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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 advisor.

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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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

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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)

**I. VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION – CONSTRUCTION CONTRACTS IN RESPECT OF THE CHENGYA EXPRESSWAY EXPANSION PROJECT;**  
**II. CONTINUING CONNECTED TRANSACTION – FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES;**  
**III. PROPOSED CHANGE OF PRC AUDITORS OF THE COMPANY FOR THE YEAR 2025;**  
**IV. PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR AND HIS PROPOSED DIRECTOR’S REMUNERATION; AND**  
**V. NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



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

A letter from the Board is set out on pages 6 to 38 of this circular. The letters from the Independent Board Committee to the Independent Shareholders are set out on page IBC-1 to page IBC-2 of this circular. The letters from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders are set out on pages IFA-I-1 to IFA-I-20 and pages IFA-II-1 to IFA-II-23 of this circular.

A notice convening the EGM of the Company to be held at 3:00 p.m. on Wednesday, 24 December 2025 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 of Hong Kong Limited 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, Computershare Hong Kong Investor Services 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 holding the EGM (or any adjournment thereof) or 24 hours before the time appointed for the voting on the resolution. 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

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## DEFINITIONS

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

“A Share(s)”	ordinary share(s) with a nominal value of RMB1.00 each issued by the Company in the PRC, which are subscribed for and listed and traded on the SSE in RMB
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Chengle Expressway Expansion Construction Project”	expansion construction project for Chengdu to Leshan Expressway
“Chengya Expressway”	Sichuan Chengya (Chengdu-Ya’an) Expressway
“Chengya Expressway Expansion Project”	the expansion project for the Chengdu-Ya’an section of G5 Jingkun Expressway
“China Huashi” or “Contractor”	China Huashi Enterprises Co., Ltd. (中國華西企業股份有限公司)
“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 on the Main Board of the Stock Exchange (stock code: 00107) and A Shares on the SSE (stock code: 601107)
“Company Law”	the Company Law of the PRC
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Construction Works and Related Services”	the construction works and related services contracted by Shudao Investment Group from the Group under the Framework Agreement for Construction Works and Related Services, details of which are set out in “III. (I) MAJOR TERMS OF THE FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES – Content of transaction” of this circular

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## DEFINITIONS

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“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Construction Contract(s)”	the Huashi Construction Contract, Transportation Construction Contract, Road & Bridge Construction Contract or Gaolu Construction Contract or all of them
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened by the Company, the notice of which is set out on pages EGM-1 to EGM-3 of this circular
“Framework Agreement for Construction Works and Related Services”	the framework agreement for construction works and related services entered into between the Company and Shudao Investment on 30 October 2025
“Gaolu Construction Contract”	The General Construction Contract for the Expansion Project for the Chengdu-Ya’an Section of G5 Jingkun Expressway (Entire Line) dated 10 November 2025 entered into between Chengya Expressway Company and Gaolu IT regarding certain construction content of the Chengya Expressway Expansion Project
“Gaolu IT” or “Contractor”	Sichuan Gaolu Information Technology Co., Ltd.* (四川高路信息科技有限公司)
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign share(s) with a nominal value of RMB1.00 each issued by the Company in Hong Kong, which are subscribed for and listed and traded on the Main Board of the Stock Exchange in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huashi Construction Contract”	the Construction Contract of the Expansion Project for the Chengdu-Ya’an Section of G5 Jingkun Expressway (K80+340~K99+000) entered into between Chengya Expressway Company and China Huashi regarding the construction of the Chengya Expressway Expansion Project dated 17 October 2025

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## DEFINITIONS

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“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors
“Independent Financial Adviser” or “Halcyon Capital”	Halcyon Capital Limited, a licensed corporation under the Securities and Futures Commission to carry out type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of (i) the Transportation Construction Contract, Road & Bridge Construction Contract and Gaolu Construction Contract and the transactions contemplated thereunder; and (ii) the Framework Agreement for Construction Works and Related Services and the transactions contemplated thereunder
“Independent Shareholder(s)”	the Shareholder(s) who are not required to abstain from voting on the relevant resolutions at the EGM due to their material interests in (i) the Construction Contracts and the transaction contemplated thereunder; or (ii) the Framework Agreement for Construction Works and Related Services and the transactions contemplated thereunder
“Latest Practicable Date”	28 November 2025, being the latest practicable date for ascertaining certain information contained in this circular prior to its publication
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange and/or the Rules Governing the Listing of Stocks on SSE, as the case may be
“Model code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
“PRC” or “China”	the People’s Republic of China, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Construction Framework Agreement”	the construction framework agreement entered into between the Company and Shudao Investment on 20 November 2024 in respect of contracting certain construction services from the Group

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## DEFINITIONS

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“RMB”	Renminbi, the lawful currency of the PRC
“Road & Bridge Construction Contract”	General Construction Contract of the Expansion Project for the Chengdu-Ya’an Section of G5 Jingkun Expressway Main Line: (K30+435~K44+100 and Lushan Branch Line: K0+000~K14+600) entered into between Chengya Expressway Company and Road & Bridge Group dated 10 November 2025 regarding the construction of the Chengya Expressway Expansion Project
“Road & Bridge Group” or “Contractor”	Sichuan Road & Bridge (Group) Co. Ltd.* (四川公路橋樑建設集團有限公司)
“SCIM”	Sichuan Chuanxi Investment Management Co., Ltd.* (四川川西投資管理有限責任公司), a limited liability company established under the laws 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), a limited liability company incorporated under the laws of the PRC
“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)”	registered holder(s) of the Shares
“SHGBM”	Sichuan Huaxi Greenhouse Building Materials Co., Ltd. (四川華西綠舍建材有限公司)
“SHGCL”	SICHUAN HUASHI GROUP CORPORATION LIMITED (四川華西集團有限公司)
“Shudao Investment”	Shudao Investment Group Company Limited* (蜀道投資集團有限責任公司), the controlling shareholder of the Company
“Shudao Investment Group”	Shudao Investment and its subsidiaries (other than the Group)

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## DEFINITIONS

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“SRB Group”	Sichuan Road & Bridge Group Co., Ltd.* (四川路橋建設集團股份有限公司), a joint stock limited company established under the laws of the PRC, and its shares are listed on the SSE
“SSE”	the Shanghai Stock Exchange
“SSITG”	Sichuan Shudao Intelligent Transportation Group Co., Ltd.* (四川蜀道智慧交通集團有限公司), a limited liability company established under the laws of the PRC
“STAE”	Sichuan Tibetan Area Expressway Co., Ltd.* (四川藏區高速公路有限責任公司), a limited liability company established under the laws of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SYTE”	Sichuan Yidatong Transportation Engineering Co., Ltd.* (四川億達通交通工程有限責任公司), a limited liability company established under the laws of the PRC
“Transportation Construction Contract”	General Construction Contract of the Expansion Project for the Chengdu-Ya’an Section of G5 Jingkun Expressway (Main Line: K12+000~K30+435, K44+100~K80+340, K99+000~K146+240; Lushan Branch Line: K14+600~K24+495; Train Station Connecting Line: LK0+000~LK4+985) entered into between Chengya Expressway Company and Transportation Construction Group dated 10 November 2025 regarding the construction of the Chengya Expressway Expansion Project
“Transportation Construction Group” or “Contractor”	Sichuan Transportation Construction Group Co., Ltd.* (四川省交通建設集團有限責任公司)
“%”	per cent

\* For identification purposes only

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

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

*Legal Address:*

252 Wuhouci Da Jie  
Chengdu  
Sichuan Province  
the PRC  
Postal code: 610041

*Non-executive Directors:*

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

*Principal Place of Business  
in Hong Kong:*

40th Floor  
Dah Sing Financial Centre  
No. 248 Queen's Road East  
Wanchai  
Hong Kong

*Independent Non-executive Directors:*

Mr. Yu Haizong  
Madam Bu Danlu  
Mr. Zhou Hua  
Mr. Jiang Tao

4 December 2025

*To the Shareholders*

Dear Sir or Madam,

- I. VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION – CONSTRUCTION CONTRACTS IN RESPECT OF THE CHENGYA EXPRESSWAY EXPANSION PROJECT;**  
**II. CONTINUING CONNECTED TRANSACTION – FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES;**  
**III. PROPOSED CHANGE OF PRC AUDITORS OF THE COMPANY FOR THE YEAR 2025;**  
**IV. PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR AND HIS PROPOSED DIRECTOR'S REMUNERATION; AND**  
**V. NOTICE OF EXTRAORDINARY GENERAL MEETING**

#### **I. INTRODUCTION**

References are made to (i) the very substantial acquisition and connected transaction announcement of the Company dated 10 November 2025 in relation to the Construction Contracts and the transactions contemplated thereunder; (ii) the continuing connected

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## LETTER FROM THE BOARD

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transaction announcement dated 30 October 2025 in relation to the Framework Agreement for Construction Works and Related Services; (iii) the announcement dated 10 November 2025 in relation to the change of PRC auditors of the Company for the year 2025; (iv) the announcement dated 30 October 2025 in relation to, inter alia, the proposed appointment of an independent non-executive director of the Company and his proposed director's remuneration.

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the EGM in relation to (i) further details of the Construction Contracts and the Framework Agreement for Construction Works and Related Services and the transactions contemplated thereunder; (ii) recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Construction Contracts and the Framework Agreement for Construction Works and Related Services and the transactions contemplated thereunder; (iii) a letter of opinion from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in respect of the Construction Contracts and the Framework Agreement for Construction Works and Related Services and the transactions contemplated thereunder; (iv) further details of the ordinary resolutions in relation to the proposed change of PRC auditors of the Company for the year 2025 and proposed appointment of Mr. Luo Hong as an independent non-executive director of the eighth session of the Board and his proposed Director's remuneration; and (v) a notice convening the EGM.

## II. CONSTRUCTION CONTRACTS IN RESPECT OF THE CHENGYA EXPRESSWAY EXPANSION PROJECT

### 1. Background

References are made to the announcements of the Company dated 17 October 2025 and 22 July 2025 and the circular dated 25 July 2025 in relation to establishment of the joint venture, Chengya Expressway Company, by the Company, China Huashi, Transportation Construction Group, Road & Bridge Group and Gaolu IT, to be responsible for the construction, operation, management and transfer of the Chengya Expressway Expansion Project.

### 2. Construction Contracts

For the construction of the Chengya Expressway Expansion Project, Chengya Expressway Company (i) entered into the Huashi Construction Contract with China Huashi on 17 October 2025; and (ii) entered into the Transportation Construction Contract, the Road & Bridge Construction Contract and the Gaolu Construction Contract with Transportation Construction Group, Road & Bridge Group and Gaolu IT, respectively, on 10 November 2025. Except for the identity of Contractors, construction scope, construction content and Construction Contract price, the terms of such four Construction Contracts are identical.

## LETTER FROM THE BOARD

Details of the Construction Contracts are set out below:

Principal	Construction Contract	Contractor	Construction Scope	Construction Content <sup>1</sup>	Maximum Limit (RMB, tax inclusive)
Chengya Expressway Company	Transportation Construction Contract	Transportation Construction Group	Main line: K12+000~K30+435, K44+100~K80+340, K99+000~K146+240; Lushan branch line: K14+600~K24+495; Railway station connection line: LK0+000~LK4+985	Including the construction works within the specified sections for subgrade, pavement, bridge, culvert, tunnel, traffic safety, building construction, greening and auxiliary facilities (including “road, ditch and canal improvement” works (the “ <b>Three Improvement Works</b> ”))	13,130,759,190
	Road & Bridge Construction Contract	Road & Bridge Group	Main line: K30+435~K44+100; Lushan branch line: K0+000~K14+600		3,907,489,567
	Huashi Construction Contract	China Huashi	Main line: K80+340~K99+000		2,075,319,898
	Gaolu Construction Contract	Gaolu IT	The entire line of the Chengya Expressway Expansion Project	Electromechanical works along the entire line; permanent power supply works for the entire line (including the integration of permanent and temporary power systems), etc.	855,828,581

*Note:*

- The final contracted pile numbers and construction scope shall be subject to the construction drawings issued after the completion of the construction drawing design.

### ***Construction Contract Price and Determination Basis:***

Each Construction Contract price is the approved budget price for the construction work involved in each Construction Contract (ultimately subject to the construction drawing budget approved by the competent administrative authority of the PRC) after a 10% downward adjustment, not exceeding the maximum limit as agreed in each above-mentioned Construction Contract. The final settlement amount shall be subject to confirmation by the national audit authority or the audit results issued by a third-party consulting institution according to its authority under relevant audit regulations.

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## LETTER FROM THE BOARD

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The construction budget for the Chengya Expressway Expansion Project will be determined by the Department of Transportation of Sichuan Province (the “**Department of Transportation**”) based on the construction design drawing approved by the Department of Transportation, the material prices and labor costs at the project location published by its Construction Engineering Cost Station, and in accordance with the budget compilation quotas and methods issued by the Ministry of Transport of the PRC (the 2018 Highway Engineering Construction Project Investment Estimation and Budget Compilation Methods (《公路工程建設項目投資估算、概算預算編製辦法》)) (“**the Estimation and Budget Compilation Methods**”) and the relevant ancillary indicators issued by Sichuan Province. The construction budget for the Chengya Expressway Expansion Project includes prices corresponding to different construction scopes based on different construction contents. Chengya Expressway Company will determine the respective prices based on the construction scope and content allocated to each Contractor, as specified in the approved budget and construction design drawings, and subsequently apply a 10% downward adjustment to arrive at each Construction Contract price.

In determining the 10% downward adjustment, the Group engaged an independent third party construction consultant (the “**Pricing Consultant**”) to prepare a construction pricing report (the “**Fair Construction Price Report**”) to advise on fair price for the construction work of the Chengya Expressway Expansion Project (the “**Fair Construction Price**”). The Fair Construction Price was mainly determined on the following basis:

1. The preliminary design of the Chengya Expressway Expansion Project, which forms the basis for determining the construction content and construction scope in the estimation of the Fair Construction Price;
2. The major construction, engineering and expenses items regarding the relevant construction contents of the Construction Contracts in the preliminary estimated budget issued by the relevant regulatory department;
3. The Notice on Implementing the Highway Engineering Construction Project Investment Estimation and Budget Compilation Methods, the ancillary indicators and the quotas issued by the Ministry of Transport of the PRC in 2018 (《關於貫徹執行交通運輸部2018年<公路工程建設項目投資估算、概算預算編製辦法>及配套指標、定額有關事項的通知》) issued by the Department of Transportation of Sichuan Province, and the highway engineering industry standard, namely the Highway Engineering Construction Project Budget Compilation Methods (《公路工程建設項目概算預算編製辦法》);
4. Land acquisition and resettlement compensation fees, labour costs, material cost and construction machinery fees are determined with reference to the relevant documents and industry standards such as fundamental principles and specific standards for land acquisition compensation in Sichuan Province, the tender

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## LETTER FROM THE BOARD

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document for the Chengya Expressway Expansion Project, the Estimation and Budget Compilation Methods, Sichuan Province Transportation Construction Project Material Information Price (《四川省交通建設工程材料信息價》), etc. and market inquiry prices.

The determined Fair Construction Price in the Pricing Report represented a discount of 9.5% as compared to preliminary estimated budget. In view of such, the Group after negotiated with the Contractors on a arms' length basis, agreed on a downward adjustment of 10% to be applied towards the construction budget (which is ultimately subject to the construction drawing budget approved by the competent administrative authority of the PRC) as the Construction Contract price. In accordance with industry practice, the construction budget is usually lower than the preliminary estimated budget.

As of the Latest Practicable Date, the construction design drawings and budget for the Construction Contracts have not yet been finally approved by the competent authority. Therefore, each Construction Contract price cannot be determined yet, but it will not exceed the maximum limit as agreed in each Construction Contract. The maximum limit of each Construction Contract is determined with reference to the corresponding prices based on the construction scope and content allocated to each Contractor in the preliminary estimated budget and the construction design drawings of Chengya Expressway Expansion Project currently available.

The preliminary estimated budget for the Chengya Expressway Expansion Project issued by the relevant regulatory department comprised the preliminary estimated budget of major construction, engineering and expenses items regarding the construction contents of the Construction Contracts.

The construction content of the Chengya Expressway Expansion Project includes subgrade, bridge, tunnel, pavement, traffic safety, station building, highway electromechanical construction, etc. Gaolu IT is primarily responsible for electromechanical works, and China Huashi, Transportation Construction Group and Road & Bridge Group are primarily responsible for the remaining works.

In determining the scope, content, and corresponding contract prices of the Construction Contracts with each Contractor, the Chengya Expressway Company reached an agreement with all Contractors, having taken into consideration of the following factors:

- (i) the experience of each Contractor in expressway expansion projects. Gaolu IT has been committed to the electromechanical works for expressways and has extensive expertise in this field, thus all electromechanical works of the Chengya Expressway Expansion Project was allocated to Gaolu IT, while the remaining works were allocated to China Huashi, Transportation Construction Group and Road & Bridge Group. Transportation Construction Group and Road & Bridge Group have extensive experience in highway construction, in particular the similar project in Sichuan Province.

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## LETTER FROM THE BOARD

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Therefore, after negotiation between Chengya Expressway Company and respective Contractors, the sections that are relatively more complex and represent more construction workload are allocated to Transportation Construction Group and Road & Bridge Group, while the remaining sections are allocated to China Huashi;

- (ii) the current resource arrangements of Transportation Construction Group and Road & Bridge Group. Considering the orders in hand of Transportation Construction Group and Road & Bridge Group comprehensively, Transportation Construction Group can allocate more personnel, equipment and other resources to Chengya Expressway Expansion Project at present, which can meet the engineering construction demand more efficiently. Accordingly, a larger portion of the construction work is allocated to Transportation Construction Group; and
- (iii) the credit ratings of highway construction industry entities of the Contractors. Based on the latest credit ratings of each contractor from the Department of Transportation of Sichuan Province as of the Latest Practicable Date, Transportation Construction Group, Road & Bridge Group and Gaolu IT are AA-rated contractors, and China Huashi is a B-rated contractor.

On this basis, the maximum limit for each Construction Contract is calculated based on the construction scope allocated to each Contractor, and corresponding construction content and price specified in the preliminary design drawing and estimated budget of the Chengya Expressway Expansion Project (the prices for the specific construction content is determined with reference to the estimated prices for route section, construction requirements and construction contents such as estimated (i) construction and installation engineering prices, e.g. prices for subgrade works, pavement works, bridge and culvert works; (ii) land acquisition and resettlement compensation prices; and (iii) prices for other construction works, etc. as listed in the preliminary estimated budget of the Chengya Expressway Expansion Project). Upon the approval of construction design drawing and budget of the Chengya Expressway Expansion Project, the respective prices of each Construction Contract in the budget will be determined in the same way, and subsequently a 10% downward adjustment will be applied to arrive at each Construction Contract price.

Chengya Expressway Company has not considered other contractors for executing the construction content of the Chengya Expressway Expansion Project, primarily due to the following reasons:

- (i) According to the tender document for the Chengya Expressway Expansion Project, a bidder with the appropriate construction qualifications and capabilities can, upon approval from the competent authority, execute the construction of the Chengya Expressway Expansion Project by itself in accordance with the law;
- (ii) Following the winning of the bid, the Chengya Expressway Expansion Project has obtained the bidding approval opinion from the Development and Reform Commission of Sichuan Province, agreeing that the construction of the Chengya

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## LETTER FROM THE BOARD

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Expressway Expansion Project will proceed without competitive bidding procedure, and the construction will be executed directly by the franchised project investors (i.e., the consortium formed between the Company, China Huashi, Transportation Construction Group, Road & Bridge Group and Gaolu IT).

Therefore, other contractors have not been considered for executing the construction of this project.

***Payment Arrangements:***

Chengya Expressway Company intends to pay the Construction Contract price through internal resources and bank loans, among other methods.

