway, the Wuhan–Xiangyang–Yichang golden triangle will form a high-speed rail loop, achieving one-hour commuting times.

According to the construction schedule, the Yangtze River High-Speed Railway is expected to be completed and open to traffic by the end of 2025. At that time, part of the medium- and long-distance passenger traffic currently handled by this project and related highways will be transferred to the railway.

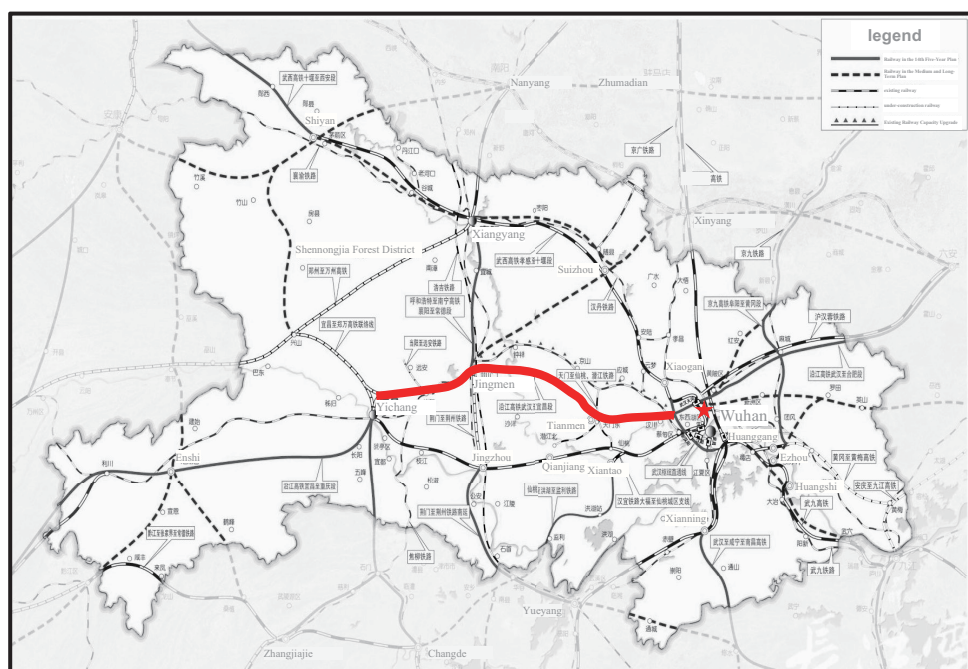


Figure 12 Schematic Map of the Yangtze River High-Speed Railway

(5) Key Assumptions

- a) The projected GDP values for the project's impact areas were determined through a comprehensive methodology combining quantitative and qualitative analysis. This approach was based on research into current socioeconomic conditions and future development trends, integrated with long-term socioeconomic development plans for each affected zone. However, actual GDP trajectories may be influenced by factors including the global economy, China's macroeconomic policies, regional development strategies, and unforeseen events. Consequently, there exists a risk that GDP figures during the forecast period may exceed or fall short of the projected values.
- b) In 2022, the State Council issued the "Notice on Issuing a Package of Policy Measures to Solidly Stabilise the Economy", while the Hubei Provincial People's Government introduced a series of measures. These policies aim to ensure an overall improvement in economic performance, achieving both qualitative enhancement and reasonable quantitative growth. The implementation of these policies will further unlock the development potential of the regional economy, with transport demand continuing to expand.
- c) On 15 February 2022, the National Development and Reform Commission issued the "Implementation Plan for the Development of the Mid-Yangtze River Urban Agglomeration during the 14th Five-Year Plan Period". This urban agglomeration is a key region for advancing the development of the Yangtze River Economic Belt, promoting the rise of central China, and consolidating the "two horizontal and three vertical" urbanisation strategic layout, holding significant importance within China's socioeconomic development framework. This project involves the cities of Yichang and Jingmen, which form a vital component of the Mid-Yangtze River Urban Agglomeration. Their advantageous geographical position will be further consolidated.
- d) In March 2023, the Office of the Leading Group for Promoting the Development of Three Major Metropolitan Areas in Hubei Province issued the "Yichang-Jingmen-Jingzhou Metropolitan Area Development Plan". This project serves as the primary east-west corridor and industrial collaboration axis connecting Yichang and Jingmen within the Yichang-Jingmen-Jingzhou-Enshi Metropolitan Area. It fulfils four core functions: backbone connectivity, industrial catalysis, hub anchoring, and intra-city efficiency enhancement. Regional linkage and coordination will become more seamless and efficient, forming a crucial pillar for realising a one-hour transport network and facilitating the efficient flow of factors of production.