The Principal will organize the Contractor and other relevant parties to compile a bill of quantities for each Construction Contract, which will serve as the basis for measurement and payment. Construction work for each Construction Contract shall be measured and payable on a monthly basis. The minimum amount for an interim payment certificate (i.e., the construction measurement and payment application materials submitted by each Contractor according to the construction progress) is RMB5 million.

***Advance Payment for Commencement of Construction:***

The total advance payment for commencement of construction for each Construction Contract is 10% of each Construction Contract price, which shall be paid in two installments after the advance payment certificate for commencement of construction is issued by the supervisor and approved by the Principal:

(1) 5% of the contract price for each construction project shall be paid upon each Construction Contract becomes effect; and (2) the remaining amount shall be paid after the first site meeting convened by the supervisor for each Construction Contract.

The advance payment for commencement of construction for each Construction Contract shall be recovered in installments from the progress payment certificates in accordance with the contract terms after the aggregate amount of progress payment certificates reaches 30% of each Construction Contract price.

***Performance Guarantee Deposit and Quality Guarantee Deposit:***

Based on the latest credit rating published on the “Credit Transportation” platform of the Department of Transportation of Sichuan Province, AA-rated contractors are exempt from the performance guarantee deposit and quality guarantee deposit; A-rated contractors shall provide a performance guarantee deposit equivalent to 3% of the construction contract price; and B-rated and C-rated contractors shall provide a performance guarantee deposit equivalent to 10% of the construction contract price.

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## LETTER FROM THE BOARD

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Based on the latest credit ratings of each contractor from the Department of Transportation of Sichuan Province as of the Latest Practicable Date, Transportation Construction Group, Road & Bridge Group and Gaolu IT are AA-rated contractors, and China Huashi is a B-rated contractor.

### ***Construction Period:***

The planned commencement date shall be subject to the commencement order issued by the supervising engineer, and the total construction period is 48 months.

### ***Validity Period:***

The Transportation Construction Contract, Road & Bridge Construction Contract and Gaolu Construction Contract shall become effective upon execution by the legal representatives or authorized representatives of both parties with the affixation of company seals, and completion of all internal approval procedures by both parties, including but not limited to approvals by the board of directors and shareholders' meeting, as well as procedures required by the Company such as filings with the stock exchange and approval by independent shareholders.

The Transportation Construction Contract, Road & Bridge Construction Contract and Gaolu Construction Contract shall remain valid until all works specified in each contract pass the completion acceptance inspection upon completion, the defect liability period expires, and a defect liability termination certificate is issued.

### **3. Reasons for and Benefits of Entering into the Construction Contracts**

Chengya Expressway, also known as Chengdu-Ya'an expressway, is located in Sichuan Province, the PRC. Chengya Expressway forms part of the G5 Jingkun Expressway within China's national expressway network and serves as a major arterial route in the Western Development Initiatives. It is also a radial route extending from Chengdu within the expressway network of Sichuan Province and holds a critical position within both national and regional road networks. Chengya Expressway has a total length of 144.2 kilometers and is wholly-owned by the Company's Operation and Management Branch III. It is the expressway with the highest toll income among all expressways of the Group.

The Chengya Expressway Expansion Project consists of the expanded section of Chengya Expressway and a newly constructed Lushan branch line. The entire Chengya Expressway Expansion Project spans nine districts and counties across three cities (Shuangliu District, Xinjin District, Qionglai City and Pujiang County in Chengdu Municipality; Pengshan District and Dongpo District in Meishan Municipality; Mingshan District, Yucheng District and Lushan County in Ya'an Municipality). The Chengya Expressway Expansion Project covers a total length of 159.115 kilometers, of which 134.748 kilometers are covered by the expanded section of the Chengya Expressway along the original route and 24.367 kilometers are covered by the Lushan branch line.

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## LETTER FROM THE BOARD

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For further details regarding the Chengya Expressway and the Chengya Expressway Expansion Project, as well as the entering into of the Huashi Construction Contract for the construction of the Chengya Expressway Project, please refer to the circular of the Company dated 25 July 2025 in relation to the consortium formed among the Company, China Huashi, Transportation Construction Group, Road & Bridge Group and Gaolu IT to bid for the Chengya Expressway Expansion Project, and the establishment of the joint venture, Chengya Expressway Company to be responsible for the construction, operation, management and transfer of the Chengya Expressway Expansion Project and the relevant announcement dated 17 October 2025.

Chengya Expressway is currently a core asset of the Group, and its existing toll collection rights will expire on 31 December 2029. Upon completion of the expansion of Chengya Expressway, the toll collection period and toll rates will be re-determined, which will ensure the steady growth of the Group's cash flow, profits and asset scale. This will further enable the Group to strengthen and expand its principal business, optimize the operating term structure of its expressway assets, enhance its sustainable operating capability, and solidify the foundation for long-term development. China Huashi, Transportation Construction Group, Road & Bridge Group and Gaolu IT possess the professional technical expertise and extensive experience required for expressway expansion and construction. Engaging them as the construction contractors will help ensure the quality and safety of the project, as well as enable the efficient use of advantageous resources to reduce relevant management and operating costs. To facilitate the smooth implementation of the Chengya Expressway Expansion Project, Chengya Expressway Company entered into the Construction Contracts with each of the Contractors, respectively.

The Directors are of the opinion that the terms of the Construction Contracts and the transactions contemplated thereunder are on normal commercial terms in the ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

#### **4. Implications under the Listing Rules**

Entering into the Construction Contracts constitutes the transactions of the Company under Chapter 14 of the Listing Rules. In addition, as Chengya Expressway Company is a non-wholly owned subsidiary established by the Company with China Huashi, Transportation Construction Group, Road & Bridge Group and Gaolu IT for the Chengya Expressway Expansion Project, and the Construction Contracts are all in relation to the construction of the Chengya Expressway Expansion Project and were entered into within 12 months, the transactions under the Huashi Construction Contract, the Transportation Construction Contract, the Road & Bridge Construction Contract and the Gaolu Construction Contract shall be aggregated pursuant to the Listing Rules. As one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Construction Contracts, calculated on an aggregated basis, exceeds 100%, the Construction

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## LETTER FROM THE BOARD

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Contracts and the transactions contemplated thereunder constitute a very substantial acquisition of the Company according to Chapter 14 of the Listing Rules and are subject to the requirements in respect of reporting, announcement and Shareholders' approval under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, the controlling shareholder of the Company is Shudao Investment (which holds an aggregate of 1,218,979,662 Shares, comprising 1,035,915,462 A Shares and 183,064,200 H Shares, representing 39.861% of the total issued shares of the Company). The Transportation Construction Group, Road & Bridge Group and Gaolu IT are all indirect non-wholly owned subsidiaries of Shudao Investment, the controlling shareholder of the Company. Accordingly, the Transportation Construction Group, Road & Bridge Group and Gaolu IT are all connected persons of the Company under the Listing Rules. The Transportation Construction Contract, Road & Bridge Construction Contract and Gaolu Construction Contract and the transactions contemplated thereunder also constitute connected transactions of the Company under the Listing Rules, one or more applicable percentage ratios (as defined under the Listing Rules) of which are higher than 100% on an aggregated basis, and are therefore subject to the requirements in respect of reporting, announcement and Independent Shareholders' approval under Chapters 14A of the Listing Rules.

The Independent Board Committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders on the Transportation Construction Contract, Road & Bridge Construction Contract and Gaolu Construction Contract and the transactions contemplated thereunder. Halcyon Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **5. Information Of The Parties**

#### ***Chengya Expressway Company***

Chengya Expressway Company is a company established in the PRC with limited liability. It is principally engaged in highway management and maintenance, construction engineering, and construction engineering design, etc. As at the Latest Practicable Date, Chengya Expressway Company is a non-wholly owned subsidiary of the Company, with 85% held by the Company, 10% by China Huashi, 3% by Transportation Construction Group, 1% by Road & Bridge Group, and 1% by Gaolu IT.

#### ***The Group***

The Group is principally engaged in the investment, construction, operation and management of certain expressway projects in the Sichuan province, green energy investment business and integrated development of resources along the routes.

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## LETTER FROM THE BOARD

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### *Independent Third Party*

#### *China Huashi*

China Huashi is a joint stock company established in the PRC with limited liability. It is principally engaged in construction engineering; construction engineering design; real estate development and operation; construction project quality inspection; installation, maintenance, and testing of power transmission, supply, and receiving facilities; electrical installation services; special equipment design; special equipment installation, modification, and repair; special equipment inspection and testing; power generation, transmission, and supply (distribution) business; and construction project surveying, etc. As at the Latest Practicable Date, China Huashi is held as to 99.28% by the SHGCL and 0.72% by SHGBM (which is wholly owned by the SHGCL). SHGCL is held as to 90% by the State-owned Assets Supervision and Administration Commission of Sichuan Province (四川省政府國有資產監督管理委員會) and 10% by the Sichuan Provincial Department of Finance (四川省財政廳).

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, China Huashi and its ultimate beneficial owners are the third parties independent from the Company and its connected persons.

### *Connected Parties*

#### *Transportation Construction Group*

Transportation Construction Group is a company established in the PRC with limited liability. It is principally engaged in construction works; highway management and maintenance; construction engineering survey; construction engineering design; specialized equipment design; specialized equipment manufacturing; specialized equipment installation, modification and repair; and specialized equipment inspection and testing.

#### *Road & Bridge Group*

Road & Bridge Group is a company established in the PRC with limited liability. It is principally engaged in construction works; construction engineering design; construction engineering survey; construction engineering quality inspection; highway management and maintenance; specialized construction works; surveying and mapping services; and construction demolition works.

#### *Gaolu IT*

Gaolu IT is a company established in the PRC with limited liability. It is principally engaged in professional contracting for highway engineering (highway electromechanical engineering) and professional contracting for highway engineering (highway safety facilities).

As at the Latest Practicable Date,

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## LETTER FROM THE BOARD

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- (i) Transportation Construction Group, Road & Bridge Group and Gaolu IT are indirect non-wholly owned subsidiaries of Shudao Investment.
  - (a) Transportation Construction Group and Road & Bridge Group are direct wholly-owned subsidiaries of SRB Group;
  - (b) SRB Group, a joint stock limited company incorporated under the laws of the PRC, and its shares are listed on the SSE, is owned as to 54.93%, 10.75% and 7.44% by Shudao Investment, SECD and STAE, respectively; and
  - (c) SECD and STAE are direct wholly-owned subsidiaries of Shudao Investment.
- (ii) Gaolu IT is owned as to 81.1765%, 10% and 8.8235% by SSITG, SYTE and SCIM, respectively;
  - (a) SSITG is an indirect wholly-owned subsidiary of Shudao Investment;
  - (b) SYTE is owned as to 51% and 49% by SSITG and Institute of Transportation Development Strategy and Planning of Sichuan Province (四川省交通運輸發展戰略和規劃科學研究院), respectively; and
  - (c) SCIM is an indirect wholly-owned subsidiary of Shudao Investment.
- (iii) Shudao Investment, the controlling shareholder of the Company, is a wholly-owned subsidiary of Sichuan Development Holding Co., Ltd.\* (四川發展(控股)有限責任公司), which is wholly owned by the Sichuan Provincial People's Government.

### **6. Abstention from Voting on Resolution and at the EGM**

Mr. Li Chengyong and Mr. Chen Chaoxiong, both non-executive Directors, hold positions in Shudao Investment. Accordingly, they have abstained from voting on the resolutions of the Board for approving the Transportation Construction Contract, Road & Bridge Construction Contract and Gaolu Construction Contract. Save as disclosed above, none of the Directors of the Company have any material interests in the Transportation Construction Contract, Road & Bridge Construction Contract and Gaolu Construction Contract and are required to abstain from voting on the relevant resolutions of the Board.

As it is interested in the Transportation Construction Contract, Road & Bridge Construction Contract and Gaolu Construction Contract and the transactions contemplated thereunder, Shudao Investment (the controlling shareholder of the Company, which holds 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) will abstain from voting on the relevant resolutions to be proposed at the EGM for approving the Construction Contracts and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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### III. CONTINUING CONNECTED TRANSACTIONS – FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES

As the Previous Construction Framework Agreement entered into between the Company and Shudao Investment will expire on 31 December 2025, the Company and Shudao Investment entered into the Framework Agreement for Construction Works and Related Services on 30 October 2025, pursuant to which, Shudao Investment Group shall contract certain construction works and related services from the Group for the period from 1 January 2026 to 31 December 2026.

#### (I) MAJOR TERMS OF THE FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES

The major terms of the Framework Agreement for Construction Works and Related Services are set out as follows:

Date:	30 October 2025
Term:	1 January 2026 to 31 December 2026
Parties:	the Company; and  Shudao Investment
Content of transaction:	Shudao Investment Group shall contract the Construction Works and Related Services from the Group, including the following:  1. Construction works of expressways (including roads, bridges, tunnels, etc.) and ancillary facilities (including auxiliary and supporting water supply and drainage, mechanical and electrical (including charging piles and other facilities), greening, transportation security, terrace and other facilities for buildings including management offices, toll stations, service areas and gas stations).  (1) construction works of expressways and ancillary facilities (including restructuring and construction extension), mainly including:  A. civil works: temporary works, roadbed works, road surface works, bridge culvert works, tunnel works, crossing works and housing construction works;

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## LETTER FROM THE BOARD

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- B. mechanical and electrical works: special mechanical and electrical projects, software and hardware system construction and mechanical and electrical upgrading, expressway operation and management informatisation construction and services;
  - C. traffic engineering works: traffic safety facilities (including signs, markings, escutcheons, guardrails, etc.) and ancillary works;
  - D. other works: roadside facilities, greening works, environmental protection works, and other works.
- (2) daily maintenance works of expressways and ancillary facilities, mainly including roadbed, pavement, bridges and culverts, tunnels, management service facilities, traffic safety facilities, greening and environmental protection facilities (including cleaning), road property management, and ancillary facilities such as service areas, gas stations, and charging stations.
- (3) maintenance works of expressways and ancillary facilities consists of specialized maintenance, preventive maintenance, repair maintenance, and emergency maintenance, mainly including roadbed, pavement, bridges and culverts, tunnels, management service facilities, traffic safety facilities, greening and environmental protection facilities, and ancillary facilities such as service areas, gas stations, and charging stations.
- (4) Renovation (expansion) projects, government – enterprise cooperation projects, and resettlement projects implemented as maintenance works.
2. Contracting and subcontracting of municipal construction works, which include construction works such as urban roads, squares, parks, land consolidation and ancillary facilities (including facilities for buildings, water supply and drainage, mechanical and electrical, greening, transportation security and terrace) and others.

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## LETTER FROM THE BOARD

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3. Construction related services: other auxiliary works for the completion of the above construction works, including but not limited to services related to survey, design, supervision, inspection, consultancy, scientific research and other services.

Pricing policy:

1. For transactions excluding emergency rescue construction works

Determined by way of tender, comparative selection, price enquiries or other means (subject to the relevant laws, rules and regulations on tender and bidding in the PRC, and any matters not mandated by the laws, rules and regulations shall be determined in accordance with the Group's tendering management related system).

Pursuant to the Regulations on Construction Projects Required to be Tendered (National Development and Reform Commission Order No. 16) (《必須招標的工程項目規定》(國家發展和改革委員會令第16號)), tendering is mandatory if one of the following thresholds is met:

- (1) estimated contract sum of over RMB4 million (inclusive) in respect of a single contract under a construction project;
- (2) procurement of commodities such as key machineries and materials with an estimated consideration of over RMB2 million (inclusive) for a single contract;
- (3) procurement of services such as survey, design, and supervision with an estimated consideration of over RMB1 million (inclusive).

For the survey, design, construction, supervision, and the procurement of key machineries and materials pertinent to the construction works that may be aggregated in the same project, if the total estimated contract sum satisfies the standards specified in the preceding paragraph, the execution of tender shall be requisite.

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The procedures for tender and bidding refer to the processes of invitation for tender, bid submission, bid opening, bid evaluation and bid granting implemented by the tenderee and bidder pursuant to the relevant rules and regulations of the PRC, which is subject to the inspection of relevant government departments of the PRC. In relation to the Framework Agreement for Construction Works and Related Services, the Group shall act as the tenderee via the relevant business department of the responsible construction unit of the Company and its subsidiaries, and the bid evaluation panel (comprised of bid evaluation experts and subject to the supervision of the government administration authorities of the PRC) will select the contractor for the construction works by conducting a comparison of the prices and service terms offered by all bidders so as to grant the Construction Works and Related Services to the bidder who offers the best price and/or the service terms pursuant to the bid evaluation methods published in the tender documents.

If special requirements are made by the tenderee, the tenderee could set out requirements on construction projects, bidders' experience, historical achievements and abilities and other information based on the principle of non-exclusivity pursuant to the relevant regulations in the process of open tender and bidding for all bidders' reference. With reference to the Tender and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》), if there are less than three bidders, the tenderee shall invite bids again. As such, there shall be three or more units applying for bidding and submitting bidding documents during the process of tender and bidding. Pursuant to the Provisions on Tender and Bidding of Construction Projects (Order 30 of Seven Ministries) (《工程建設項目施工招標投標辦法(七部委30號令)》), if there are still less than three bidders in the rebidding, (i) for construction projects that are subject to examination and approval by the original examination and approval department of the PRC, the tenderee may not need to proceed with tender procedure after obtaining approval; or (ii) for construction projects other than those classified in (i), the tenderee may decide not to proceed with tender procedure at its own discretion.

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## LETTER FROM THE BOARD

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If Shudao Investment Group satisfies all the requirements of the Group (as the tenderee) in relation to the qualifications, experience, strength and track record of the bidders, and participates in the bidding and eventually becomes the successful bidder, the transaction price will be the price for the Construction Works and Related Services as specified in the bidding document of Shudao Investment Group. The transaction price is scrutinised and eventually confirmed in accordance with the same objective standard through the tendering mechanism which is also conducted on a non-exclusive basis.

For construction contracts that do not satisfy the thresholds for mandatory tendering as stipulated in the Regulations on Construction Projects Required to be Tendered (National Development and Reform Commission Order No. 16) (《必須招標的工程項目規定》(國家發展和改革委員會令第16號)), the Company shall, pursuant to relevant systems relating to tender and bidding management, determine the prices of the procurement of commodities such as key machineries and materials, and the procurement of services such as survey, design, and supervision by way of comparative selection and price enquiries, etc. to ensure that three or more units participate in the quotation. The Company shall comprehensively consider the qualifications, quotation, terms of service and other factors of the participants and determine the prices and select the final service providers in compliance with the following principles:

- (1) market-oriented, fair and reasonable principles;
- (2) normal commercial terms or better.

Therefore, the aforementioned pricing mechanism will ensure that the price of the transaction arrangement under the Framework Agreement for Construction Works and Related Services is fair and reasonable, and no less favorable than those provided by any independent third party.

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## LETTER FROM THE BOARD

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2. For transactions for emergency rescue construction works

Reference is made to the bidding price of the most recent similar type of construction works. If the bidding price of similar type of construction works is not available, the price shall be determined by a pricing consultation intermediary agency (primarily a public institution or state-owned enterprise, being an independent third party under supervision and administration from the government administrative authorities of the PRC and with relevant professional qualification) in accordance with the pricing basis and methods issued by the national or provincial authorities of the PRC, and in combination with the market price. However, parties to the agreement shall execute the government prescribed price or make reference to the guidance price in priority if any future prescribed price from the government authority is mandatorily implemented by the government.

Tender may not be carried out pursuant to relevant regulations in the PRC under special circumstances involving national security, emergency rescue and disaster relief, and for projects which are not applicable to tender in accordance with the Tender and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》), the Regulations on the Implementation of the Tender and Bidding Law of the People's Republic of China (Order of the State Council No. 613) (《中華人民共和國招標投標法實施條例》(國務院令第613號)) and other rules and regulations. Hence, emergency rescue construction works under the Framework Agreement for Construction Works and Related Services need not be carried out by tender pursuant to the aforesaid regulations.

For emergency rescue construction works under the Framework Agreement for Construction Works and Related Services, where the Group is the contract letting party and Shudao Investment Group is the contractor of construction works, the consideration is determined by the relevant business department of the responsible construction unit of the Company and its subsidiaries which should be the same as the most recent winning bidding prices in the tender procedure organized by the Group as the contract letting party of the most recent similar type of construction works and related services (including but not limited to general condition of construction works, technical standard adopted in the construction, anticipated construction period and engineering quantity, etc.).

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## LETTER FROM THE BOARD

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In practice, due to the uniqueness of each piece of the Construction Works and Related Services, it may be difficult to find a recent project which is directly comparable. If the bidding price of similar type of construction works and related services is not available, the price shall be determined by a pricing consultation intermediary agency (primarily a public institution or state-owned enterprise, being an independent third party under supervision and administration from the government administrative authorities of the PRC and with relevant professional qualification) in accordance with the pricing basis and methods issued by the national or provincial authorities of the PRC, and in combination with the market price.

3. Government prescribed price or guidance price

Under the Price Law of the People's Republic of China (《中華人民共和國價格法》), the government may implement government prescribed price or guidance price for special goods and services when necessary.

If there is mandatory government prescribed price or guidance price for the target subject of the Construction Works and Related Services transaction (such government prescribed price or guidance price will be provided under stipulation of relevant laws and regulations of the PRC or notice from relevant government administrative authorities as published from time to time), the Company will execute government prescribed price or guidance price in priority.

As at the date of the Latest Practicable Date, none of the construction works and related services transactions signed or executed by the Company is subject to the above relevant prescribed price or guidance price by government administrative authorities. However, parties to the agreement shall execute the government prescribed price or make reference to the guidance price in priority if any future prescribed price of the government authority is mandatorily implemented by the government.

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## LETTER FROM THE BOARD

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Payment terms: The payment terms are determined based on the general condition of the construction site, construction works and related services progress and technical standard of construction works, which are disclosed to all potential bidders (including connected persons and independent third parties) under the specific agreements (including tender documents).

For transactions which are priced through the way of tender and bidding, after the winner of the tender is determined, both parties will then determine the specific payment method according to the payment terms set out in the tender documents. Payment terms are determined on normal commercial terms and in a fair and reasonable manner, and shall be the same regardless of whether the winner of the tender is a connected person or an independent third party.

For transactions for emergency rescue construction works, the Company shall make payment either in a lump-sum or in installments, based on the transaction amounts and construction progress. The specific payment method is set out in the agreement to be entered into then under the Framework Agreement for Construction Works and Related Services.

Conditions precedent: The Framework Agreement for Construction Works and Related Services will come into effect upon the following conditions being satisfied:

1. each of the Company and Shudao Investment has fulfilled the necessary internal decision-making procedures and affixed its seal to the Framework Agreement for Construction Works and Related Services; and
2. the Company has complied with the relevant requirements under the Listing Rules in relation to the Framework Agreement for Construction Works and Related Services and the transactions contemplated thereunder, including but not limited to making a report to the Stock Exchange and the SSE, issuing an announcement and obtaining the approval from its Independent Shareholders in respect of the Framework Agreement for Construction Works and Related Services.

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## LETTER FROM THE BOARD

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### (II) ANNUAL CAP

Having considered the following factors and aggregated the estimated transaction amounts for the year ending 31 December 2026 for each of the construction works and related services in progress and to be granted over the next year, the Directors propose that the annual cap for the Framework Agreement for Construction Works and Related Services for the year ending 31 December 2026 shall be as follows:

	<b>Annual Cap</b> <i>(RMB'000)</i>
For the year ending 31 December 2026	<u>2,825,000</u>

### (III) BASIS FOR DETERMINING THE ANNUAL CAP

In determining the annual cap for the aforesaid Framework Agreement for Construction Works and Related Services, the Directors have considered a number of factors including: (i) the historical transaction amounts under the Previous Construction Framework Agreement; (ii) the construction and maintenance plans for each of the expressways of the Group for the next year; (iii) the business development plan of the Group, including the projects proposed under the strategic cooperation intentions reached between the Group and government authorities at different levels and other potential projects the Group observed in the market in which it can participate; and (iv) the potential business development of Shudao Investment Group (to the best knowledge of the Board, as at the date of the Latest Practicable Date, Shudao Investment Group is well operated and its current and subsequent business capabilities make it capable of contracting for the relevant works. The Company is of the view that the stable development of the Shudao Investment Group will enable it to be capable of competing in the relevant engineering business of the Company).

Pursuant to the relevant tendering rules and regulations of the PRC, the interval between the announcement of the bidding results and the entering into of the relevant construction agreement shall not exceed 30 days. Thus, should the annual cap not be based on a 100% success rate of Shudao Investment Group being awarded the contracts, if the annual cap has been fully utilized, Shudao Investment Group will not be able to participate in the remaining tenders announced during the year as it takes time to refresh the annual cap. The procedures required for refreshing the annual cap, including but not limited to obtaining Shareholders' approval (of which the notice period to convene the EGM would require 10 business days or 15 days (whichever is longer)) and other necessary steps to ensure compliance with the Listing Rules, are very likely to take more than 30 days to accomplish. As such, the Directors consider the above 100% success rate assumption is reasonable and necessary. According to the Group's preliminary calculation, in terms of transactions under the Framework Agreement for Construction Works and Related Services, Shudao Investment Group achieved a contract award success rate of approximately 70% in the tender procedures organized by the Group in 2024.

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## LETTER FROM THE BOARD

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### *1. Basis of estimation*

- (1) In estimating the contract sum of expressway and ancillary facilities construction and municipal construction works to be entered into, the Directors have taken into account the contracts on expressways and ancillary facilities and municipal construction works and related services expected to be awarded in the coming year by the Group.
- (2) In estimating the timing and contract sum for upcoming construction contracts to be awarded, the Directors have made reference to the relevant government's development plan for municipal construction works, the Group's development plan for expressway and ancillary facilities and municipal construction works.
- (3) The Directors have taken into account the latest construction progress of each project and the estimated amount to be recognized.
- (4) In estimating the maintenance work to take place during the relevant periods, the Directors have made reference to the historical amounts of maintenance work taken place in the prior year and to the daily maintenance schedule of each of the expressway operated by the Group.

### *2. Quantitative estimation*

The Directors have prepared upcoming project participation schedules for the year ending 31 December 2026, which set out (i) the nature of the projects; (ii) the progress revenue recognition estimated by the Directors for each of Group's ongoing projects; and (iii) the expected total contract sum with estimated progress revenue recognition estimated by the Directors for each of the project expected to be participated by the Shudao Investment Group. By summing up the schedules, the Directors obtained a quantitative estimation of the annual cap required, details of which as follow:

- (a) It is estimated that the transaction amount for contracted related works or services to be recognized in 2026 pursuant to the construction plan and the latest construction progress would be approximately RMB2,495.2 million, mainly involving (i) Chengle Expressway Expansion Construction Project (part of the construction works originally planned to be completed in 2025 will proceed in 2026, with an amount of RMB2,171.8 million); and (ii) other construction works, with an amount of RMB323.4 million;
- (b) Expressway maintenance work and related services to be carried out during 2026, with an amount of RMB231.4 million;
- (c) Expressway mechanical and electrical works and related services to be carried out in 2026, with an amount of RMB95.1 million; and
- (d) A general buffer of approximately RMB3.0 million catering for any unexpected pricing adjustment or variation orders for the construction works.

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## LETTER FROM THE BOARD

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### (IV) HISTORICAL TRANSACTION AMOUNT

For the relevant construction works, the total service fees paid by the Company were as follows:

	<i>RMB('000)</i>
For the period from 1 January 2024 to 31 December 2024	1,311,538
For the six months ended 30 June 2025	<u>467,056</u>

The annual cap for the Previous Construction Framework Agreement for the year ending 31 December 2025 was RMB2,503,000,000. As at 30 June 2025, the utilization rate of the annual cap for the first half of 2025 was 18.66%. The low utilization rate was mainly due to (i) the slow construction progress of the Chengle Expressway Expansion Construction Project due to the waiting for land delivery and other reasons; and (ii) a year-on-year decrease in the Group's mechanical and electrical works and related service costs, which was attributable to the optimization of certain mechanical and electrical projects and the resulting decrease in such projects' amount.

In determining the 2026 annual cap, the Board has considered the aforementioned reasons for the low utilization rate of the 2025 annual cap and taken into account: (i) the land delivery progress of the Chengle Expressway Expansion Construction Project in the second half of 2025, coupled with the Company's ongoing efforts to enhance communication with the government, the land delivery is expected to be improved in 2026, facilitating steady implementation of the relevant construction progress; and (ii) despite the reduction in the amount and costs for mechanical and electrical projects and related services, the construction content and values relating to the Chengle Expressway Expansion Construction Project are expected to increase in 2026, which was primarily related to two contract sections for construction works from the mainline toll station of the project to the Chengdu Second Ring Expressway with a expected increased approximately RMB330 million in 2026 compared to 2025. Accordingly, the annual cap for the year ending 31 December 2026 is proposed to be RMB2,825,000,000.

### (V) REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES

Based on the need of its business development, the Group intends to select contractors for its construction works and related services through tender and bidding, comparative selection and price enquiries and other means. Shudao Investment Group may participate in construction works and related services in accordance with laws. Pursuant to the relevant laws and regulations of the PRC, construction works and related services are primarily conducted by way of tender and bidding, comparative selection, price enquiries and other means (subject to the relevant laws, rules and regulations on tender and bidding in the PRC, and any matters not mandated by the laws, rules and regulations shall be determined in accordance with the Group's tendering management related system). In relation to the construction works and related services that adopt tendering procedure, considering its' tight timeframe for the compliance by the Company, in order to enable the relevant members of Shudao Investment Group to have the

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## LETTER FROM THE BOARD

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opportunity to become providers for the Group's construction works and related services and to ensure the Company's compliance with the relevant requirements under the Listing Rules, Shudao Investment entered into the Framework Agreement for Construction Works and Related Services with the Company. In relation to the construction works and related services that do not adopt tendering procedure, the Company shall ensure that three or more companies participate in the quotation by comparative selection, price enquiries and other means, and determine the business partners according to the principles of market orientation, fairness and rationality. Among them, Shudao Investment Group may participate in the quotation in accordance with laws and regulations, and if the relevant terms are no less favorable than those offered by independent third parties, the Board will also select Shudao Investment Group as the service provider.

Having considered the above, the Directors (excluding the independent non-executive Directors whose views will be set out in the circular to be despatched to the Shareholders) consider that the Framework Agreement for Construction Works and Related Services is entered into in the ordinary and usual course of business of the Group and the terms as contained in the Framework Agreement for Construction Works and Related Services are normal commercial terms, which are arrived at after arm's length negotiations between the parties, and that the annual cap and the terms of the Framework Agreement for Construction Works and Related Services stated in this circular are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### **(VI) DIRECTORS' OPINION ON INTERNAL CONTROL PROCEDURES RELATING TO TRANSACTIONS TERMS SUCH AS PRICING POLICY AND PAYMENT METHOD OF THE CONTINUING CONNECTED TRANSACTION**

The Directors believe that, in respect of the Framework Agreement for Construction Works and Related Services, the Group has implemented complete internal control procedures and steps in practicing the transaction terms such as pricing policy and payment method of the continuing connected transaction. Particulars are set out as follows:

#### ***1. Internal control measures in relation to pricing policy***

Please refer to "the Framework Agreement for Construction Works and Related Services" in this circular for details of the pricing policy, which consist of the pricing basis and policy considerations of the Company in respect of the various types of transactions contemplated under the Framework Agreement for Construction Works and Related Services, including but not limited to: (1) transactions other than those for emergency rescue construction works; (2) transactions relating to emergency rescue construction works; and (3) the impact of government prescribed price or guideline price. The Company will strictly comply with such pricing policies to implement the transactions under the Framework Agreement for Construction Works and Related Services in order to protect the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### 2. *Internal control measures in relation to the payment terms*

The payment terms of the Framework Agreement for Construction Works and Related Services are determined based on the general condition of the construction site, the progress of the construction service and level of construction technical services, which are disclosed to all potential bidders (including connected persons and independent third parties) under the specific agreements (including tender documents). For transactions which are priced through the way of tender and bidding, after the winner of the tender is decided, the relevant business department in charge of construction works of the Company and/or its subsidiaries will make sure that both parties will determine the specific payment method according to the payment terms set out in the tender documents. Payment terms are determined on normal commercial terms and in a fair and reasonable manner, and shall be the same regardless the winner of the tender is a connected person or an independent third party.

### 3. *Other internal control measures*

At the same time, in order to safeguard the interests of the Company and the Shareholders as a whole, the Company has adopted the following measures to monitor the transactions under the Framework Agreement for Construction Works and Related Services:

- (1) After the Framework Agreement for Construction Works and Related Services was proposed and reported by the department responsible for connected transactions, the Directors of the Company (including independent non-executive Directors) conducted investigation on the necessity and reasonableness of the connected transactions and fairness of pricing, and considered that the transaction terms are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Meanwhile, the Directors recognize the importance of good corporate governance in protection of the Shareholders' interests as well as resolving actual and/or potential conflict of interests between the Company, and its controlling shareholder and Directors. As such, though the Directors (including Directors who are holding directorship and/or under the employment of Shudao Investment Group ("**Interested Directors**")) participate in the above-mentioned investigation and would monitor the implementation and execution of the transactions under the Framework Agreement for Construction Works and Related Services, the Interested Directors have abstained from voting on the Board resolutions approving the Framework Agreement for Construction Works and Related Services. The Interested Directors holding Shares of the Company would also abstain from voting at the EGM. Further, it has been the established practice of the Company to require Interested Directors to abstain from voting on relevant resolutions in relation to transactions with Shudao Investment in Board meetings and general meetings.
- (2) The Independent Board Committee of the Company has reviewed and approved the resolution regarding entering into of the Framework Agreement for Construction Works and Related Services, and submitted to the Board for consideration.

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## LETTER FROM THE BOARD

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- (3) The Listing Business Department (Board Office) (上市業務部(董事會辦公室)) and the Internal Control, Audit and Legal Department (內控審計法務部) of the Company will review the transactions under the Framework Agreement for Construction Works and Related Services twice a year, so as to consider (i) the effective implementation of the pricing policy and the payment method as well as the appraisal of the balance of the annual cap; (ii) identify management weakness, and make recommendations for improvement to ensure that the internal control measures in respect of the transactions under the Framework Agreement for Construction Works and Related Services remain complete and effective and the Company will take measures to address the weakness identified, if any, as soon as practicable.
- (4) The Internal Control, Audit and Legal Department of the Company will conduct internal checks at least twice a year to ensure that internal control measures in respect of the transactions under the Framework Agreement for Construction Works and Related Services remain complete and effective.
- (5) The Company will engage the auditor to carry out annual review on the continuing connected transactions (including but not limited to the relevant pricing policies and annual caps) every year in accordance with the requirement of Rule 14A.56 of the Listing Rules.

### **(VII) ABSTENTION IN BOARD RESOLUTIONS AND AT THE EGM**

As Mr. Li Chengyong and Mr. Chen Chaoxiong, non-executive Directors, held positions in Shudao Investment Group, they are deemed to have material interest in the Framework Agreement for Construction Works and Related Services and therefore have abstained from voting on the Board resolutions in respect of the approval of the Framework Agreement for Construction Works and Related Services. Save as disclosed above, none of the Directors of the Company has any material interest in the Framework Agreement for Construction Works and Related Services and was required to abstain from voting on the Board resolutions.

In view of Shudao Investment's interest in the Framework Agreement for Construction Works and Related Services, Shudao Investment, the controlling shareholder controls and is entitled to exercise control over the voting right in respect of 1,035,915,462 A shares and 183,064,200 H shares, which in aggregate amounts to 1,218,979,662 Shares and represents approximately 39.861% of the total issued share capital of the Company, Shudao Investment and its associates will abstain from voting at the EGM on the resolutions in relation to the Framework Agreement for Construction Works and Related Services.

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## LETTER FROM THE BOARD

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### (VIII) INFORMATION ON THE PARTIES TO FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES

The Group is principally engaged in the investment, construction, operation and management of certain expressway projects in the Sichuan Province, green energy investment business and integrated development of resources along the routes.

Shudao Investment is a state-owned enterprise established in the PRC. Its business covers three major sectors including comprehensive transportation (investment in the infrastructure such as road and railway, construction, engineering design consulting, operation and maintenance services, smart transportation and logistics and trade-related services, etc.), energy and resources investment and development, and industry-finance integration. Shudao Investment is a wholly-owned subsidiary of Sichuan Development Holding Co., Ltd., which is in turn wholly-owned by the People's Government of Sichuan Province.

### (IX) LISTING RULES IMPLICATIONS

As at the date of the Latest Practicable Date, Shudao Investment is a controlling shareholder of the Company that holds approximately 39.861% of the issued Shares of the Company. Therefore, Shudao Investment is a connected person of the Company under Rule 14A.07(1) of the Listing Rules. As one or more of the applicable percentage ratios (other than the profit ratio) in respect of the transactions contemplated under the Framework Agreement for Construction Works and Related Services are, on an annual basis, exceed 5%, the Framework Agreement for Construction Works and Related Services is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## IV. PROPOSED CHANGE OF PRC AUDITORS FOR THE YEAR 2025

The Company intends to change its PRC auditors from BDO China Shu Lun Pan Certified Public Accountants LLP ("**BDO**") to ShineWing Certified Public Accountants (Special General Partnership) ("**ShineWing**") (the "**Change of PRC Auditors**"). The resolution regarding the Change of PRC Auditors will be submitted to the EGM of the Company (the "**General Meeting**") for consideration, and will take effect from the date of approval by the EGM.

As of the Latest Practicable Date, BDO has provided PRC audit services for the Company for one year, issued a standard unqualified audit report on the Company's 2024 annual financial statements, and has completed the review of the Company's 2025 interim financial statements, but has not yet commenced the audit of the Company's 2025 annual financial statements. There is no situation that the Company has entrusted the previous auditors to carry out some auditing work and then dismissed it.

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## LETTER FROM THE BOARD

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In light of the Company's future business development and the requirements of the overall audit work, after comprehensive assessment and prudent research, and after full communication with BDO, the Company intends to change the PRC auditors responsible for the audit of the Company's 2025 annual financial statements and internal controls, with the service period ending on 30 April 2026.

BDO has confirmed to the Board that, save for the reasons disclosed above, there are no other matters requiring the attention of the Company's security holders or creditors. The Board and audit committee of the Board (the "Audit Committee") also confirm that, apart from the reasons disclosed above, there are no disagreements or unresolved matters between the Company and BDO, and there are no other matters concerning the change of the PRC auditors that require the attention of the Company's security holders. The Board takes this opportunity to express its sincere gratitude to BDO for the professional services rendered to the Company during his tenure.

On 20 October 2025, the Audit Committee reviewed and approved the proposal to select and appoint the PRC audit services provider for 2025. The Audit Committee examined the proposed change of auditors, the selection plan, and related documentation, etc. On 3 November 2025, the Audit Committee reviewed and approved the proposal to change the PRC auditors, concluding that ShineWing possesses the requisite professional qualifications and the experience and capability to provide audit services to the Company. The firm meets the relevant requirements for the Company's audit work in terms of investor protection capabilities, independence, and integrity, and will not harm the interests of the Company and all shareholders.