- e) Hubei is vigorously building a modern industrial system underpinned by advanced manufacturing, leveraging the Yichang–Jingmen–Jingzhou Metropolitan Area development to strengthen regional industrial synergy. Yichang, capitalising on its phosphorite resources and industrial foundations, prioritises modern chemical new materials, life sciences and health, new energy and high-end equipment, alongside big data and computing power economies. Jingmen City, guided by its “4211” modern industrial framework, is driving the transformation and upgrading of traditional industries like chemicals and equipment manufacturing while expanding pillar sectors including new energy and materials, automotive manufacturing, and intelligent equipment production. As the vital transport artery linking Jingmen and Yichang, the Jingmen–Yichang Expressway serves not only as a convenient corridor for inter-city travel but also fulfils a core function in sustaining the stable operation of regional industrial and supply chains.
- f) This project interconnects key tourism resources along its route, effectively breaking down spatial barriers between attractions and fostering a cohesive tourism network. Improved transport accessibility has expanded the reach of southwestern Hubei’s tourism appeal, attracting visitors from neighbouring regions and beyond. This has invigorated the local tourism market, stimulating growth in accommodation, catering, cultural creativity, and transport services along the route. Such developments inject sustained vitality into the regional tourism economy, bolstering southwestern Hubei’s efforts to establish a more competitive tourism destination brand. The anticipated flourishing of tourism along the corridor will directly drive further increases in traffic volumes for this project.
- g) In summary, national and local policy support, the locational advantages of the Middle Yangtze River Urban Agglomeration and the Yichang–Jingzhou–Jingmen Metropolitan Area, coordinated regional industrial upgrading, and the integrated development of tourism resources collectively establish a favourable development environment for the project, providing multiple pillars of support for future traffic growth. However, as the regional transport network continues to improve, the optimisation and upgrading of surrounding road networks may also generate diversion effects on this project, potentially impacting toll revenue. The specific factors requiring consideration and calculation are outlined in the table below.

Table 12 Factors Considered in This Analysis

Influencing Factor	Year of Impact	Impact on Project Traffic Volume
High-Speed Rail North Station Industrial Park, Three Gorges Livestock Industrial Park, Three Gorges Smart Aviation Industrial Park, Yichang Industrial Investment Industrial Park, Shuanglian Industrial Park	2026	Positive Impact
Yinji International Tourism Resort, Huoshaoping Tourism Resort, Three Gorges International Tourism Resort	2026	Positive Impact
Completion and opening of the Yangtze River High-Speed Railway	2026	Relocation (negative impact)
Completion of G348 (Mudian-Quankhe) upgrade and renovation	2027	Traffic Diversion (negative impact)
Xiangyang-Yichang Expressway fully operational; Wuhan-Tianmen-Yichang Expressway fully operational; Shanghai-Chongqing Expressway widening and upgrading	2029	Traffic Diversion (negative impact)

- h) The original toll period of the Jingmen-Yichang Expressway is 30 years, from December 25, 2007 to December 24, 2037. In accordance with the Notice of the Provincial Department of Transport on Extending the Term of Toll Roads (E Jiao Fa [2021] No. 213) and with the approval of the Provincial Government, it is extended by 79 days on the basis of the originally approved toll period. The toll operation period is extended to March 13, 2038. The projected period is from August 1, 2025 to March 13, 2038.
- i) Pursuant to the Notice of the Hubei Provincial Department of Transport, Hubei Provincial Development and Reform Commission, and Hubei Provincial Department of Finance on Optimising and Adjusting Toll Rates for Freight Vehicles on Hubei Provincial Expressways (E Jiao Fa [2021] No. 6), the toll rates for this project have been determined. The forecast assumes that the current toll rates will remain unchanged until the end of the operating period. Should the government adjust toll rates or introduce differentiated toll policies in the future, toll revenue will be subject to corresponding changes.

- j) Pursuant to the Notice of the Provincial Department of Transport on Adjusting and Optimising Differentiated Toll Policies for Expressways (E Jiao Fa [2023] No. 117), the differentiated toll policies relevant to this project are as follows:

Universal Discount Policy for Container Transport Vehicles: Vehicles transporting international standard containers on Hubei's expressways, equipped with dedicated container transport ETC devices and carrying lawful loads, shall receive a 10% discount on provincial tolls in addition to the 5% basic discount.