The annual audit fees for 2025 for ShineWing were RMB940,000 (comprising RMB700,000 for the audit of the A-share annual financial statements and RMB240,000 for the internal control audit of the A-shares). These fees were determined based on factors including the professional expertise required for the audit services provided by the auditors, the nature of the work, the workload undertaken, and the professional knowledge and work experience contributed by the personnel actually involved in the engagement. The final annual audit fees for 2025 shall be determined by the Board upon authorization by the General Meeting.

Year-on-year changes in audit fees:

Unit: RMB ten thousand

Items	2024 (BDO)	2025 (ShineWing)	Change (%)
Annual financial statement audit fees amount	70	70	0
Internal control audit fees amount	24	24	0

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## LETTER FROM THE BOARD

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### V. PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR AND HIS PROPOSED DIRECTOR'S REMUNERATION

The Board is pleased to announce that Mr. Luo Hong (“**Mr. Luo**”) has been nominated as a candidate for independent non-executive Director of the eighth session of the Board of the Company, which shall be subject to the consideration and approval at the EGM.

The biographical details of Mr. Luo are set out as follows:

Mr. Luo, aged 54, graduated from University of South China (formerly known as Central South Institute of Technology) in June 1994 with a bachelor's degree in accounting. He obtained a master's degree in administrative management from Zhongnan University of Economics and Law in July 2002 and a doctorate degree in accounting from Jinan University in July 2006. Mr. Luo previously served as a lecturer at University of South China, an associate professor at the School of Accounting of Southwestern University of Finance and Economics, an independent director of Ji'an Mankun Technology Co., Ltd. (吉安滿坤科技股份有限公司) (Stock Code: 301132) from October 2018 to November 2024, an independent director of Lier Chemical Co., Ltd. (利爾化學股份有限公司) (Stock Code: 002258) from March 2016 to August 2022, an independent director of Chengdu Fusen Noble-House Industrial Co., Ltd. (成都富森美家居股份有限公司) (Stock Code: 002818) from December 2017 to December 2023, and an independent director of Bank of Guiyang Co., Ltd. (貴陽銀行股份有限公司) (Stock Code: 601997) from July 2016 to August 2022. He is currently a professor and doctoral supervisor at the School of Accounting of Southwestern University of Finance and Economics. Since December 2020, he has been serving as an independent director of Qianhe Condiment and Food Co., Ltd. (stock code: 603027). Since December 2022, he has been serving as an independent director of Chengdu Information Technology of Chinese Academy of Sciences Co., Ltd. (stock code: 300678).

Mr. Luo possesses an academic background in accounting and has extensive experience in financial and accounting studies. His appointment will enhance the diversity of the Board and bring additional expertise in financial management to the Board. In determining the nomination of an independent non-executive Director of the Company, the Company has taken into account various aspects of the diversity of the Board, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The selection of Board members is based on the candidates' merits and the contributions they can make to the Board, while giving due consideration to the benefits of Board diversity in light of their individual objective circumstances. The selection of Board members is conducted in accordance with the relevant laws, regulations and requirements of the regulatory authorities.

In addition, Mr. Luo has confirmed to the Company that (a) his independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules; (b) he has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person (as defined in the Listing Rules) of the Company;

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## LETTER FROM THE BOARD

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and (c) there are no other factors that may affect his independence at the time of his nomination. The Board also considers that Mr. Luo complies with the independence requirements as set out in Rule 3.13 of the Listing Rules and the relevant requirements of the SSE.

Subject to the approval of his appointment at the EGM, the Company will enter into a service contract (not being a service contract expiring within one year or cannot be terminated by the Company without payment of any compensation (other than statutory compensation) within one year) with Mr. Luo. His term of office shall commence from the date of the election by the EGM until the expiration of the term of the eighth session of the Board of the Company. In accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and/or the Articles of Association, the newly appointed independent non-executive Director shall be eligible for re-election upon the expiration of his term of office, with his consecutive term of office not exceeding six years.

The following, among other things, resolution will be considered at the EGM:

- Mr. Luo's proposed remuneration plan will be: a fixed annual remuneration of RMB80,000 (tax inclusive).

The above-mentioned remuneration will be disclosed by the Company after confirmation. For details, please refer to the annual report to be published by the Company in due course.

Save as disclosed above, Mr. Luo has confirmed that (i) he did not hold any directorship of other listed companies in the last three years and does not possess any other major appointment or professional qualifications; (ii) he does not hold any other positions within the Group; (iii) he does not have any relationship with any Director, senior management, substantial or controlling shareholder of the Company; and (iv) he does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

Save as disclosed above, there is no information which is disclosable nor is Mr. Luo involved in any of the matters required to be disclosed pursuant to the requirements under Rule 13.51(2)(h) and Rule 13.51(2)(v) of the Listing Rules, and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

## VI. 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 ([www.cygs.com](http://www.cygs.com)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) after the EGM.

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## LETTER FROM THE BOARD

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### VII. CUMULATIVE VOTING MECHANISM

According to the Articles of Association, the Directors of the Company are elected by means of cumulative voting mechanism. At the election of Directors, the number of votes held by each Shareholder shall equal the number of his/her Shares held multiplied by the number of Directors he/she is entitled to elect; each Shareholder has the right to cast all his/her votes to one candidate for Directors, or to allocate his/her votes to all candidates at his/her discretion, or to cast all his/ her votes to two or more of the candidates. Voting for non-independent Directors and independent non-executive Directors shall be held separately.

### VIII. EGM

The Company proposes to convene the EGM at 3:00 p.m. on Wednesday, 24 December 2025 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 form of proxy 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, 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.

Completion and return of the form of proxy 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.

### IX. CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The register of members of H Shares of the Company will be closed from Friday, 19 December 2025 to Wednesday, 24 December 2025, 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 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 Thursday, 18 December 2025. The record date for the purpose of determining the eligibility of the Shareholders to attend and vote at the EGM is therefore Friday, 19 December 2025.

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## LETTER FROM THE BOARD

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### X. RECOMMENDATION

The Company has appointed Halcyon Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of (i) the Transportation Construction Contract, Road & Bridge Construction Contract and Gaolu Construction Contract; (ii) the Framework Agreement for Construction Works and Related Services and the transactions contemplated thereunder. The letters of advice from Halcyon Capital to the Independent Board Committee and the Independent Shareholders are set out on pages IFA-I-1 to IFA-I-20 and pages IFA-II-1 to IFA-II-23 of this circular. The Independent Board Committee comprising all the independent non-executive Directors of the Company has been established to give advice to the Independent Shareholders in respect of (i) the Transportation Construction Contract, Road & Bridge Construction Contract and Gaolu Construction Contract; (ii) the Framework Agreement for Construction Works and Related Services and the transactions contemplated thereunder. The letters from the Independent Board Committee, which contains its recommendation to the Independent Shareholders in respect of (i) the Transportation Construction Contract, Road & Bridge Construction Contract and Gaolu Construction Contract; (ii) the Framework Agreement for Construction Works and Related Services and the transactions contemplated thereunder, are set out on page IBC-1 to page IBC-2 of this circular.

The Directors (including all the independent non-executive Directors, whose views in respect of (i) the Transportation Construction Contract, Road & Bridge Construction Contract and Gaolu Construction Contract and the transactions contemplated thereunder; and (ii) the Framework Agreement for Construction Works and Related Services and the transactions contemplated thereunder as well as the annual cap are set out in the two letters from the Independent Board Committee contained in this circular) are of the view that: (i) the Construction Contracts and the transactions contemplated thereunder; and (ii) the Framework Agreement for Construction Works and Related Services and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, are fair and reasonable and in the best interest of the Company and its Shareholder as a whole.

Accordingly, the Board recommends that: the Independent Shareholders vote in favour of the ordinary resolutions for approving (i) the Construction Contracts and the transactions contemplated thereunder; and (ii) the Framework Agreement for Construction Works and Related Services (and the proposed annual cap thereunder).

In addition, the Directors consider that the ordinary resolutions in relation to (i) the proposed change of PRC auditors of the Company for the year 2025; and (ii) the proposed appointment of Mr. Luo Hong as an independent non-executive Director of the eighth session of the Board of the Company and his proposed Director's remuneration is in the best interest of the Company and its Shareholders.

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## LETTER FROM THE BOARD

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Accordingly, the Board recommends that the Shareholders vote in favour of the approval for (i) the ordinary resolution in relation to the proposed change of PRC auditors of the Company for the year 2025; and (ii) the ordinary resolutions in relation to the appointment of Mr. Luo Hong as an independent non-executive Director of the eighth session of the Board of the Company and his proposed Director's remuneration.

### **XI. 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 that there are no other matters the omission of which would make this circular or any statement herein misleading.

By Order of the Board  
**Sichuan Expressway Company Limited\***  
**Yao Jiancheng**  
*Executive Director and Company Secretary*

\* *For identification purposes only*

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE ON CONSTRUCTION  
CONTRACTS OF CHENGYA EXPRESSWAY EXPANSION PROJECT

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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)

4 December 2025

*To the Independent Shareholders*

Dear Sir or Madam,

**VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION**

We have been appointed as members of the Independent Board Committee to give our advice on the Transportation Construction Contract, Road & Bridge Construction Contract and Gaolu Construction Contract and the transactions contemplated thereunder, details of which are set out in the letter from the Board included in the circular to the Shareholders dated 4 December 2025 (the “**Circular**”), of which this letter forms a part. Terms used herein shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Halcyon Capital has been appointed as the Independent Financial Adviser to advise us on the Transportation Construction Contract, Road & Bridge Construction Contract and Gaolu Construction Contract and the transactions contemplated thereunder. The letter from the Independent Financial Adviser is set out on pages IFA-I-1 to IFA-I-20 of the Circular.

Having considered the terms and conditions of the Transportation Construction Contract, Road & Bridge Construction Contract and Gaolu Construction Contract, the advice given by Halcyon 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 Transportation Construction Contract, Road & Bridge Construction Contract and Gaolu Construction Contract and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group, are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution at the EGM to approve the Construction Contracts and the transaction contemplated thereunder.

Yours faithfully,  
**Independent Board Committee**

**Mr. Yu Haizong**  
*Independent  
Non-executive  
Director*

**Madam Bu Danlu**  
*Independent  
Non-executive  
Director*

**Mr. Zhou Hua**  
*Independent  
Non-executive  
Director*

**Mr. Jiang Tao**  
*Independent  
Non-executive  
Director*

\* *For identification purposes only*

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE ON FRAMEWORK  
AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES

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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)**

4 December 2025

*To the Independent Shareholders*

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTION**

We have been appointed as members of the Independent Board Committee to give our advice on the Framework Agreement for Construction Works and Related Services and the transactions contemplated thereunder, details of which are set out in the letter from the Board included in the circular to the Shareholders dated 4 December 2025 (the “**Circular**”), of which this letter forms a part. Terms used herein shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Halcyon Capital has been appointed as the Independent Financial Adviser to advise us on the Framework Agreement for Construction Works and Related Services and the transactions contemplated thereunder. The letter from Halcyon Capital is set out on pages IFA-II-1 to IFA-II-23 of the Circular.

Having considered the terms and conditions of the Framework Agreement for Construction Works and Related Services, the advice given by Halcyon 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 Framework Agreement for Construction Works and Related Services and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. In addition, the basis for determining the annual cap for Framework Agreement for Construction Works and Related Services is fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution at the EGM to approve the Framework Agreement for Construction Works and Related Services, the transactions contemplated thereunder and the annual cap.

Yours faithfully,

**Independent Board Committee**

**Mr. Yu Haizong**

*Independent  
Non-executive  
Director*

**Madam Bu Danlu**

*Independent  
Non-executive  
Director*

**Mr. Zhou Hua**

*Independent  
Non-executive  
Director*

**Mr. Jiang Tao**

*Independent  
Non-executive  
Director*

\* *For identification purposes only*

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# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON CONSTRUCTION CONTRACTS OF CHENGYA EXPRESSWAY EXPANSION PROJECT

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*The following is the full text of the letter of advice from Halcyon Capital Limited to the Independent Board Committee and the Independent Shareholders which has been prepared for the purpose of the inclusion in this circular.*



Rm 3401, 34/F,  
Hopewell Centre,  
183 Queen's Road East,  
Wanchai, Hong Kong

4 December 2025

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

## **VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTIONS CONSTRUCTION CONTRACTS IN RESPECT OF THE CHENGYA EXPRESSWAY EXPANSION PROJECT**

### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the construction contracts in respect of the Chengya Expressway Expansion Project entered into with Transportation Construction Group, Road & Bridge Group and Gaolu IT (the “**Transaction**”). Details of the Transaction are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 4 December 2025 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalized terms used in this letter shall have the same meaning as those defined in the Circular.

On 10 November 2025, Chengya Expressway Company, a non-wholly owned subsidiary of the Company, entered into the Transportation Construction Contract, the Road & Bridge Construction Contract and the Gaolu Construction Contract (the “**Connected Construction Contracts**”) with Transportation Construction Group, Road & Bridge Group and Gaolu IT, respectively, in respect of the construction of the Chengya Expressway Expansion Project. As one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the above-mentioned together with Huashi Construction Contract entered on 17 October 2025 with China Huashi (together the “**Construction Contracts**”), the Construction Contracts, calculated on an aggregated basis, exceeds 100%, the Construction Contracts and the transactions contemplated thereunder constitute a very substantial acquisition of the Company according to Chapter 14 of the Listing Rules and are subject to the requirements in respect of reporting, announcement and Shareholders’ approval under Chapter 14 of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON CONSTRUCTION CONTRACTS OF CHENGYA EXPRESSWAY EXPANSION PROJECT

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As at the Latest Practicable Date, the controlling shareholder of the Company is Shudao Investment (which holds an aggregate of 1,218,979,662 Shares, comprising 1,035,915,462 A Shares and 183,064,200 H Shares, representing 39.861% of the total issued shares of the Company). The Transportation Construction Group, Road & Bridge Group and Gaolu IT are all indirect non-wholly owned subsidiaries of Shudao Investment, the controlling shareholder of the Company. Accordingly, the Transportation Construction Group, Road & Bridge Group and Gaolu IT are all connected persons of the Company under the Listing Rules and therefore the Transportation Construction Contract, Road & Bridge Construction Contract and Gaolu Construction Contract and the transactions contemplated thereunder also constitute connected transactions of the Company under the Listing Rules. As one or more applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Construction Contracts are higher than 100% on an aggregated basis, the transactions contemplated under the Construction Contracts are subject to the requirements in respect of reporting, announcement and Independent Shareholders' approval under Chapters 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Yu Haizong, Madam Bu Danlu, Mr. Zhou Hua and Mr. Jiang Tao has been established to advise the Independent Shareholders as to whether the terms of the Connected Construction Contracts and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and the Independent Shareholders as a whole and how to vote on the relevant resolution in the EGM. We have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

In the last two years from the date of our appointment, except for (i) being appointed as the independent financial adviser to the then independent board committees and independent Shareholders of the Company (details of which have been set out in the letters from the independent financial adviser contained in the respective circulars of the Company dated 12 January 2024 and 17 December 2024) relating to continuing connected transactions regarding previous construction framework agreements and the latest construction framework agreement (as the case maybe) and the independent financial adviser to the Independent Board Committee and Independent Shareholders relating to continuing connected transactions regarding the Framework Agreement for Construction Works and Related Services set out on pages IFA-II-1 to IFA-II-23 of this Circular; and (ii) the engagement in or potential engagement in the provision of independent financial advisory services in certain upcoming transactions, we have no other relationships with or interests in the Company and any other parties that could reasonably be regarded as relevant to our independence. Apart from the normal professional fees paid/payable to us in connection with our appointment or arrangement for our upcoming potential independent financial advisory appointments, no arrangements exist whereby we had received any fees or benefits from the Company or any other party to the transactions, therefore we consider such relationship would not affect our independence. We are therefore independent under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Transaction.

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# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON CONSTRUCTION CONTRACTS OF CHENGYA EXPRESSWAY EXPANSION PROJECT

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## **BASIS OF OUR OPINION**

In formulating our opinion, we have relied on the information, financial information and facts supplied to us and representations expressed by the Directors and/or the management of the Company and have assumed that all such information, financial information and facts and any representations made to us or referred to in the announcement of the Company dated 10 November 2025 and the Circular, for which they are fully responsible, are true, accurate and complete as at the time they were made and as at the date hereof and made after due and careful inquiry by the Directors and/or management of the Company. We have been advised by the Directors and/or the management of the Company that all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable. We have no reason to doubt the completeness, truth or accuracy of the information and facts provided and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading.

Our review and analyses were based upon, among others, the information provided by the Company and certain published information from the public domain. We have also discussed with the Directors and/or the management of the Company with respect to the terms of and reasons for the transaction contemplated under the Transportation Construction Contract, Road & Bridge Construction Contract and Gaolu Construction Contract and considered that we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information nor have we conducted any form of in-depth investigation into the businesses, affairs, legal position, financial position or prospects of the Group, Shudao Investment (including the Transportation Construction Group, Road & Bridge Group and Gaolu IT), and each of their respective associates, and the parties involved in the transactions contemplated under the Transaction.

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our recommendations in respect of the transactions contemplated under the Transaction, we have considered the following principal factors and reasons:

### **1. Information on the Group and Chengya Expressway Company**

The Group is principally engaged in the investment, construction, operation and management of certain expressway projects in the Sichuan province, green energy investment business and integrated development of resources along the routes. Currently, the Group mainly owns all or substantial interests in a number of expressways in Sichuan Province such as Chengyu Expressway, Chengya Expressway, Chengle Expressway, Chengren Expressway, Suiguang Expressway, Suixi Expressway, Second Ring (Western) Expressway and Tianqiong

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Expressway. The Group is also in the course of carrying out the expansion project of Chengle Expressway (the “**Chengle Expansion Construction Project**”) and will also commence carrying out the Chengya Expressway Expansion Project upon entering into the Construction Contracts.

As set out in the interim report of the Company for the six months ended 30 June 2025 (the “**2025 Interim Report**”), as of 30 June 2025, the expressways mileage of the Group has reached approximately 900km in total (including the total toll mileage of approximately 858km and the length of Tianqiong Expressway of approximately 42km, which have not yet been commenced toll collection), the length of expansion of Chengle Expressway (under construction), including the 86.4km of the original Chengle Expressway, was approximately 136.1km. The total toll mileage was subsequently reduced to approximately 848km in September 2025 due to the expiry of toll collection period of Chengbei Exit Expressway.

Chengya Expressway Company is a company established in the PRC with limited liability. It is principally engaged in highway management and maintenance, construction engineering, and construction engineering design, etc. As at the Latest Practicable Date, Chengya Expressway Company is a non-wholly owned subsidiary of the Company, with 85% held by the Company, 10% by China Huashi, 3% by Transportation Construction Group, 1% by Road Bridge Group, and 1% by Gaolu IT respectively.

Chengya Expressway has a total length of 144.2km and is wholly-owned by the Company’s Operation and Management Branch III with an operating period from 1 January 2000 to 31 December 2029. As disclosed in the annual report of the Company for the year ended 31 December 2024 (the “**2024 Annual Report**”), Chengya Expressway recorded an average daily traffic volume of 38,476 vehicles per day and a toll income of RMB1,050.78 million, making it the expressway with the highest toll income among all expressways of the Company.

***Financial information of the Group***

Set out below is the summary of key financial information of the Group for the two years ended 31 December 2023 (“**FY2023**”) and 2024 (“**FY2024**”) as extracted from the 2024 Annual Report and the six months ended 30 June 2024 (“**1H2024**”) and 2025 (“**1H2025**”) as extracted from the 2025 Interim Report:

	<b>1H2025</b>	<b>1H2024</b>	<b>FY2024</b>	<b>FY2023</b>
	<i>RMB’mil</i>	<i>RMB’mil</i>	<i>RMB’mil</i>	<i>RMB’mil</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	4,080	5,319	10,247	11,581
Gross profit	1,480	1,556	3,111	2,849
Profit for the period/year attributable to owners of the Company	838	698	1,449	1,191

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON CONSTRUCTION CONTRACTS OF CHENGYA EXPRESSWAY EXPANSION PROJECT

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*For the year ended 31 December 2024*

As illustrated in the table above, the revenue of the Group in FY2024 was RMB10,247 million, with the expressway segment as the largest revenue contributor and generated approximately 46.6% of the Group's revenue for FY2024. Construction services segment was the second largest revenue contributor and contributed approximately 27.4% of the Group's revenue, while revenue from the transportation services segment was attributable for approximately 22.1% of the Group's revenue. The remaining revenue was contributed by the transportation logistics and new energy technologies segment.

During FY2024, the Group experienced a decrease in revenue of approximately 11.5% as compared to FY2023 with the construction services segment recording the largest decrease in revenue of 31.8% although partially offset by the 15.7% increase in revenue from the transportation services segment compared with the previous financial year. At the same time, the Group recorded an 18.3% reduction in the cost of sales for FY2024. Overall the gross profit recorded an increase of 9.2%, as compared to FY2023.

As a result of the above combined factors, the Group recorded profit attributable to owners of the Company for the year of RMB1,449 million which represented an approximately 21.7% increase comparing to the previous corresponding year.

*For the six months ended 30 June 2025*

As illustrated in the table above, the revenue of the Group in 1H2025 was RMB4,080 million. The expressway segment remained as the largest revenue contributor, which generated approximately 55.7% of the Group's revenue in 1H2025, while the construction services, transportation services, transportation logistics and new energy technologies contributed approximately 17.0%, 25.4%, 0.7% and 1.2% of the revenue of the Group respectively.

During 1H2025, the Group experienced a decrease in revenue of approximately 23.3% as compared to 1H2024, with the construction services segment recording the largest decrease of approximately 61.1%. At the same time, the Group recorded a drop in its cost of sales from RMB3,763 million in 1H2024 to RMB2,600 million in 1H2025, and the gross profit recorded a decrease of 4.9% in 1H2025 as compared to 1H2024. However, the Group recorded (i) a decrease of RMB50.3 million in administrative expenses and selling expenses and RMB22.1 million in other expenses; and (ii) a reversal of net impairment losses on financial assets of RMB22.4 million in 1H2025.

As a result of the above combined factors, the Group recorded profit attributable to owners of the Company for the period of RMB838 million which represented an approximately 20.1% increase comparing to the previous corresponding period.

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Set out below is the highlight of the financial position of the Group as at 30 June 2025 as extracted from the 2025 Interim Report:

	<b>As at 30 June 2025</b> <i>RMB'million</i> <i>(unaudited)</i>
Non-current assets	57,606
Current assets	3,716
Current liabilities	4,009
Non-current liabilities	36,640
Net assets	20,673
Cash and cash equivalents	2,491

According to the 2025 Interim Report, the largest non-current asset item of the Group was its service concession arrangements which accounted for approximately 90.6% of its non-current assets, followed by payments in advance and trade and other receivables which accounted for approximately 3.1% and 2.3%, respectively of its non-current asset. The largest current asset item of the Group was cash and cash equivalents which accounted for approximately 67.0% of its current assets and followed by trade and other receivables which accounted for approximately 32.3% of its current assets.

The largest current liability item of the Group was trade and other payables which accounted for approximately 54.2% of its current liabilities, followed by current interest-bearing bank and other borrowings which accounted for approximately 35.8% of its current liabilities. The largest non-current liability item of the Group was non-current borrowings which accounted for approximately 99.1% of its non-current liabilities.

As a result of the above, the net asset of the Group was RMB20,673 million as at 30 June 2025.

## **2. Information on the Contractors**

### ***Transportation Construction Group***

Transportation Construction Group is a company established in the PRC with limited liability. It is principally engaged in construction works; highway management and maintenance; construction engineering survey; construction engineering design; specialized equipment design; specialized equipment manufacturing; specialized equipment installation, modification and repair; and specialized equipment inspection and testing.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON CONSTRUCTION  
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***Road & Bridge Group***

Road & Bridge Group is a company established in the PRC with limited liability. It is principally engaged in construction works; construction engineering design; construction engineering survey; construction engineering quality inspection; highway management and maintenance; specialized construction works; surveying and mapping services; and construction demolition works.

***Gaolu IT***

Gaolu IT is a company established in the PRC with limited liability. It is principally engaged in professional contracting for highway engineering (highway electromechanical engineering) and professional contracting for highway engineering (highway safety facilities).

As at the Latest Practicable Date,

- (i) Transportation Construction Group, Road & Bridge Group and Gaolu IT are indirect non-wholly owned subsidiaries of Shudao Investment.
  - (a) Transportation Construction Group and Road & Bridge Group are direct wholly-owned subsidiaries of SRB Group;
  - (b) SRB Group, a joint stock limited company incorporated under the laws of the PRC, and its shares are listed on the SSE, is mainly owned as to 54.93%, 10.75% and 7.44% by Shudao Investment, SECD and STAE, respectively; and
  - (c) SECD and STAE are direct wholly-owned subsidiaries of Shudao Investment.
- (ii) Gaolu IT is owned as to 81.1765%, 10% and 8.8235% by SSITG, SYTE and SCIM, respectively;
  - (a) SSITG is an indirect wholly-owned subsidiary of Shudao Investment;
  - (b) SYTE is owned as to 51% and 49% by SSITG and Institute of Transportation Development Strategy and Planning of Sichuan Province (四川省交通運輸發展戰略和規劃科學研究院), respectively; and
  - (c) SCIM is an indirect wholly-owned subsidiary of Shudao Investment.
- (iii) Shudao Investment, the controlling shareholder of the Company, is a wholly-owned subsidiary of Sichuan Development Holding Co., Ltd.\* (四川發展(控股)有限責任公司), which is wholly owned by the Sichuan Provincial People's Government.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON CONSTRUCTION CONTRACTS OF CHENGYA EXPRESSWAY EXPANSION PROJECT

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### 3. Background to and reasons for the Transaction

Chengya Expressway, also known as Chengdu-Ya'an expressway, is located in Sichuan Province, the PRC. Chengya Expressway forms part of the G5 Jingkun Expressway within China's national expressway network and serves as a major arterial route in the Western Development Initiatives. It is also a radial route extending from Chengdu within the expressway network of Sichuan Province and holds a critical position within both national and regional road networks. Chengya Expressway has a total length of 144.2 kilometers and is wholly-owned by the Company's Operation and Management Branch III. It is the expressway with the highest toll income among all expressways of the Company.

The Chengya Expressway Expansion Project consists of the expanded section of Chengya Expressway and a newly constructed Lushan branch line. The entire Chengya Expressway Expansion Project spans nine districts and counties across three cities (Shuangliu District, Xinjin District, Qionglai City and Pujiang County in Chengdu Municipality; Pengshan District and Dongpo District in Meishan Municipality; Mingshan District, Yucheng District and Lushan County in Ya'an Municipality). The Chengya Expressway Expansion Project covers a total length of 159.115 kilometers, of which 134.748 kilometers are covered by the expanded section of the Chengya Expressway along the original route and 24.367 kilometers are covered by the Lushan branch line.

Chengya Expressway is currently a core asset of the Group, and its existing toll collection rights will expire on 31 December 2029. Upon completion of the expansion of Chengya Expressway, the toll collection period and toll rates will be re-determined, which will ensure the steady growth of the Group's cash flow, profits and asset scale. This will further enable the Group to strengthen and expand its principal business, optimize the operating term structure of its expressway assets, enhance its sustainable operating capability, and solidify the foundation for long-term development.

China Huashi (an independent third party), Transportation Construction Group, Road & Bridge Group and Gaolu IT possess the professional technical expertise and extensive experience required for expressway expansion and construction. Engaging them as the construction contractors will help ensure the quality and safety of the project, as well as enable the efficient use of advantageous resources to reduce relevant management and operating costs.

To facilitate the smooth implementation of the Chengya Expressway Expansion Project, Chengya Expressway Company entered into the Construction Contracts with each of the contractor, respectively.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON CONSTRUCTION CONTRACTS OF CHENGYA EXPRESSWAY EXPANSION PROJECT

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#### 4. Selection of contractors

According to the Directors, Chengya Expressway Company has not considered other contractors for executing the construction content of the Chengya Expressway Expansion Project, primarily due to the following reasons:

- (i) according to the tender document for the Chengya Expressway Expansion Project, a bidder with the appropriate construction qualifications and capabilities can, upon approval from the competent authority, execute the construction of the Chengya Expressway Expansion Project by itself in accordance with the law;
- (ii) following the winning of the bid, the Chengya Expressway Expansion Project has obtained the bidding approval opinion from the Development and Reform Commission of Sichuan Province, agreeing that the construction of the Chengya Expressway Expansion Project will proceed without competitive bidding procedure, and the construction will be executed directly by the franchised project investors (i.e., the consortium formed among the Company, China Huashi, Transportation Construction Group, Road & Bridge Group and Gaolu IT).

In view of such, other contractors have not been considered by the Company for executing the construction of this project.

We understand from the Directors that Transportation Construction Group, Road & Bridge Group and Gaolu IT have core business operations related to construction activities, and possess key qualifications such as general contracting qualification for construction works, highway management and maintenance and highway electromechanical engineering.

As the Group does not possess such qualifications for highway construction, the involvement of these partners with strong highway construction background, directly contributed to the winning of the tender for the Chengya Expressway Expansion Project.

Furthermore, as the Group is a co-investor with Transportation Construction Group, Road & Bridge Group and Gaolu IT in the Chengya Expressway Company, their shareholdings in Chengya Expressway Company, industry knowledge and expertise could allow the Chengya Expressway Expansion Project to run efficiently.

Given (i) the Group has submitted qualification of Transportation Construction Group, Road & Bridge Group and Gaolu IT for the tendering of the Chengya Expressway Expansion Project under the consortium Chengya Expressway Company and subsequently won the tender, the qualification of the above-mentioned contractors have fulfilled the relevant qualifications requirement for the construction of Chengya Expressway Expansion Project; and (ii) as Chengya Expressway Company obtained the bidding approval opinion from the Development and Reform Commission of the Sichuan Province, agreeing that the construction of the Chengya Expressway Expansion Project will proceed without further competitive bidding procedure, and the construction will be executed directly by the franchised project investors (i.e., the consortium formed by the Company, China Huashi, Transportation Construction Group, Road & Bridge Group and Gaolu IT), we concur with the Directors that selecting Transportation Construction Group, Road & Bridge Group and Gaolu IT as contractors of Chengya Expressway Expansion Project to be appropriate.

**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON CONSTRUCTION  
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**5. Principal terms of the Transaction**

For the construction of the Chengya Expressway Expansion Project, Chengya Expressway Company (i) entered into the Huashi Construction Contract with China Huashi on 17 October 2025; and (ii) entered into the Transportation Construction Contract, the Road & Bridge Construction Contract and the Gaolu Construction Contract with Transportation Construction Group, Road & Bridge Group and Gaolu IT, respectively, on 10 November 2025. Except for the identity of Contractors, construction scope, construction content and Construction Contract price, the terms of such four Construction Contracts are identical.

Details of the Construction Contracts are set out below:

Principal	Construction Contract	Contractor	Construction Scope	Construction Content <sup>1</sup>	Maximum Limit (RMB, tax inclusive)
Chengya Expressway Company	Transportation Construction Contract	Transportation Construction Group	Main line: K12+000~K30+435, K44+100~K80+340, K99+000~K146+240; Lushan branch line: K14+600~K24+495; Railway station connection line: LK0+000~LK4+985	Including the construction works within the specified sections for subgrade, pavement, bridge, culvert, tunnel, traffic safety, building construction, greening and auxiliary facilities (including “road, ditch and canal improvement” works (the “ <b>Three Improvement Works</b> ”))	13,130,759,190
	Road & Bridge Construction Contract	Road & Bridge Group	Main line: K30+435~K44+100; Lushan branch line: K0+000~K14+600	(including “road, ditch and canal improvement” works (the “ <b>Three Improvement Works</b> ”))	3,907,487,567
	Huashi Construction Contract	China Huashi	Main line: K80+340 ~ K99+000	(the “ <b>Three Improvement Works</b> ”))	2,075,319,898
	Gaolu Construction Contract	Gaolu IT	The entire line of the Chengya Expressway Expansion Project	Electromechanical works along the entire line; permanent power supply works for the entire line (including the integration of permanent and temporary power systems), etc.	855,828,581

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON CONSTRUCTION CONTRACTS OF CHENGYA EXPRESSWAY EXPANSION PROJECT

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*Note:*

1. The final contracted pile numbers and construction scope shall be subject to the construction drawings issued after the completion of the construction drawing design.

### ***Construction Contract Price and Determination Basis:***

Each Construction Contract price is the approved budget price for the construction work involved in each Construction Contract (ultimately subject to the construction drawing budget approved by the competent administrative authority of the PRC) after a 10% downward adjustment, not exceeding the maximum limit as agreed in each above-mentioned Construction Contract. The final settlement amount shall be subject to confirmation by the national audit authority or the audit results issued by a third-party consulting institution according to its authority under relevant audit regulations.

The construction budget for the Chengya Expressway Expansion Project will be determined by the Department of Transportation of the Sichuan Province (the “**Department of Transportation**”) based on the construction design drawing approved by the Department of Transportation, the material prices and labor costs at the project location published by its Construction Engineering Cost Station, and in accordance with the budget compilation quotas and methods issued by the Ministry of Transport of the PRC (the 2018 Highway Engineering Construction Project Investment Estimation and Budget Compilation Methods (《公路工程建設項目投資估算、概算預算編製辦法》) (“**Estimation and Budget Compilation Methods**”), and the relevant ancillary indicators issued by the Sichuan Province. The construction budget for the Chengya Expressway Expansion Project includes prices corresponding to different construction scopes based on different construction contents. Chengya Expressway Company will determine the respective prices based on the construction scope and content allocated to each Contractor, as specified in the approved budget and construction design drawings, and subsequently apply a 10% downward adjustment to arrive at each Construction Contract price.

As of the Latest Practicable Date, the construction design drawings and budget for the Construction Contracts have not yet been finally approved by the competent authority. Therefore, each Construction Contract price cannot be determined yet, but it will not exceed the maximum limit as agreed in each Construction Contract. The maximum limit of each Construction Contract is determined with reference to the corresponding prices based on the construction scope and content allocated to each Contractor in the preliminary estimated budget and the construction design drawings of Chengya Expressway Expansion Project currently available.

The construction content of the Chengya Expressway Expansion Project includes subgrade, bridge, tunnel, pavement, traffic safety, station building, highway electromechanical construction, etc. Gaolu IT is primarily responsible for electromechanical works, and China Huashi, Transportation Construction Group and Road & Bridge Group are primarily responsible for the remaining works.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON CONSTRUCTION CONTRACTS OF CHENGYA EXPRESSWAY EXPANSION PROJECT

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In determining the scope, content, and corresponding contract prices of the Construction Contracts with each Contractor, the Chengya Expressway Company reached an agreement with all Contractors, having taken into consideration of the following factors:

- (i) the experience of each Contractor in expressway expansion projects. Gaolu IT has been committed to the electromechanical works for expressways and has extensive expertise in this field, thus all electromechanical works of the Chengya Expressway Expansion Project was allocated to Gaolu IT, while the remaining works were allocated to China Huashi, Transportation Construction Group and Road & Bridge Group. Transportation Construction Group and Road & Bridge Group have extensive experience in highway construction, in particular the similar project in Sichuan Province.

Therefore, after negotiation between Chengya Expressway Company and respective contractors, the sections that are relatively more complex and represented more construction workload are allocated to Transportation Construction Group and Road & Bridge Group, while the remaining sections are allocated to China Huashi;

- (ii) the current resource arrangements of Transportation Construction Group and Road & Bridge Group. Considering the orders on hand of Transportation Construction Group and Road & Bridge Group comprehensively, Transportation Construction Group can allocate more personnel, equipment and other resources to Chengya Expressway Expansion Project at present, which can meet the engineering construction demand more efficiently. Accordingly, a larger portion of the construction work is allocated to Transportation Construction Group; and
- (iii) the credit ratings of highway construction industry entities of the contractors. Based on the latest credit ratings of each contractor from the Department of Transportation of Sichuan Province as of the Latest Practicable Date, Transportation Construction Group, Road & Bridge Group and Gaolu IT are AA-rated contractors, and China Huashi is a B-rated contractor.

On this basis, the maximum limit for each Construction Contract is calculated based on the construction scope allocated to each Contractor (pursuant to the mutual consensus of all Contractors with the Changya Expressway Company) and corresponding construction content and price specified in the preliminary design drawing and estimated budget of the Chengya Expressway Expansion Project (the prices for the specific construction content is determined with reference to the estimated prices for route section, construction requirements and construction contents such as estimated prices for subgrade works, pavement works, bridge and culvert works under the construction and installation engineering prices, land acquisition and resettlement compensation prices and prices for other construction works, etc. as listed in the preliminary estimated budget of the Chengya Expressway Expansion Project). Upon the approval of construction design drawing and budget of the Chengya Expressway Expansion Project, the respective prices of each Construction Contract in the budget will be determined in the same way, and subsequently a 10% downward adjustment will be applied to arrive at each Construction Contract price.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON CONSTRUCTION  
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We have discussed with the management of the Group and understand that the scope of work of each contractor in the Chengya Expressway Expansion Project was determined based on the consensus of all Contractors and Chengya Expressway Company after arm's length negotiations taking into consideration respective experience, expertise and capacity of all Contractors. Once the scope of work of each contractor was determined, we understand that the Construction Contract prices was determined based on (i) the scope of work and pricing based on the corresponding construction content and price specified in the approved budget of the Chengya Expressway Expansion Project and together with (ii) a downward adjustment of 10%.

We have noted from the preliminary breakdown estimate of each construction contract and noted from the breakdown, the calculation of the Price Limit included budgets estimation of among other things, foundation, pavement, bridge, tunnel, cross sections highway ancillary and greenery works for Transportation Construction Group and Road & Bridge Group. While for Gaolu IT, the calculation of the Price Limit included budgets estimation of among other things, toll collection system, monitoring and telecommunication systems, electricity supply and lighting system, emergency monitoring system and structural safety system of each section of the Chengya Expressway Expansion Project.

We have also understood from the construction management department of the Chengya Expressway Company that the calculation of each maximum limit of the construction contracts took into account the scope of work to be carried out by each contractor times the relevant estimated unit price which considered among others the prices stipulated in the Estimation and Budget Compilation Methods as well as current market price. We have further discussed such understanding with the Pricing Consultant (as defined below) and we understand from the Pricing Consultant that at the preliminary estimated budget stage, it is of normal market practice to estimate the Construction Contract price based on the estimated scope of work and pricing pursuant to the Estimation and Budget Compilation Methods and current market price.

Given the scope of work had been mutually agreed among all Contractors and the Construction Contract prices were determined with reference to the scope of work of each Contractor, the price specified in the approved budget of the Chengya Expressway Expansion Project together with a 10% downward adjustment (of which the downward adjustment had took into account the Fair Construction Price prepared by the Pricing Consultant, which would be further elaborated below), we concur with the Directors that the basis of determining and allocating the Construction Contract prices to be appropriate.

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***Payment Arrangements:***

Chengya Expressway Company intends to pay the Construction Contract price through internal resources and bank loans, among other methods.

The Principal will organize the Contractor and other relevant parties to compile a bill of quantities for each Construction Contract, which will serve as the basis for measurement and payment. Construction work for each Construction Contract shall be measured and payable on a monthly basis. The minimum amount for an interim payment certificate (i.e., the construction measurement and payment application materials submitted by each Contractor according to the construction progress) is RMB5 million.