Toll concessions for container transport vehicles at major ports: Effective 1 January 2024, container transport vehicles meeting the following criteria shall receive a 50% discount on provincial tolls, in addition to the 5% basic concession: vehicles entering or exiting designated toll stations near major ports along the Yangtze and Han rivers within the province, equipped with specialised container transport ETC devices, and carrying legally loaded international standard containers.

Discounts for container transport vehicles on China–Europe and China–Central Asia rail freight services: From 1 January 2024, container transport vehicles carrying internationally standardised containers, equipped with dedicated container transport ETC systems, and legally loaded, entering or exiting designated expressway toll stations near Hubei's China–Europe and China–Central Asia rail freight terminals, shall receive a 70% discount on provincial tolls in addition to the 5% basic discount.

The above differentiated toll policies are provisionally scheduled to expire on 31 December 2024 (subject to the actual termination date set by the Ministry of Transport).

Note: This forecast is based on the latest toll policy in effect prior to 1 August 2025.

- k) The traffic volume data provided by the project company represents post-settlement figures, excluding free vehicles such as green channel vehicles and military/police vehicles. Consequently, toll revenues in this analysis exclude such vehicles. Other relevant preferential policies for this project primarily include: universal preferential toll rates for container transport vehicles; preferential toll rates for container transport vehicles at major ports; and preferential toll rates for container transport vehicles operating on China–Europe and China–Central Asia freight train routes. Vehicles benefiting from other preferential policies are primarily six categories of freight vehicles. Additionally, Hubei Province offers a 5% discount on tolls for vehicles using Electronic Toll Collection (ETC) systems. Based on historical revenue data provided by the project company, this report considers the 2021–2025 average values: the toll collection efficiency rate for passenger vehicles is 97.3%, while that for freight vehicles is 95.7%, with the collection efficiency rate for Category 6 freight vehicles standing at 91.2%. Should future adjustments be made to freight vehicle discount policies or ETC discount schemes, toll revenue will correspondingly fluctuate.

- 1) Pursuant to the State Council Notice on Forwarding the Implementation Plan for Toll Exemption for Small Passenger Vehicles During Major Holidays (State Council Document [2012] No. 37), passenger vehicles with seven seats or fewer (inclusive) shall enjoy toll-free passage during four national statutory holidays – the Spring Festival, Qingming Festival, Labour Day, and National Day – as well as during consecutive days designated as holidays for these occasions in the relevant State Council General Office document for that year. Based on recent years' four national statutory holidays and their consecutive days off, tolls are waived for passenger vehicles with seven seats or fewer for 23 days annually. Considering that the vast majority of Class I passenger vehicles fall within this category, tolls for Class I passenger vehicles are calculated based on 342 days. Should this policy be adjusted in future, toll revenue will correspondingly change.

(6) Traffic Volume Forecast

a) Forecasting Approach

The Jingmen–Yichang Expressway commences in the east at Zhengjiachong, Jingmen City – the gateway to Jingchu – connecting with the Wuhan–Jingmen Expressway and Xiangyang–Jingzhou Expressway in Hubei. It terminates in the west at Gaojiadian, Yichang City – the strategic hub linking Sichuan and Hubei, and a major city in western Hubei – linking with the Wuhan–Yichang Expressway and the Yichang Yangtze River Bridge. It connects to the Yichang–Badong Expressway, Baokang–Yichang Expressway, and Yichang–Zhangjiajie Expressway, serving as a vital hub for routes to Xiangyang, Zhangjiajie, Badong, Chengdu, and beyond. The Jingmen–Yichang Expressway traverses five counties (cities/districts) – Dongbao, Duodao, Dangyang, Yiling, and Xiaoting – spanning the municipal areas of Jingmen and Yichang. Historical traffic volume statistics from relevant roads within the project area, coupled with regional socioeconomic development, indicate that overall traffic within the corridor has consistently maintained a rapid growth trend. The project will primarily accommodate the naturally increasing traffic volume within this corridor.

As this project is not a new construction, the impact on the road network within the affected area has largely stabilised. Consequently, the forecast for this project does not consider the effects of induced traffic growth.