***Advance Payment for Commencement of Construction:***

The total advance payment for commencement of construction for each Construction Contract is 10% of each Construction Contract price, which shall be paid in two installments after the advance payment certificate for commencement of construction is issued by the supervisor and approved by the Principal:

(1) 5% of the contract price for each construction project shall be paid upon each Construction Contract becomes effect; and (2) the remaining amount shall be paid after the first site meeting convened by the supervisor for each Construction Contract.

The advance payment for commencement of construction for each Construction Contract shall be recovered in installments from the progress payment certificates in accordance with the contract terms after the aggregate amount of progress payment certificates reaches 30% of each Construction Contract Price.

***Performance Guarantee Deposit and Quality Guarantee Deposit:***

Based on the latest credit rating published on the “Credit Transportation” platform of the Department of Transportation, AA-rated contractors are exempt from the performance guarantee deposit and quality guarantee deposit; A-rated contractors shall provide a performance guarantee deposit equivalent to 3% of the construction contract price; and B-rated and C-rated contractors shall provide a performance guarantee deposit equivalent to 10% of the construction contract price. Based on the latest credit ratings of each Contractor from the Department of Transportation as of the Latest Practicable Date, Transportation Construction Group, Road & Bridge Group and Gaolu IT are AA-rated contractors, and China Huashi is a B-rated contractor.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON CONSTRUCTION CONTRACTS OF CHENGYA EXPRESSWAY EXPANSION PROJECT

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### *Construction Period:*

The planned commencement date shall be subject to the commencement order issued by the supervising engineer, and the total construction period is 48 months.

### *Validity Period:*

The Transportation Construction Contract, Road & Bridge Construction Contract and Gaolu Construction Contract shall become effective upon execution by the legal representatives or authorized representatives of both parties with the affixation of company seals, and completion of all internal approval procedures by both parties, including but not limited to approvals by the board of directors and shareholders' meeting, as well as procedures required by the Company such as filings with the stock exchange and approval by independent shareholders.

The Transportation Construction Contract, Road & Bridge Construction Contract and Gaolu Construction Contract shall remain valid until all works specified in each contract pass the completion acceptance inspection upon completion, the defect liability period expires, and a defect liability termination certificate is issued.

## **6. Analysis of the Contract price and determination basis**

According to the "Letter from the Board" each Construction Contract price is the approved budget price for the construction work involved in each Construction Contract (ultimately subject to the construction drawing budget approved by the competent administrative authority of the PRC) after a 10% downward adjustment, not exceeding the maximum limit as agreed in each above-mentioned Construction Contract (the "**Price Limit**"). The final settlement amount shall be subject to confirmation by the national audit authority or the audit results issued by a third-party consulting institution according to its authority under relevant audit regulations.

The construction budget for the Chengya Expressway Expansion Project will be determined by the Department of Transportation based on the construction drawing design approved by the Department of Transportation, the material prices and labor costs at the project location published by its Engineering Cost Station, and in accordance with the budget compilation quotas and methods issued by the Ministry of Transport of the PRC (the Estimation and Budget Compilation Methods and the relevant ancillary indicators issued by Sichuan Province).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON CONSTRUCTION CONTRACTS OF CHENGYA EXPRESSWAY EXPANSION PROJECT

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We understand that the Price Limit and pricing of all contractors (including the downward adjustment of 10%) in respect of Chengya Expressway Expansion Project was determined under the same mechanism, which is the calculation of the fair price for the construction work of the Chengya Expressway Expansion Project (the “**Fair Construction Price**”) considering the quantity of each work item and the relevant unit of each work item (for both connected parties (i.e. Transportation Construction Group, Road & Bridge Group and Gaolu IT) and independent third party (i.e. China Huashi).

Furthermore, we noted from the preliminary estimated budget for the Chengya Expressway Expansion Project issued by relevant government departments, that it comprised the preliminary estimated budget of major construction, engineering and expenses items regarding the construction contents of the Construction Contract.

We have also noted that the Price Limit estimated by the Group have taken into account prices of major construction works and associated expenses (including but not limited to construction and installation cost, insurance and project maintenance and management fee) as stipulated in the preliminary estimated budget. We have understood from the management of the Company that the approved budget price (which take into consideration the final design of the construction work) will be lower than the preliminary estimated budget price.

In view of the above, we concur with the Directors that the Price Limit adopting the prices as stipulated from the preliminary estimated budget would be an appropriate estimate.

Pursuant to the “Letter from the Board” when determining the Construction Contract Price, a 10% downward adjustment on the approved budget price for the construction work would be adopted.

As discussed with management of the Group, in determining the 10% downward adjustment, the Group engaged a construction consultant (the “**Pricing Consultant**”) to advise on the Fair Construction Price. The management of the Group then compared the Fair Construction Price prepared by the Pricing Consultant with the preliminary estimated budget and noted that the Fair Construction Price represented a discount of 9.5% as compared to preliminary estimated budget. In view of such, the Group after mutual agreement with the Contractors agreed on a downward adjustment of 10% to be applied towards the approved budget price (which is ultimately subject to the construction drawing budget approved by the competent administrative authority of the PRC) as the Construction Price.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON CONSTRUCTION CONTRACTS OF CHENGYA EXPRESSWAY EXPANSION PROJECT

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According to the “Letter from the Board”, the Fair Construction Price was mainly determined by the Pricing Consultant on the following basis:

- (i) The preliminary design of the Chengya Expressway Expansion Project, which forms the basis for determining the construction content and construction scope in the estimation of the Fair Construction Price.
- (ii) The major construction, engineering and expenses items regarding the relevant construction contents of the Construction Contracts in the preliminary estimated budget issued by the relevant regulatory department.
- (iii) The Notice on Implementing the Highway Engineering Construction Project Investment Estimation and Budget Compilation Methods, the ancillary indicators and the quotas issued by the Ministry of Transport of the PRC in 2018 (《關於貫徹執行交通運輸部2018年<公路工程建設項目投資估算、概算預算編制辦法>及配套指標、定額有關事項的通知》) issued by the Department of Transportation, and the highway engineering industry standard, namely the Highway Engineering Construction Project Budget Compilation Methods (《公路工程建設項目概算預算編制辦法》).
- (iv) Land acquisition and resettlement compensation fees, labour costs, material cost and construction machinery fees are determined with reference to the relevant documents and industry standards such as fundamental principles and specific standards for land acquisition compensation in Sichuan Province, the tender document for the Chengya Expressway Expansion Project, the Estimation and Budget Compilation Methods, Sichuan Province Transportation Construction Project Material Information Price (《四川省交通建設工程材料信息價》), etc and market inquiry prices.

We have reviewed the engagement letter of the Pricing Consultant and discussed with members of the consulting team of the Pricing Consultant engaged in computing the Fair Construction Price to understand their experience and relationship with the Company as well as the methodology adopted.

Based on our discussion with the Pricing Consultant, Zhongke Biaohe Engineering Construction Management Consulting Co., Ltd\* (中科標禾工程項目管理有限公司) and from information on the public domain, we understand that the Pricing Consultant was established in 2004 and has provided price consultation services on construction projects of various engineering nature, including building construction, municipal public works, water conservancy projects, highway and bridge engineering, agricultural complex projects (including land consolidation). The Pricing Consultant is registered with the China Cost Engineering Association\* (中國建設工程造價管理協會) as a recognised Grade AAA pricing consultant. The team comprise of three Grade 1 Cost Engineer\* (一級造價工程師) registered with the Ministry of Transport of the PRC (交通運輸部) and each possess experience of over 7 years in aspects of cost consultation services.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON CONSTRUCTION CONTRACTS OF CHENGYA EXPRESSWAY EXPANSION PROJECT

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The Pricing Consultant has confirmed that it is an independent third party of the Company, the Contractors and their respective associates. Furthermore, the Pricing Consultant confirmed to us that apart from normal professional fees payable to them in connection with their engagement for the issuance of the report regarding the Fair Construction Price (“**Fair Construction Price Report**”), no arrangements exist whereby it will receive any fee or benefit from the Group, the Contractors and their respective associates.

Based on the above, we consider that the Pricing Consultant is qualified and possesses relevant experience in preparing the Fair Construction Price Report and the terms and scope of the engagement between the Company and the Pricing Consultant are appropriate for the Pricing Consultant to prepare the relevant report. Furthermore, based on our discussion with the Pricing Consultant and our review of their scope of work, we are not aware of any matters that could cause us to have doubts on the expertise of the Pricing Consultant.

We have obtained the Fair Construction Price Report and understand the calculation of the Fair Construction Price considered the quantity of each work item and the relevant unit of each work item.

The unit price of the work items stipulated the Fair Construction Price Report are either referenced to government-prescribed price or the market price obtained by the Pricing Consultant from market research. We have also understood from the Pricing Consultant that the approved budget price (which take into consideration the final design of the construction work) will be lower than the preliminary estimated budget price.

We have obtained the breakdown of the construction work of Chengya Expressway Expansion Project which sets out the different types of construction work making up the Fair Construction Price, with the following major types of construction work, namely Roadbed Construction, Pavement Engineering, Bridge and Culvert Engineering, Cross Engineering, which in aggregate, attribute to over 70% of the Fair Construction Price.

We have discussed with the Pricing Consultant and understand that the pricing for the above construction works considered mainly the material costs, labour costs and equipment costs. We further understand that the key material items for the abovesaid construction works include but not limited to concrete and steel bar. As such, we have reviewed the pricing of the key material items with the relevant source document and noted that unit price of such items selected were comparable to the relevant above-mentioned sources. Furthermore, we have discussed with the Pricing Consultant and understand that the labour costs of the construction works, was estimated with reference to the market price and guidance price stipulated in the Estimation and Budget Compilation Methods, and it is also noted that the labour costs were higher than the minimum wage for Sichuan Province. We also understand that the equipment costs of the construction work were calculated having taken into account the estimated time usage and market rental price or guidance price stipulated in the Estimation and Budget Compilation Methods.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON CONSTRUCTION CONTRACTS OF CHENGYA EXPRESSWAY EXPANSION PROJECT

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Taking into consideration (i) the pricing of construction work in respect of Chengya Expressway Expansion Project (i.e. Construction Contract price) was referenced to the construction budget plus a downward adjustment of 10% will be applied to all contractors in respect of Chengya Expressway Expansion Project (for both connected parties (i.e. Transportation Construction Group, Road & Bridge Group and Gaolu IT) and independent third party (i.e. China Huashi); (ii) the preliminary estimated budget for the construction work was issued by relevant government departments, that it comprised the preliminary estimated budget of major construction, engineering and expenses items regarding the Chengya Expressway Expansion Project which is adopted as the Price Limit; (iii) pursuant to the pricing consultant, generally the approved budget price will be lower than the preliminary estimated budget price; and (iv) the 10% downward adjustment was determined by considering the 9.5% discount of Fair Construction Price as compared to preliminary estimated budget, we concur with the Directors that, the determination basis of the Construction Contract price of applying a 10% downward adjustment to the approved budget price for the construction work involved in each Construction Contract to be appropriate.

### **7. Financial effect of the Transaction**

During construction of the Chengya Expressway Expansion Project, the Group recognises revenue associated with construction services provided under the service concession arrangements in accordance with HKFRS 15 Revenue from Contracts with Customers and IFRIC 12 Service Concession Arrangements. Revenue generated from construction services rendered by the Group is measured at fair value of the consideration received or receivable. The consideration represents the rights to obtain an intangible asset to operate according to the respective arrangement and is recorded as service concession arrangements.

The Group uses the input method to determine the appropriate amount of revenue to be recognised in a given period, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The stage of completion is measured by reference to the construction costs of the related infrastructure incurred up to the end of the reporting period as a percentage of the total estimated costs for each contract.

As Chengya Expressway Expansion Project is expected to be funded from the internal resources of the Group as well as borrowings, thus the additional borrowings may result in an increase in gearing level of the Group.

During construction stage, the Chengya Expressway Expansion Project is not expected to have any material impact on the earnings position of the Group. Chengya Expressway Expansion Project would only be able to generate toll income and other contributions to the Group upon commencement of operation after the completion of the construction.

In view of the above, saved for unforeseen circumstances, there will be no material change in the net assets position of the Group as a result of the construction of Chengya Expressway Expansion Project.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON CONSTRUCTION  
CONTRACTS OF CHENGYA EXPRESSWAY EXPANSION PROJECT**

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It should be noted that the aforementioned 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 successful launch of the Chengya Expressway Expansion Project.

**RECOMMENDATION**

Having taken into consideration the factors and reasons as stated above, we are of the opinion that the Transaction is in the interests of the Company and the Independent Shareholders as a whole, and the terms are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the resolution to approve the Transaction at the EGM.

Yours faithfully  
For and on behalf of  
**Halcyon Capital Limited**  
**Terry Chu**  
*Managing Director*

*Mr. Terry Chu is a person licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and regarded as a responsible officer of Halcyon Capital Limited and has over 25 years of experience in corporate finance industry.*

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# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES

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*The following is the full text of the letter of advice from Halcyon Capital Limited to the Independent Board Committee and the Independent Shareholders which has been prepared for the purpose of the inclusion in this circular.*



Rm 3401, 34/F,  
Hopewell Centre,  
183 Queen's Road East,  
Wanchai, Hong Kong

4 December 2025

*To: the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

## **CONTINUING CONNECTED TRANSACTIONS ENTERING INTO OF FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES**

### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to Shudao Investment Group contracting certain construction works, construction related works and services from the Group (the “**Transactions**”). Details of the Framework Agreement for Construction Works and Related Services and the annual cap (the “**Annual Cap**”) of the Transactions are set out in the letter from the Board contained in the circular of the Company to the Shareholders dated 4 December 2025 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalized terms used in this letter shall have the same meaning as those defined in the Circular.

As at the Latest Practicable Date, Shudao Investment is the controlling Shareholder which held approximately 39.861% of the issued share capital of the Company and hence a connected person of the Company under Rule 14A.07(1) of the Listing Rules. As Shudao Investment is a connected person of the Company, the transactions contemplated under the Framework Agreement for Construction Works and Related Services constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more applicable percentage ratios (other than the profit ratio) in respect of the Framework Agreement for Construction Works and Related Services are, on an annual basis, exceed 5%, the Framework Agreement for Construction Works and Related Services (including the Annual Cap), will be subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Shudao Investment and its associates and any Shareholders who are materially interested in the Framework Agreement for Construction Works and Related Services shall abstain from voting in relation to the Framework Agreement for Construction Works and Related Services and the transactions contemplated thereunder.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES

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The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Yu Haizong, Madam Bu Danlu, Mr. Zhou Hua and Mr. Jiang Tao has been established to advise the Independent Shareholders as to whether the terms of the Framework Agreement for Construction Works and Related Services (including the Annual Cap) and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interest of the Company and the Independent Shareholders as a whole and how to vote on the relevant resolution in the EGM. We have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

In the last two years from the date of our appointment, except for (i) being appointed as the independent financial adviser to the then independent board committees and independent Shareholders of the Company (details of which have been set out in the letters from the independent financial adviser contained in the respective circulars of the Company dated 12 January 2024 and 17 December 2024) relating to continuing connected transactions regarding previous construction framework agreements and as the independent financial adviser to the Independent Board Committee, and Independent Shareholders relating to the Construction Contracts of Chengya Expressway Expansion Project set out in pages IFA-I-1 to IFA-I-20 of this Circular; and (ii) the engagement in or potential engagement in the provision of independent financial advisory services in certain upcoming transactions, we have no other relationships with or interests in the Company and any other parties that could reasonably be regarded as relevant to our independence. Apart from the normal professional fees paid/payable to us in connection with our appointment or arrangement for our upcoming potential independent financial advisory appointments, no arrangements exist whereby we had received any fees or benefits from the Company or any other party to the transactions, therefore we consider such relationship would not affect our independence. We are therefore independent under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Transactions.

### **BASIS OF OUR OPINION**

In formulating our opinion, we have relied on the information, financial information and facts supplied to us and representations expressed by the Directors and/or the management of the Company and have assumed that all such information, financial information and facts and any representations made to us or referred to in the announcement of the Company dated 30 October 2025 (the “**Announcement**”) and the Circular, for which they are fully responsible, are true, accurate and complete as at the time they were made and as at the date hereof and made after due and careful inquiry by the Directors and/or management of the Company. We have been advised by the Directors and/or the management of the Company that all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable. We have no reason to doubt the completeness, truth or accuracy of the information and facts provided and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES

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Our review and analyses were based upon, among others, the information provided by the Company including the Framework Agreement for Construction Works and Related Services and certain published information from the public domain. We have also discussed with the Directors and/or the management of the Company with respect to the terms of and reasons for the transactions contemplated under the Framework Agreement for Construction Works and Related Services (including the Annual Cap) and considered that we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information nor have we conducted any form of in-depth investigation into the businesses, affairs, legal position, financial position or prospects of the Group, Shudao Investment Group and each of their respective associates, and the parties involved in the transactions contemplated under the Framework Agreement for Construction Works and Related Services.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendations in respect of the transactions contemplated under the Framework Agreement for Construction Works and Related Services (including the Annual Cap), we have considered the following principal factors and reasons:

#### 1. Background to and reasons for the entering into of the Framework Agreement for Construction Works and Related Services

The Group is principally engaged in the investment, construction, operation and management of certain expressway projects in the Sichuan province, green energy investment business and integrated development of resources along the routes. Currently, the Group mainly owns all or substantial interests in a number of expressways in Sichuan Province such as Chengyu Expressway, Chengya Expressway, Chengle Expressway, Chengren Expressway, Suiguang Expressway, Suixi Expressway, Second Ring (Western) Expressway and Tianqiong Expressway. The Group is also in the course of carrying out the expansion project of Chengle Expressway (the “**Chengle Expressway Expansion Construction Project**”) and will also commence carrying out the Chengya Expressway Expansion Project. As of 30 June 2025, the expressways mileage of the Group has reached approximately 900km in total (including the total toll mileage of approximately 858km and the length of Tianqiong Expressway of approximately 42km, which have not yet commenced toll collection), the length of expansion of Chengle Expressway (under construction), including the 86.4km of the original Chengle Expressway, was approximately 136.1km. The total toll mileage was subsequently reduced to approximately 848km in September 2025 due to the expiry of toll collection period of Chengbei Exit Expressway.

Shudao Investment is a state-owned enterprise established in the PRC. Its businesses cover three major sectors including comprehensive transportation (investment in the infrastructure such as road and railway, construction, engineering design consulting, operation and maintenance services, smart transportation and logistics and trade-related services, etc), energy and resources investment and development, and industry-finance integration. Shudao Investment is a wholly-owned subsidiary of Sichuan Development Holding Co., Ltd., which is in turn wholly-owned by the People’s Government of Sichuan Province.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES

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Given subsidiaries of Shudao Investment had been principally engaged in construction and construction related services, and had from time to time participated in tender and bidding, comparative selection and price enquiries and participated in construction and maintenance project of the Group as well as providing ancillary construction related services to the Group, to govern the on-going participation of tender and bidding, comparative selection and price enquiries by members of Shudao Investment Group for construction and maintenance projects as well as other construction related services to be awarded by the Group, Shudao Investment and the Company had entered into an annual framework construction agreement from time to time and with the latest annual framework agreement expiring on 31 December 2025 (the “**Previous Framework Agreement**”).

As the Previous Construction Framework Agreement will expire on 31 December 2025, the Company and Shudao Investment entered into the Framework Agreement for Construction Works and Related Services on 30 October 2025 to govern (i) the provision of construction of expressway and municipal construction work; (ii) the provision of construction related services; and (iii) the provision of maintenance work by Shudao Investment Group and the on-going participation of tender and bidding, comparative selection and price enquiries by Shudao Investment Group for construction and maintenance projects to be awarded by the Group in 2026.

Pursuant to the relevant regulations, business of construction works is primarily conducted by way of tender and bidding, by which all bidders have to comply with the relevant requirements at the prescribed time. Shudao Investment Group has been one of the potential bidders of the Group’s construction and maintenance work as well as provision of construction related servicing. In relation to the construction works and related services that adopt tendering procedure, considering its’ tight timeframe for the compliance by the Company, in order to enable the relevant members of Shudao Investment Group to have the opportunity to become providers for the Group’s construction works and related services and to ensure the Company’s compliance with the relevant requirements under the Listing Rules, Shudao Investment entered into the Framework Agreement for Construction Works and Related Services with the Company.

In order to (i) meet the tendering and bidding timetable; (ii) enable the relevant members of Shudao Investment Group not to lose the opportunity to become providers for the Group’s construction works, maintenance work and related services; and (iii) ensure the Company’s compliance with the relevant Listing Rules, the Company has entered into the framework agreement on an annual basis to agree on the annual cap for the Group’s potential constructions and maintenance project intended to be participated by Shudao Investment Group.

The Directors considered that the Framework Agreement for Construction Works and Related Services provides flexibility but not an obligation to the Group to engage Shudao Investment Group in their respective business operation whenever their respective directors consider appropriate.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES

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Having considered that the transactions between the Group and Shudao Investment Group have been carried out in their respective daily operation and the continuing business relationship among the Group and Shudao Investment Group, we considered that the entering into of the Framework Agreement for Construction Works and Related Services is in the ordinary and usual course of business of the Group.

### **2. Principal terms of the Framework Agreement for Construction Works and Related Services**

On 30 October 2025, the Company and Shudao Investment entered into the Framework Agreement for Construction Works and Related Services, pursuant to which the Shudao Investment Group shall contract the following construction works from the Group from 1 January 2026 to 31 December 2026:

- Construction works of expressways (including roads, bridges, tunnels, etc.) and ancillary facilities (including auxiliary and supporting water supply and drainage, mechanical and electrical (including charging piles and other facilities), greening, transportation security, terrace and other facilities for buildings including management offices, toll stations, service areas and gas stations):
  - (i) construction works of expressways and ancillary facilities (including restructuring and construction extension);
  - (ii) daily maintenance works of expressways and ancillary facilities, mainly including roadbed, pavement, bridges and culverts, tunnels, management service facilities, traffic safety facilities, greening and environmental protection facilities (including cleaning), road property management, and ancillary facilities such as service areas, gas stations, and charging stations;
  - (iii) maintenance works of expressways and ancillary facilities consists of specialized maintenance, preventive maintenance, repair maintenance, and emergency maintenance, mainly including roadbed, pavement, bridges and culverts, tunnels, management service facilities, traffic safety facilities, greening and environmental protection facilities, and ancillary facilities such as service areas, gas stations, and charging stations; and
  - (iv) renovation (expansion) projects, government – enterprise cooperation projects, and resettlement projects implemented as maintenance works.
- Contracting and subcontracting of municipal construction works, which include construction works such as urban roads, squares, parks, land consolidation and ancillary facilities (including facilities for buildings, water supply and drainage, mechanical and electrical, greening, transportation security and terrace) and others; and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES

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- Construction related services: other auxiliary works for the completion of the above construction works, including but not limited to services related to survey, design, supervision, inspection, consultancy, scientific research and other services.

The above-mentioned construction works include, among other things, the tender and bidding projects conducted pursuant to the laws of the PRC.

### *Duration*

The Framework Agreement for Construction Works and Related Services is for a term commencing from 1 January 2026 (effective upon the fulfilment of all conditions precedents, whichever is later) to 31 December 2026.

### *Conditions precedent*

The Framework Agreement for Construction Works and Related Services will come into effect upon the following conditions being satisfied:

1. each of the Company and Shudao Investment has fulfilled the necessary internal decision-making procedures and affixed its seal to the Framework Agreement for Construction Works and Related Services; and
2. the Company has complied with the relevant requirements under the Listing Rules in relation to the Framework Agreement for Construction Works and Related Services and the transactions contemplated thereunder, including but not limited to making a report to the Stock Exchange and the Shanghai Stock Exchange, issuing an announcement and obtaining the approval from its Independent Shareholders in respect of the Framework Agreement for Construction Works and Related Services.

### *Payment terms*

The payment terms are determined based on the general condition of the construction site, construction works and related services progress and technical standard of construction works, which are disclosed to all potential bidders (including connected persons and independent third parties) under the specific agreements (including tender documents).

For transactions which are priced through the way of tender and bidding, after the winner of the tender is determined, both parties will then determine the specific payment method according to the payment terms set out in the tender documents. Payment terms are determined on normal commercial terms and in a fair and reasonable manner, and shall be the same regardless of whether the winner of the tender is a connected person or an independent third party.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES

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For transactions for emergency rescue construction works, the Company shall make payment either in a lump-sum or in installments, based on the transaction amounts and construction progress. The specific payment method is set out in the agreement to be entered into then under the Framework Agreement for Construction Works and Related Services.

### **3. Pricing policies and relevant internal control**

#### *(i) For transactions excluding emergency rescue construction works*

Determined by way of tender, comparative selection, price enquiries or other means (subject to the relevant laws, rules and regulations on tender and bidding in the PRC, and any matters not mandated by the laws, rules and regulations shall be determined in accordance with the Group's tendering management related system).

Pursuant to the Regulations on Construction Projects Required to be Tendered (National Development and Reform Commission Order No. 16) (《必須招標的工程項目規定》(國家發展和改革委員會令第16號)), tendering is mandatory if one of the following thresholds is met:

- (i) estimated contract sum of over RMB4 million (inclusive) in respect of a single contract under a construction project;
- (ii) procurement of commodities such as key machineries and materials with an estimated consideration of over RMB2 million (inclusive) for a single contract; or
- (iii) procurement of services such as survey, design, and supervision with an estimated consideration of over RMB1 million (inclusive).

For the survey, design, construction, supervision, and the procurement of key machineries and materials pertinent to the construction works that may be aggregated in the same project, if the total estimated contract sum satisfies the standards specified in the preceding paragraph, the execution of tender shall be requisite.

The procedures for tender and bidding refer to the processes of invitation for tender, bid submission, bid opening, bid evaluation and bid granting implemented by the tenderee and bidder pursuant to the relevant rules and regulations of the PRC, which is subject to the inspection of relevant government departments of the PRC. In relation to the Framework Agreement for Construction Works and Related Services, the Group shall act as the tenderee via the relevant business department of the responsible construction unit of the Company and its subsidiaries, and the bid evaluation panel (comprised of bid evaluation experts and subject to the supervision of the government administration authorities of the PRC) will select the contractor for the construction works by conducting a comparison of the prices and service terms offered by all bidders so as to grant the Construction Works and Related Services to the bidder who offers the best price and/or the service terms pursuant to the bid evaluation methods published in the tender documents.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES

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If special requirements are made by the tenderee, the tenderee could set out requirements on construction projects, bidders' experience, historical achievements and abilities and other information based on the principle of non-exclusivity pursuant to the relevant regulations in the process of open tender and bidding for all bidders' reference. With reference to the Tender and Bidding Law of the People's Republic of China (《中華人民共和國招標投標法》), if there are less than three bidders, the tenderee shall invite bids again. As such, there shall be three or more units applying for bidding and submitting bidding documents during the process of tender and bidding. Pursuant to the Provisions on Tender and Bidding of Construction Projects (Order 30 of Seven Ministries) (《工程建設項目施工招標投標辦法(七部委30號令)》), if there are still less than three bidders in the rebidding, (i) for construction projects that are subject to examination and approval by the original examination and approval department of the PRC, the tenderee may not need to proceed with tender procedure after obtaining approval; or (ii) for construction projects other than those classified in (i), the tenderee may decide not to proceed with tender procedure at its own discretion.

If Shudao Investment Group satisfies all the requirements of the Group (as the tenderee) in relation to the qualifications, experience, strength and track record of the bidders, and participates in the bidding and eventually becomes the successful bidder, the transaction price will be the price for the Construction Works and Related Services as specified in the bidding document of Shudao Investment Group. The transaction price is scrutinised and eventually confirmed in accordance with the same objective standard through the tendering mechanism which is also conducted on a non-exclusive basis.

For construction contracts that do not satisfy the thresholds for mandatory tendering as stipulated in the Regulations on Construction Projects Required to be Tendered (National Development and Reform Commission Order No. 16) (《必須招標的工程項目規定》(國家發展和改革委員會令第16號)), the Company shall, pursuant to relevant systems relating to tender and bidding management, determine the prices of the procurement of commodities such as key machineries and materials, and the procurement of services such as survey, design, and supervision by way of comparative selection and price enquiries, etc. to ensure that three or more units participate in the quotation. The Company shall comprehensively consider the qualifications, quotation, terms of service and other factors of the participants and determine the prices and select the final service providers in compliance with the following principles:

- (i) market-oriented, fair and reasonable principles; and
- (ii) normal commercial terms or better.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES

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Furthermore, in relation to the construction works and related services that do not adopt tendering procedure, the Company shall ensure that three or more companies participate in the quotation by comparative selection, price enquiries and other means, and determine the business partners according to the principles of market orientation, fairness and rationality. Among them, Shudao Investment Group may participate in the quotation in accordance with laws and regulations, and if the relevant terms are no less favorable than those offered by independent third parties, the Board will also select Shudao Investment Group as the service provider.

In view of the above, as the Company may receive service and price offers from Shudao Investment Group, and if the relevant terms are no less favorable than those offered by other independent third parties, the Board will also select Shudao Investment Group as the service provider.

Therefore, the aforementioned pricing mechanism will ensure that the price of the transaction arrangement under the Framework Agreement for Construction Works and Related Services is fair and reasonable, and no less favorable than those provided by any independent third party.

*(ii) For transactions in relation to emergency rescue construction works*

Reference is made to the bidding price of the most recent similar type of construction works. If the bidding price of similar type of construction works is not available, the price shall be determined by a pricing consultation intermediary agency (primarily a public institution or state-owned enterprise, being an independent third party under supervision and administration from the government administrative authorities of the PRC and with relevant professional qualification) in accordance with the pricing basis and methods issued by the national or provincial authorities of the PRC, and in combination with the market price. However, parties to the agreement shall execute the government prescribed price or make reference to the guidance price in priority if any future prescribed price from the government authority is mandatorily implemented by the government.

Tender may not be carried out pursuant to relevant regulations in the PRC under special circumstances involving national security, emergency rescue and disaster relief, and for projects which are not applicable to tender in accordance with the Tender and Bidding Law of the People's Republic of China 《(中華人民共和國招標投標法)》, the Regulations on the Implementation of the Tender and Bidding Law of the People's Republic of China (Order of the State Council No. 613) (《中華人民共和國招標投標法實施條例》(國務院令第613號)) and other rules and regulations. Hence, emergency rescue construction works under the Framework Agreement for Construction Works and Related Services need not be carried out by tender pursuant to the aforesaid regulations.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES

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For emergency rescue construction works under the Framework Agreement for Construction Works and Related Services, where the Group is the contract letting party and Shudao Investment Group is the contractor of construction works, the consideration is determined by the relevant business department of the responsible construction unit of the Company and its subsidiaries which should be the same as the most recent winning bidding prices in the tender procedure organized by the Group as the contract letting party of most recent similar type of construction works and related services (including but not limited to general condition of construction works, technical standard adopted in the construction, anticipated construction period and engineering quantity, etc.).

In practice, due to the uniqueness of each piece of the Construction Works and Related Services, it may be difficult to find a recent project which is directly comparable. If the bidding price of similar type of construction works and related services is not available, the price shall be determined by a pricing consultation intermediary agency (primarily a public institution or state-owned enterprise, being an independent third party under supervision and administration from the government administrative authorities of the PRC and with relevant professional qualification) in accordance with the pricing basis and methods issued by the national or provincial authorities of the PRC, and in combination with the market price.

### *(iii) Government prescribed price or the guidance price*

Under the Price Law of the People's Republic of China (《中華人民共和國價格法》), the government may implement government prescribed price or guidance price for special goods and services when necessary.

If there is mandatory government prescribed price or guidance price for the target subject of the Construction Works and Related Services transaction (such government prescribed price or guidance price will be provided under stipulation of relevant laws and regulations of the PRC or notice from relevant government administrative authorities as published from time to time), the Company will execute government prescribed price or guidance price in priority.

As at the Latest Practicable Date, none of the construction works and related services transactions signed or executed by the Company is subject to the above relevant prescribed price or guidance price by government administrative authorities. However, parties to the agreement shall execute the government prescribed price or make reference to the guidance price in priority if any future prescribed price of the government authority is mandatorily implemented by the government.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON FRAMEWORK  
AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES**

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*(iv) Other internal control measures*

At the same time, in order to safeguard the interests of the Company and the Shareholders as a whole, the Company has adopted the following measures to monitor the transactions under the Framework Agreement for Construction Works and Related Services:

- (1) After the Framework Agreement for Construction Works and Related Services was proposed and reported by the department responsible for connected transactions, the Directors of the Company (including independent non-executive Directors) conducted investigation on the necessity and reasonableness of the connected transactions and fairness of pricing, and considered that the transaction terms are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Meanwhile, the Directors recognize the importance of good corporate governance in protection of the Shareholders' interests as well as resolving actual and/or potential conflict of interests between the Company, and its controlling shareholder and Directors. As such, though the Directors (including Directors who are holding directorship and/or under the employment of Shudao Investment Group (“**Interested Directors**”)) participate in the above-mentioned investigation and would monitor the implementation and execution of the transactions under the Framework Agreement for Construction Works and Related Services, the Interested Directors have abstained from voting on the Board resolutions approving the Framework Agreement for Construction Works and Related Services. The Interested Directors holding Shares would also abstain from voting at the EGM. Further, it has been the established practice of the Company to require Interested Directors to abstain from voting on relevant resolutions in relation to transactions with Shudao Investment in Board meetings and general meetings.
- (2) The Independent Board Committee has reviewed and approved the resolution regarding entering into of the Framework Agreement for Construction Works and Related Services, and submitted to the Board for consideration.
- (3) The Listing Business Department (Board Office) (上市業務部 (董事會辦公室)) and the Internal Control, Audit and Legal Department (內控審計法務部) of the Company will review the transactions under the Framework Agreement for Construction Works and Related Services twice a year, so as to consider (i) the effective implementation of the pricing policy and the payment method as well as the appraisal of the balance of the annual cap; and (ii) identify management weakness, and make recommendations for improvement to ensure that the internal control measures in respect of the transactions under the Framework Agreement for Construction Works and Related Services remain complete and effective and the Company will take measures to address the weakness identified, if any, as soon as practicable.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON FRAMEWORK  
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- (4) The Internal Control, Audit and Legal Department of the Company will conduct internal checks at least twice a year to ensure that internal control measures in respect of the transactions under the Framework Agreement for Construction Works and Related Services remain complete and effective.
  
- (5) The Company will engage the auditor to carry out annual review on the continuing connected transactions (including but not limited to the relevant pricing policies and annual caps) every year in accordance with the requirement of Rule 14A.56 of the Listing Rules.

As stated in the 2024 Annual Report of the Company for the year ended 31 December 2024, the independent non-executive Directors have reviewed the continuing connected transactions and have confirmed that the continuing connected transactions were entered into (i) in the ordinary and usual course of businesses of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available from independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Furthermore, PricewaterhouseCoopers, the Company's auditor, has been engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to "Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. PricewaterhouseCoopers has issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

Taking into account (i) the internal control measures as set out above (including but not limited to the Internal Control Audit and Legal Department of the Company will conduct internal checks at least twice a year to ensure that the internal control measures in respect of the transactions under the Framework Agreement for Construction Works and Related Services remain complete and effective); (ii) the independent non-executive Directors have reviewed the continuing connected transactions as noted in the 2024 Annual Report; (iii) PricewaterhouseCoopers, the Company's auditors have been engaged to report on the Group's continuing connected transactions, we are of the view that appropriate measures are in place to ensure that the Transactions will be conducted on normal commercial terms and to safeguard the interests of the Independent Shareholders.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES

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#### 4. Comparison of terms with independent third parties

From our understanding with the management of the Group, during the period between 1 January 2025 and up to the Latest Practicable Date, the Group entered into 5 construction related contracts with Shudao Investment Group and 19 construction related contracts with independent third parties. We have compared the individual contracts entered into between the Group and Shudao Investment Group against similar contracts entered into between the Group and other independent third-party contractor during the corresponding period.

We understand from the management of the Group and noted from the relevant tender documents in association with the aforementioned 5 construction related contracts that the contracts were determined by way of tender of which members of Shudao Investment Group were the respective winning bids which were comparable to construction related contracts entered into with other independent third-party contractor which were also determined by way of tender.

As we noted from relevant tender documents that the aforementioned 5 construction related contracts were determined by way of tender which is comparable to construction related contracts entered into with other independent third-party contractor, we concur with the Directors that, the pricing mechanism and the relevant internal control measures as discussed in the section headed “Pricing policies and relevant internal control” above have been consistently and appropriately applied (i.e. by way of public tender) when awarding construction related contracts.

During the period between 1 January 2025 and up to the Latest Practicable Date, the Group entered into 3 maintenance contracts with members of Shudao Investment Group. In addition, the Group also entered into 6 maintenance contracts with independent third parties.

We have compared the maintenance contracts entered into between the Group and Shudao Investment Group against the contracts entered into between the Group and other independent third parties during the corresponding period. We noted that the maintenance contracts entered between the Group and Shudao Investment Group or other independent third parties were awarded by way of tender and bidding, comparative selection or price enquiries. As such, we concur with the Directors that the relevant pricing mechanism has been consistently and appropriately applied.

In respect of emergency rescue construction works (of which emergency rescue construction works required were not included in any of the maintenance contracts), from our understanding with the management of the Group, the Group did not engage Shudao Investment Group to carry out any of such emergency rescue construction works since 1 January 2025 up to the Latest Practicable Date, as such no direct comparison could be carried out. We further understood from the management of the Group that, whenever the Group engages Shudao Investment Group for emergency rescue construction services, the pricing mechanism and the relevant internal control as discussed in the section headed “Pricing policies and relevant internal control” above will be consistently applied.

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In view of the pricing policies and relevant internal control measures as discussed above being in place, we consider that, the services provided will be under normal commercial terms.

**5. Basis of the Annual Cap**

The transactions contemplated under the Framework Agreement for Construction Works and Related Services are subject to the Listing Rules' requirements and conditions as further discussed under the section headed "Reporting requirements and conditions of the Transactions" below. In particular, the Transactions are also subject to the Annual Cap as discussed below.

In assessing the reasonableness of the Annual Cap, we have discussed with the management of the Group the basis and assumptions underlying the projections for contracting and sub-contracting of the relevant works pursuant to the Framework Agreement for Construction Works and Related Services entered into between the Company and Shudao Investment for the purpose of determining the Annual Cap.

*(i) Review of the historical figures*

Set out below are the historical values of the Transactions entered into between the Group and Shudao Investment Group from 1 January 2023 to 30 June 2025 as the extracted from the financial records in the relevant financial periods:

	<b>For the year ended 31 December 2023</b>	<b>For the year ended 31 December 2024</b>	<b>For the six months ended 30 June 2024</b>	<b>For the six months ended 30 June 2025</b>
	<i>RMB' in million</i>	<i>RMB' in million</i>	<i>RMB' in million</i>	<i>RMB' in million</i>
Actual transaction amount recorded by member of Shudao Investment Group for providing the relevant construction services to the Group	1,251.6	1,311.5	273.6	467.1
Annual Cap under Framework Agreement for Construction Works and Related Services and Previous Construction Framework Agreement	2,769.0	3,856	3,856	2,503
<b>Utilization rate</b>	<b>45.20%</b>	<b>34.01%</b>	<b>7.10%</b>	<b>18.66%</b>

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*Historical transaction value*

During the year ended 31 December 2024, the transaction amount recorded by Shudao Investment Group for providing the relevant construction services to the Group recorded an increase as compared to that for the year ended 31 December 2023. Such increase was mainly due to the fact that slightly more construction progress had been achieved in 2024 for the construction of the Chengle Expressway Expansion Construction Project as compared to that in 2023.