The project vicinity includes the under-construction Wuhan–Tianmen–Yichang Expressway, Xiangyang–Yichang Expressway, and the Shanghai–Chongqing Expressway expansion. Upon completion, these routes will interconnect with the project and other high-grade highways within the affected zone, thereby diverting passenger and freight traffic from the project corridor. Concurrently, the Yangtze Riverside High-Speed Railway is under construction within the project corridor. Upon completion, this high-speed rail line will divert a portion of passenger traffic from the road corridor. Consequently, the traffic mode distribution forecast will account for the traffic transfer effects of the high-speed railway.

b) Overview of Traffic Volume Forecasting Methodology and Steps

This project employs a four-stage methodology for traffic forecasting. Based on socioeconomic and transport data from the project area obtained through traffic surveys, alongside relevant road traffic volumes, the current socioeconomic and transport conditions within the analysis zone are examined. This informs projections for socioeconomic development within the project's influence zone, enabling forecasts of future traffic growth rates across the entire road network and corresponding trip generation and attraction volumes. Finally, through analysis of traffic distribution and diversion effects within the future road network, the definitive traffic forecast for this project is derived. The traffic forecasting workflow is illustrated below.

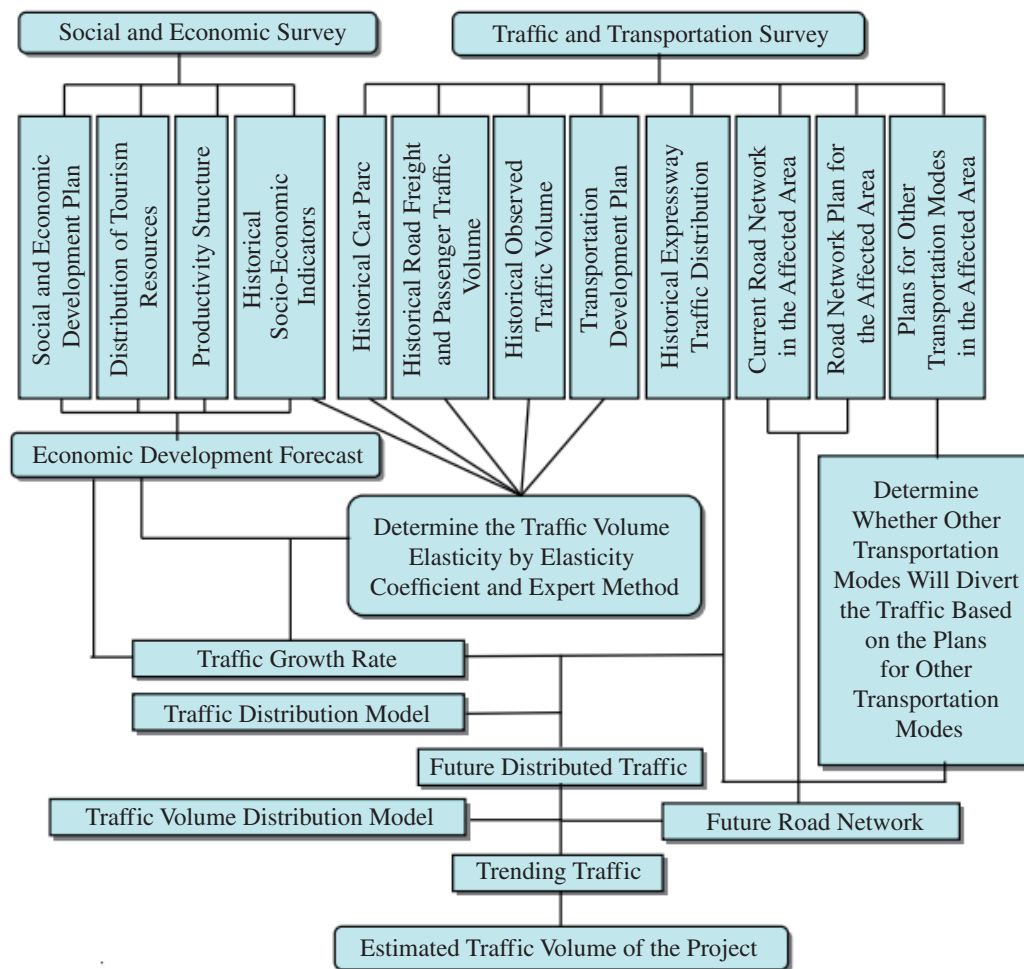


Figure 13 Traffic Forecast Workflow

c) Determination of the Base Year

The Jingmen–Yichang Expressway operates under a BOT (Build–Operate–Transfer) model. Considering the project’s remaining operational period, the forecast assessment period spans from 2025 to 2038. This timeline incorporates the commissioning dates of relevant road networks. This study focuses on forecasting traffic volumes for the project in 2026, 2027, 2029, 2030, 2035, and 2038, with 2025 designated as the base year for evaluation.

7. TRAFFIC VOLUME AND TOLL REVENUE FORECAST RESULTS

(1) Average Daily Traffic Volume (ADT) for Jingmen–Yichang Expressway (Forecast Period)

Table 13 Traffic Volume Forecast Results

Year	Absolute Total (vehicles/day)
2025	22,397
2026	22,732
2027	23,397
2028	24,547
2029	22,634
2030	23,747
2031	24,646
2032	25,579
2033	26,547
2034	27,552
2035	28,596
2036	29,378
2037	30,183
2038	31,009

Note: 2025 represents the full-year average daily traffic volume for the entire section.

(2) Annual Toll Revenue for Jingmen–Yichang Expressway (Projected Period)

Table 14 Toll Revenue Forecast Results (tax inclusive)

Year	Toll Revenue (RMB thousand)
2025	225,519
2026	561,530
2027	580,689
2028	612,091
2029	567,045
2030	597,674
2031	623,190
2032	649,779
2033	677,464
2034	706,345
2035	736,429
2036	760,022
2037	784,333
2038	159,664
Total	8,241,774

Note: For 2025, the period covers 1 August to 31 December; for 2038, it covers 1 January to 13 March.

This project has derived its natural traffic growth rate based on socioeconomic conditions, transport infrastructure, and relevant road traffic volume data for the project area obtained through traffic surveys. This analysis builds upon an assessment of the current socioeconomic and transport landscape within the zone. Furthermore, the project has considered future socioeconomic development plans and transport network expansion strategies, while incorporating historical performance data from multiple comparable projects. This comprehensive evaluation has yielded the final traffic growth rate for this project.

Toll revenue projections are derived from traffic volume forecasts and the project's proposed toll rates. Future policy changes affecting toll rates may impact revenue projections.

8. CONCLUSION

This study forecasts future traffic volumes for the Jingmen–Yichang Expressway from 1 August 2025 to 13 March 2038. Toll revenue projections were calculated based on current toll rates and forecasted traffic volumes. The forecasting methodology adheres to industry best practices, and the results provide a reference for decision-making by Sichuan Shunan Investment Management Co., Ltd.

CCCC Highway Consultants Co., Ltd.

The following is the text of a report from Ernst & Young, the reporting accountants of the Company, for the purpose of inclusion in this circular.

**REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW
FORECAST IN CONNECTION WITH THE VALUATION OF EQUITY INTEREST IN
HUBEI JINGYI EXPRESSWAY CO., LTD.**

To the directors of Sichuan Expressway Company Limited* (the “**Company**”)

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the “**Forecast**”) on which the valuation dated 28 November 2025 prepared by Sichuan Tian Jian Huaheng Assets Appraisal Co., Ltd. in respect of Hubei Jingyi Expressway Co., Ltd. (the “**Target Company**”) as at 31 July 2025 is based. The valuation is in connection with the acquisition of 85% equity interests in the Target Company, as set out in the Company’s announcement dated 19 December 2025 (the “**Announcement**”). The valuation based on the Forecast is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ responsibilities

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

Our independence and quality management

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

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast, in all material respects, in accordance with the assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target Company. The assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.60A(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong
19 December 2025

The following is the text of a letter from Lego Corporate Finance Limited, the financial adviser to the Company, for the purpose of inclusion in this circular.



The Board of Directors

Sichuan Expressway Company Limited*

252 Wuhouci Da Jie, Chengdu City

Sichuan Province, the PRC

19 December 2025

Dear Sirs or Madams,

We refer to the announcement of the Company dated 19 December 2025 (the “**Announcement**”) in relation to the proposed acquisition of 85% equity interest in the Target Company by the Company from Shudao Innovation Investment, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Announcement unless the context otherwise requires.

As disclosed in the Announcement, the Consideration was determined with reference to the appraised market value of 100% equity interest in the Target Company as at 31 July 2025 (the “**Valuation**”), details of which are contained in the valuation report dated 28 November 2025 prepared by the PRC Valuer (the “**Valuation Report**”).

According to the Valuation Report, the Valuation has been arrived at using the income approach based on discounted cash flows. As such, the Valuation is regarded as a profit forecast under Rule 14.61 of the Listing Rules. This letter is issued in compliance with the requirements under Rule 14.60A(3) of the Listing Rules.

For the purpose of preparing this letter, we have reviewed the forecast of future cash flows of the Target Company (the “**Forecast**”) underlying the Valuation, for which you as the Directors are solely responsible, and have discussed with the management of the Company and the PRC Valuer on the bases and assumptions upon which the Forecast has been prepared. We have also considered the letter from Ernst & Young, the Company’s reporting accountants (the “**Reporting Accountants**”), dated 19 December 2025 addressed to you containing its opinion on the arithmetical accuracy of the calculations of the Forecast, details of which are set out in Appendix I to the Announcement.

We have not independently verified the computations leading to the determination of the Valuation by the PRC Valuer. The assessment, review and discussions carried out by us as described in this letter are based on financial, economic, market and other conditions in effect, and the information made available to us as of the date of this letter and we have, in arriving at our views, relied on information and materials provided to us by the Company, the PRC Valuer and the Reporting Accountants and opinions expressed by, and representations of, the employees and/or management of the Company, the PRC Valuer and the Reporting Accountants. We have assumed, without independent verification, that all the information, materials and representations so provided, including all the information, materials and representations referred to or contained in the Announcement, for which you as the Directors are wholly responsible, were true, accurate, complete and not misleading in all material respects at the time they were provided or made and continued to be so up to the date of this letter, and that no material facts have been withheld or omitted from the information, materials and representations provided. No representation or warranty, expressed or implied, is made by us on the truth, accuracy or completeness of such information, materials, opinions and/or representations referred to or contained in the Announcement, and we have not assumed any responsibility or liability therefor. Circumstances could have developed or could develop in the future that, if known to us at the time of this letter, would have altered our assessment and review.

It should be noted that the Forecast has been prepared using a set of assumptions which include hypothetical assumptions about future events that may or may not occur and therefore the Forecast may not be appropriate for purposes other than for deriving the Valuation. Even if the events anticipated under the hypothetical assumptions occur, actual financial performance may still differ from the Forecast since such anticipated events frequently may or may not occur as expected and the variation could be material.

On the basis of the foregoing and without giving any other opinion on the Forecast, we are of the opinion that the Forecast, for which you as the Directors are solely responsible, has been made by you after due and careful enquiry. For the avoidance of doubt, this letter does not constitute an independent valuation or fairness opinion and is expressly limited to the matters described herein.

The work undertaken by us in giving the above opinion has been undertaken for the purpose of reporting solely to you under Rule 14.60A(3) of the Listing Rules and for no other purpose. This letter may not be used or disclosed, referred or communicated (in whole or in part) to any party for any other purpose whatsoever, except with our prior written approval. We accept no responsibility to any other person in respect of, arising out of or in connection with our work or this letter.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Kristie Ho
Managing Director

* *For identification purposes only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them had taken or was deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows.

As at the Latest Practicable Date, so far is known to the Directors,

- (i) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2024, the date to which the latest published audited financial statement of the Group was made up;
- (ii) further details of the Directors who serve as a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the SFO are set out as follows:
 - Mr. Li Chengyong, a non-executive Director, is the director of the fund center of the financial management department (fund center) of Shudao Investment; and
 - Mr. Chen Chaoxiong, a non-executive Director, is a Class II Director (i.e. a director of a subsidiary nominated and appointed by Shudao Investment from its subsidiaries (including the Company)) in Shudao Investment.

- (iii) none of the Directors of the Company was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which was subsisting and significant in relation to the business of the Group taken as a whole.

3. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors or chief executives of the Company, no other person had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to section 324 of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

Name	Type of Shares	Long position/ Short position	Number of the Company's Shares held	Approximate percentage in the total shares capital of the Company	Approximate percentage in A/H Shares	Capacity
Shudao Investment	A Shares (state-owned shares)	Long position	1,035,915,462	33.875%	47.898%	Beneficial owner
	H Shares	Long position	<u>183,064,200</u>	<u>5.986%</u>	20.447%	Beneficial owner
		Total	<u>1,218,979,662</u>	<u>39.861%</u>		
China Merchants Expressway Network & Technology Holdings Co., Ltd.	A Shares (legal person shares)	Long Position	664,487,376	21.729%	30.724%	Beneficial owner
	H Shares	Long position	<u>96,458,000</u>	<u>3.154%</u>	10.774%	Interest in controlled corporation ⁽¹⁾
		Total	<u>760,945,376</u>	<u>24.883%</u>		

Note:

- (1) According to the disclosure of interests forms submitted by Shudao Investment as at the Latest Practicable Date, the number of H Shares held by Shudao Investment in long position in the Company was 179,450,200 (the last notice filed on 19 September 2023), representing approximately 5.87% of the total issued share capital of the Company and approximately 20.04% of the H Shares. In the event that the shareholding of Shudao Investment in the Company changes, Shudao Investment is not required to notify the Company and the Stock Exchange unless certain conditions are fulfilled, and therefore the latest shareholding of Shudao Investment in the Company as at the Latest Practicable Date may be different from the shareholding disclosed on the Stock Exchange. The shareholding of Shudao Investment set out in this circular was as at the Latest Practicable Date and, to the best of the knowledge of the Directors of the Company who have made reasonable inquiries, was provided by Shudao Investment.
- (2) Cornerstone Holding Limited, a wholly-owned subsidiary of China Merchants Expressway Company, was interested in the H Shares of the Company. By virtue of the SFO, China Merchants Expressway Company is therefore deemed to be interested in the H Shares held by Cornerstone Holding Limited.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor any of their respective close associates (as defined under the Listing Rules) had any interest in other business which competes or is likely to compete, either directly or indirectly, with the business of the Group as if each of them was treated as a controlling shareholder under Rule 8.10 of the Listing Rules.

5. SERVICE CONTRACTS OF THE DIRECTORS

As at the Latest Practicable Date, none of the Directors has entered into any service contract with any member of the enlarged Group which will not expire or may not be terminated by the Company within one year without payment of compensation (other than statutory compensation).

6. LITIGATION

As at the Latest Practicable Date, save as disclosed below, as far as known to the Directors, no member of the enlarged Group was engaged in any litigation, arbitration or claim of material importance and there was no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened by or against any member of the Enlarged Group:

- (1) Dispute over liabilities for jeopardising company's interests against Jin Hao Group and Hu Hejian by the Target Company where the High People's Court of Beijing Municipality issued Civil Judgment (2021) Jing Min Chu No. 10, ruling that Jin Hao Group and Hu Hejian shall compensate RMB380,351,265.6 to the Target Company and compensate for the interest losses arising from occupied funds. The Supreme People's Court issued Civil Judgment (2024) Zui Gao Fa Min Zhong No. 34 on 8 September 2025, dismissing the appeals filed by Jin Hao Group and Hu Hejian and upholding the original judgment; and

- (2) Dispute over liabilities for jeopardising company's interests against Jin Hao Group and Beijing Jiali Hengde Real Estate Development Co., Ltd.* (北京嘉利恒德房地產開發有限公司) by the Target Company where the High People's Court of Beijing Municipality issued Civil Judgment (2016) Jing Min Zhong No. 200 on 15 July 2019, pursuant to which, Jin Hao Group and Beijing Jiali Hengde Real Estate Development Co., Ltd. shall pay occupied funds of RMB90 million to the Target Company and compensate for the interest losses incurred from the date of transfer of occupied funds to the date of repayment.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Company since 31 December 2024, the date to which the latest published audited financial statements of the Company were made up.

8. EXPERTS AND CONSENTS

The following is the qualifications of the experts who have been named in this circular or have given opinion or advice contained in this circular:

Name	Qualification
Octal Capital	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified Public Accountants
Sichuan Tian Jian Huaheng	An independent qualified valuer in the PRC
Lego	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
CCCC Highway Consultants	An independent professional traffic consultant in the PRC

To the best of the knowledge, information and belief of the Directors after making all reasonable enquiries, each of Octal Capital, Ernst & Young, Sichuan Tian Jian Huaheng, Lego and CCCC Highway Consultants is a third party independent of the Group and its connected persons and as at the Latest Practicable Date:

1. none of the above experts has any shareholding in any member of the Group or any rights (whether legally enforceable or not) to subscribe for or to nominate any person to subscribe for securities in any member of the Group;
2. each of the above experts has given and has not withdrawn its written consent to the publication of this circular with the inclusion herein of its letter(s), report(s), opinion(s) and/or references to its name in the form and context in which they are included; and
3. none of the above experts has any interest in any assets which have been, since 31 December 2024 (being the date to which the latest published audited annual financial statements of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cygs.com>) for a period of 14 days from the date hereof:

- (1) the Equity Transfer Agreement;
- (2) the Valuation Report of the Target Company, the English translation of which is set out in Appendix I to this circular; and
- (3) the Traffic Study Report of the Jingyi Expressway, the English translation of which is set out in Appendix II to this circular.

10. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text in the event of inconsistency unless otherwise specified.

NOTICE OF EGM



四川成渝高速公路股份有限公司 Sichuan Expressway Company Limited*

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00107)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**EGM**”) of Sichuan Expressway Company Limited* (the “**Company**”) will be held at 3:00 p.m. on Friday, 30 January 2026 at Room 420, 4th Floor, 252 Wuhouci Da Jie, Chengdu, Sichuan, the PRC for the purposes of considering and, if thought fit, passing (with or without modifications) the following resolution.

Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the circular (the “**Circular**”) of the Company dated 12 January 2026 containing the details in relation to the resolution herein below.

ORDINARY RESOLUTION

To consider and approve the following resolution by way of open ballot and non-cumulative voting:

1. **THAT:** The signing, performance and implementation of the Equity Transfer Agreement are hereby considered, ratified, confirmed and approved; and any one of the Directors of the Company be and are hereby authorised to execute for and on behalf of the Company all such other documents, instruments and agreements, and to take all steps necessary or expedient to implement and/or give effect to the Equity Transfer Agreement; any member of the Group (including those newly established or invested through equity acquisition or other organisations) be and are hereby approved to, in its absolute discretion deemed appropriate or expedient and in the interests of the Company and its shareholders as a whole and based on the actual work

NOTICE OF EGM

needs, to negotiate, develop, execute, amend, supplement and perform all documents in connection with the Equity Transfer Agreement (including but not limited to the specific agreement contemplated under the Equity Transfer Agreement) with any member of the Shudao Investment Group (including those newly established or invested through equity acquisition or other organisations) and proceed with all things and actions necessary for executing and implementing the Equity Transfer Agreement.

By order of the Board

Sichuan Expressway Company Limited*

Yao Jiancheng

Executive Director and Company Secretary

Chengdu, Sichuan Province, the PRC

12 January 2026

NOTICE OF EGM

Notes:

1. The register of members of H Shares of the Company will be closed from Tuesday, 27 January 2026 to Friday, 30 January 2026, both days inclusive, during which period no transfer of H Shares will be effected. In order to qualify for attending the EGM, holders of H Shares shall ensure that all transfer documents of H Shares accompanied by the relevant share certificates and the appropriate transfer documents must be lodged with the Company's H Share Registrar, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 26 January 2026.
2. Any holder of H Shares who has registered on the register of members of H Shares before the close of business on Monday, 26 January 2026 is entitled to attend the EGM after registration for the meeting. He/she is also entitled to appoint one or more proxies to attend and vote at the EGM on his/her behalf in accordance with the Articles of Association. A proxy need not be a Shareholder of the Company.
3. In order to be valid, the form of proxy of holders of H Shares and, if such form of proxy is signed by a person under a power of attorney or other authority on behalf of the principal, a notarially certified copy of that power of attorney or authority shall be deposited at the Company's H Share Registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time for holding the EGM (or any adjournment thereof) or 24 hours before the time appointed for the passing of the resolution(s) (i.e. before 3:00 p.m. on Thursday, 29 January 2026).
4. Shareholders or their proxies should produce their identity documents when attending the EGM. Should a proxy be appointed, the proxy shall also present the form of proxy.
5. Pursuant to the Articles of Association and the Listing Rules, the Chairman of the EGM will demand a poll in relation to all the resolution(s) proposed at the EGM.
6. The EGM is expected to last for less than one day. Shareholders or their proxies attending the EGM shall bear their own traveling, dining and accommodation expenses.

As at the date of this notice, the Board comprises Mr. Luo Zuyi (Chairman), Mr. You Zhiming (Vice Chairman), Madam Ma Yonghan, Mr. Yao Jiancheng and Madam Mao Yurong as executive Directors, Mr. Yang Shaojun (Vice Chairman), Mr. Li Chengyong and Mr. Chen Chaoxiong as non-executive Directors, and Mr. Yu Haizong, Mr. Zhou Hua, Mr. Jiang Tao and Mr. Luo Hong as independent non-executive Directors.

** For identification purpose only*