In first half of 2025, transaction value continued to record an increase as compared to first half of 2024 following the handover of some respective plots of land in 2025 in respect of the Chengle Expressway Expansion Construction Project, and hence more construction progress was achieved for the Chengle Expressway Expansion Construction Project.

*Utilization rate*

The utilization rate of the annual cap for the year ended 31 December 2024 was 34.01%, which was less than the utilization rate for the year ended 31 December 2023, despite recording an increase in the historical transaction amount for the year ended 31 December 2024. The relatively lower utilization rate in 2024 was mainly due to the upward adjustment on the proposed annual cap for the year ended 31 December 2024 compared to the year ended 31 December 2023 having taken into account that there would be an expected increase in construction progress achieved for the Chengle Expressway Expansion Construction Project when setting the annual cap. However, as the respective plots of land were pending handover in 2024 in respect of the Chengle Expressway Expansion Construction Project, less than expected construction progress was achieved.

The annual cap for the year ending 31 December 2025 was RMB2,503.0 million. As at 30 June 2025, the utilization rate of the annual cap during the first half of 2025 was approximately 18.66%, which improved as compared to the utilization rate for the first half of 2024 of 7.1% as at 30 June 2024. The higher utilization rate was mainly due to the cut back on the proposed annual cap for the year ending 31 December 2025 as the Group anticipate less construction work would be carried out in 2025 upon estimating the annual cap. In addition the transaction value during the first half of 2025 also recorded an increase compared to the corresponding period in 2024 as a result of the factors described above.

We also note that maintenance work carried out in the first half of 2025 was less than the estimation in the 2025 annual cap. Nevertheless, from the maintenance work progress up to August 2025, the Directors estimated that substantial maintenance work will be completed in the second half of 2025.

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*Assessment of the Annual Cap*

When assessing the reasonableness of the Annual Cap, we have discussed with the management the basis and assumptions underlying the projection of the Annual Cap. Set out below is the Annual Cap being proposed for the transactions contemplated under the Framework Agreement for Construction Works and Related Services for the year ending 31 December 2026:

	<b>For the year ending 31 December 2026</b> <i>RMB' in million</i>
Annual Cap in respect of the Framework Agreement for Construction Works and Related Services	2,825

In determining the annual cap for the aforesaid Framework Agreement for Construction Works and Related Services, the Directors have considered a number of factors including:

- (i) the contract sum of expressway and ancillary facilities construction and municipal construction works to be entered into, considering the contracts on expressways and ancillary facilities and municipal construction works and related services expected to be awarded in the coming year by the Group;
- (ii) the timing and contract sum for upcoming construction contracts to be awarded, with reference to the relevant government's development plan for municipal construction works and the Group's development plan for expressway and ancillary facilities and municipal construction works;
- (iii) the latest construction progress of each project and the estimated amount to be recognized; and
- (iv) the maintenance work to take place during the relevant periods, with reference to the historical amounts of maintenance work taken place in the prior year and the daily maintenance schedule of each of the expressway operated by the Group.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES

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The Annual Cap under the Framework Agreement for Construction Works and Related Services comprised mainly of estimated transaction value for (i) expressway and ancillary facilities construction and development (including civil works, mechanical and electrical works, traffic engineering works and other works); (ii) expressway maintenance works (including maintenance works of expressways and ancillary facilities as well as daily maintenance works); (iii) renovation (expansion) projects; (iv) construction related services; and (v) municipal construction works, for both executed contracts and contracts proposed to be executed in 2026.

In estimating the contract sum of expressway and ancillary facilities construction and municipal construction works to be entered into, the Directors will take into account the contracts on expressways and ancillary facilities and municipal construction works expected to be awarded in the coming year by the Group. In estimating the timing and contract sum for upcoming construction contracts to be awarded, the Directors have made reference to the relevant government's development plan for municipal works, the Group's development plan for expressway and ancillary facilities and municipal construction works.

Should new projects be subject to tender and bidding, comparative selection and price enquiries during the upcoming year, a 100% success rate of Shudao Investment Group being awarded with the contracts will also be estimated by the Directors, in case Shudao Investment Group successfully being awarded with all the projects, the annual cap for the relevant year will still be sufficient. The Company has considered the business development potential of Shudao Investment Group (to the best knowledge of the Board, Shudao Investment Group's business capabilities are developing rapidly, including expanding its qualifications for contracting various engineering projects and enhancing its corresponding contracting capabilities. The Company considers that the business development of Shudao Investment Group will make it more capable of participating in more relevant businesses of the Company in various aspects), the Directors are of the view that Shudao Investment Group would be capable of undertaking all the construction projects awarded to it should its success rate of tenders be 100%.

Furthermore, the Directors have taken into account the latest estimated construction progress of each project and the estimated amount to be recognized which members of Shudao Investment Group are currently participating in.

Pursuant to the latest development schedule as at the Latest Practicable Date, the Directors anticipated that saved as the buffer estimated in the Annual Cap, no substantial construction work for expressway would be subject to tender or in any event if any work awarded to contractor(s) is expected to have substantial progress in 2026. Hence we have discussed with the management that, should any expressway project(s) will be newly awarded in 2026 to Shudao Investment Group and subject to substantial work, the Group will discuss with Shudao Investment Group on the overall progress of other construction projects which were awarded to Shudao Investment Group in previous years in ensuring the Annual Cap would not be exceeded should unexpected work is required to be carried out in 2026 for new projects. Should the Group anticipate that the Annual Cap would be exceeded, the Group will re-comply with the relevant Listing Rules to revise the Annual Cap.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES

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In estimating the maintenance work to be taken place during the relevant periods, the Directors have made reference to the historical amounts of maintenance work taken place in the prior year and to the daily maintenance schedule of each of the expressway operated by the Group.

Furthermore, the Directors have taken into account the latest estimated construction progress of each project and the estimated amount to be recognized which members of Shudao Investment Group are currently participating in.

According to the Directors, with reference to the development plans and the historical amounts of the relevant construction works for the year ended 31 December 2024 and for the six months ended 30 June 2025 as mentioned above, the Annual Cap for the year ending 31 December 2026 in accordance with construction progress schedule in aggregate would amount to RMB2,825 million, which represents:

- (a) estimated transaction amount of RMB2,495.2 million for contracted construction related projects or services to be recognized in 2026 pursuant to the construction plan and the latest construction progress, mainly involving (i) Chengle Expressway Expansion Construction Project (part of the construction works originally planned to be completed in 2025 will proceed in 2026) (amounting to RMB2,171.8 million); and (ii) other construction works (amounting to RMB323.4 million);
- (b) the amount of RMB231.4 million of expressway maintenance works and relevant services to be carried out during 2026;
- (c) the amount of RMB95.1 million of expressway mechanical and electrical works and relevant services to be carried out during 2026; and
- (d) a general buffer of around RMB3.0 million catering for any unexpected pricing adjustment or variation orders for the construction work.

In accessing the fair and reasonableness of the Annual Cap for the Framework Agreement for Construction Works and Related Services, we have reviewed the upcoming project participation schedules prepared by the Directors for the year ending 31 December 2026 which sets out (i) the nature of the projects; (ii) the progress revenue recognition estimated by the Directors for each of Group's ongoing projects; and (iii) the expected total contract sum with estimated progress revenue recognition estimated by the Directors for each of the project expected to be participated by the Shudao Investment Group. We have discussed with the management of the Group, reviewed the ongoing construction related schedule and discussed with the construction department on the progress to be carried out in 2026, that the expected total contract sum for upcoming project of the Group estimated by the Directors were made with reference to the government tendering plan and the Group's construction and development plan for ancillary facilities as well as for other ancillary services. In regarding the cost to be recognized according the progress of completion, the Directors have made reference to the progress of past experience in similar construction projects and the estimated completion time for each of the potential and/or on-going projects.

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We have also discussed with the management of the Group regarding the assumed 100% success rate on winning all the contracts to be awarded in the coming year. According to the Directors, given both independent third parties and members of Shudao Investment Group shall have the similar opportunity to participate in and winning the tender, for prudent purpose, the Directors estimated a 100% success rate for awarding the contract to members of Shudao Investment Group, in case members of Shudao Investment Group is able to win the tender which members of Shudao Investment Group participates in, the Annual Cap will still be sufficient. In respect of the maintenance work, we have discussed with the management of the Group regarding their maintenance plan. According to the management of the Group and as set out in the upcoming and ongoing project participation schedules and our discussion with the construction department of the Company, we understand that it is expected that the maintenance level for the Group for the coming year ending 31 December 2026 will be comparable to the estimated amount in the annual cap of 2025, as the Directors estimated comparable levels of maintenance work will be carried out in 2026 taking into consideration the latest progress of maintenance work to be carried out in the last 4 months of 2025, the latest conditions of the relevant expressway and the maintenance schedule to maintain the standard of the expressways.

We noted that substantial amount of the Annual Cap was catered for estimated transaction amount for projects which had been contracted in previous periods. Such estimated amount is based on the construction plan and the latest construction progress of each contracted project. Due to, among other things, the slow construction progress of certain sections of the Chengle Expressway Expansion Construction Project due to the awaiting for land delivery, such relevant work would be estimated to be carried out in 2026. The Board also considered that (i) the land delivery progress of the Chengle Expressway Expansion Construction Project in the second half of 2025, coupled with the Company's ongoing efforts to enhance communication with the government, the land delivery is expected to improve in 2026, facilitating steady implementation of the relevant construction progress and (ii) despite the reduction in the amount and costs for mechanical and electrical projects and related services, the construction content and values relating to the Chengle Expressway Expansion Construction Project are expected to increase in 2026. As set out in the Letter from the Board, it was primarily related to two contract sections for construction works from the mainline toll station of the project to the Chengdu Second Ring Expressway. It is expected that approximately RMB330 million will be increased in 2026 compared to 2025.

The Annual Cap represented an increase of around 12.86% as compared to the annual cap for the year ending 31 December 2025. Having considered that (i) it is scheduled for construction to be carried out for additional relevant sections of the Chengle Expressway Expansion Construction Project during 2026; and (ii) it is expected that there may be successful tender of other construction project(s) with substantial progress expected to take place in 2026. In view of such, the Directors after considering that latest available work schedule noted that the estimated works to be carried out and completed by 2026 would be more than the estimation made for the estimating the annual cap for the year ending 31 December 2025, hence the Directors adjusted the Annual Cap for 2026 upward accordingly.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER ON FRAMEWORK AGREEMENT FOR CONSTRUCTION WORKS AND RELATED SERVICES

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For estimating the Annual Cap for contracts estimated to be tendered and awarded in 2026, we understand from the management of the Company that, pursuant to the relevant tendering rules and regulations in the PRC, the processing time between publication of tender result and entering into relevant construction agreement shall be within 30 days. Thus should the Annual Cap not factor in a 100% success rate of projects estimated to be participated by Shudao Investment Group and if the Annual Cap has been fully utilized, Shudao Investment Group will not be able to participate in the tender thereafter. Due to the timing required for refreshing the annual cap will exceed 30 days as the procedures required for refreshing the annual cap, including but not limited to obtaining Shareholder's approval (of which the notice period to convene an extraordinary shareholders' meeting would require 10 business days or 15 days (whichever is longer) and other necessary steps to ensure compliance with the Listing Rules, will take more than 30 days to accomplish. As such, the Directors consider, and we concur the above 100% success rate assumption is reasonable and necessary. As set out in the Letter from the Board, according to the Group's preliminary calculation, in terms of transactions under the Framework Agreement for Construction Works and Related Services, Shudao Investment Group achieved a contract award success rate of approximately 70% in the tender procedures organized by the Group in 2024.

Regarding the remaining construction works pursuant to the contract which is expected to be carried out subsequent to 2025, as it is not feasible and prudent for the Company to predict the estimated transactions amounts as the progress of the construction works is subject to numerous factors, which include but not limited to potential change in government policies and regulations, adjustments regarding the planning of the projects, climate and environmental factors etc, the implementation of the contract(s) may also be adjusted taking into consideration the aforementioned factors. As such, regarding the remaining construction works, if necessary, the Company will incorporate the remaining estimated transaction amount into the annual cap for upcoming years in respect of the then framework agreements to be entered into between the Group and Shudao Investment in order to govern the on-going construction related transactions between the parties. The Company will also comply with relevant Listing Rules requirements, which include but not limited to the reporting and announcement requirements, and obtaining independent Shareholders' approval in relation to the obtaining of relevant annual cap. In case the resolution regarding the Framework Agreement for Construction Works and Related Services (including the Annual Cap) and/or any of the subsequent construction framework agreements (and their respective corresponding annual caps) to be entered into between the Company and Shudao Investment are not approved by the Shareholders at the general meetings of the Company, the current intention of the Company is to seek feasible alternative including but not limited to engaging other construction compan(ies) to continue the construction.

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As regards to the deviation between the actual transaction amount and the annual cap, we have discussed with the management of the Group regarding the reasons for such deviation, details of which please refer to the section headed “Review of the historical figures” above. According to the management of the Group, the factors leading towards the low utilization rate of the respective Annual Cap for the prior year had been taken into consideration in determining the proposed Annual Cap for the year ending 31 December 2026 under the Framework Agreement for Construction Works and Related Services. Despite the factors which contributed to the variance between the actual transaction amount and the annual cap for the prior periods were unpredictable, the Directors have taken into account, among other things, the following to come up with the estimation on the Annual Cap for the year ending 31 December 2026 including among other things: (i) for new projects estimated to be carried out by the Group, the estimation that Shudao Investment Group will win the relevant project subject to tender and bidding, comparative selection and price enquiries process (as the case maybe) as members of Shudao Investment Group shall have the similar chance to participate in and winning, for prudent purpose, the Directors estimated a 100% success rate for awarding the contract to members of Shudao Investment Group, in case member of Shudao Investment Group is able to win which members of Shudao Investment participates the Annual Cap for the year ending 31 December 2026 will still be sufficient; (ii) in respect of construction project awarded prior to 2025, in particular the delay of the Chengle Expressway Expansion Construction Project in previous financial years, the Directors have factored in such delay in recognition of transaction amount of the relevant construction work to be recognized in 2026 in estimating the Annual Cap; and (iii) in respect of maintenance work, as at the date of the Announcement, as discussed with the management of the Group, the Group considered that the maintenance work to be carried out for the year ending 31 December 2026 will be in accordance to the latest maintenance schedule (subject to the then weather condition) and up to the Latest Practicable Date, the Group is not aware of any information which would result in any material changes to be made on the current maintenance schedule.

We concur with the Directors’ view that, the circumstances mentioned above were considered to be inevitable which construction company will encounter during its daily operation and hence taking into account the above factors, we also concur with the Directors that, by making reference to the relevant the latest construction and maintenance plans for each of the expressways of the Group for the year ending 31 December 2026 as well as the latest construction progress in estimating the Annual Cap, is considered fair and reasonable.

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**6. Reporting requirements and conditions of the Transactions**

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Transactions are subject to the following annual review requirements:

- (a) each year the independent non-executive Directors must review the Transactions and confirm in the annual report and accounts that Transactions have been entered into:
  - (i) in the ordinary and usual course of business of the Group;
  - (ii) on normal commercial terms or better; and
  - (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (b) each year the auditors of the Company (currently, PricewaterhouseCoopers) must provide a letter to the Board confirming whether anything has come to the Board's attention that causes them to believe that the Transactions:
  - (i) have not received the approval of the Board;
  - (ii) are not in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
  - (iii) have not been entered into in accordance with the relevant agreements governing the Transactions; and
  - (iv) have exceeded the Annual Cap;
- (c) the Company must allow, and ensure that counterparties to the Transactions to allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Transactions as set out in paragraph (b); and
- (d) the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or auditors of the Company will not be able to confirm the matters set out in paragraphs (a) and/or (b) respectively.

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In light of the reporting requirements attached to the Transactions, in particular, (i) the restriction of the value of the Transactions by way of the Annual Cap; and (ii) the on-going review by the independent non-executive Directors and auditors of the Company of the terms of the Transactions and the Annual Cap not being exceeded, we are of the view that appropriate measures will be in place to monitor the conduct of the Transactions and assist to safeguard the interests of the Independent Shareholders.

**RECOMMENDATION**

Having considered the above principal factors and reasons, we consider that (i) the terms of the Framework Agreement for Construction Works and Related Services and the transactions contemplated there under are in the ordinary and usual course of business of the Group, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole and is fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Annual Cap is fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Accordingly, we would recommend the Independent Shareholders, and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution in respect of the Framework Agreement for Construction Works and Related Services (including the Annual Cap) and the transactions contemplated thereunder at the EGM.

Yours faithfully,  
For and on behalf of  
**HALCYON CAPITAL LIMITED**  
**Terry Chu**  
*Managing Director*

Mr. Terry Chu is a person licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and regarded as a responsible officer of Halcyon Capital Limited and has over 25 years of experience in corporate finance industry.

## 1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three financial years ended 31 December 2024 and for the six months ended 30 June 2025 has been disclosed in the following documents published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company (<https://www.cygs.com/>).

- (i) Annual report of the Company for the year ended 31 December 2022:  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0420/2023042001353.pdf>
- (ii) Annual report of the Company for the year ended 31 December 2023:  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0418/2024041801706.pdf>
- (iii) Annual report of the Company for the year ended 31 December 2024:  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041701721.pdf>
- (iv) Interim report of the Company for the period ended 30 June 2025:  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0912/2025091200377.pdf>

## 2. INDEBTEDNESS STATEMENT

As at 15 October 2025, for the purpose of this indebtedness statement, the Group had the following outstanding indebtedness:

### (a) Bank Loans, Other Borrowings, Medium Term Notes and Corporate Bonds

- (i) As at 15 October 2025, the Group had total interest-bearing bank loans and other borrowings amounting to approximately RMB38,137,329,000, of which approximately RMB9,059,420,000 were secured and guaranteed, approximately RMB19,959,822,000 were secured, approximately RMB50,114,000 were guaranteed, and approximately RMB9,067,973,000 were unsecured and unguaranteed;
- (ii) As at 15 October 2025, the Group had outstanding medium term notes totalling approximately RMB100,681,000, which were unsecured and unguaranteed; and
- (iii) As at 15 October 2025, the Group had outstanding corporate bonds totalling approximately RMB2,016,644,000, which were unsecured and unguaranteed.

### (b) Contingent Liabilities

As at 15 October 2025, the Group had no material contingent liabilities and guarantees.

**(c) Lease Liabilities**

As at 15 October 2025, Group had lease liabilities totalling approximately RMB97,104,000. These lease liabilities were unsecured and unguaranteed.

Save as those disclosed above or elsewhere in this circular and except for the inter-group liabilities during the ordinary course of business and normal trade payables, as at 15 October 2025, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance leases commitments, guarantees or other contingent liabilities.

**3. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

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

As disclosed in the 2025 Interim Report of the Company, the revenue of the Group amounted to approximately RMB4,079,978,000, representing a year-on-year decrease of approximately 23.30%. In particular, the revenue from expressway segment amounted to approximately RMB2,273,610,000, representing a year-on-year decrease of approximately 2.25%; the revenue from construction services segment amounted to approximately RMB693,687,000, representing a year-on-year decrease of approximately 61.10%; the revenue from transportation service segment amounted to approximately RMB1,036,753,000, representing a year-on-year decrease of approximately 0.49%; the revenue from transportation logistics segment amounted to approximately RMB27,300,000, representing a year-on-year decrease of approximately 74.63%; and the revenue from new energy technology segment amounted to approximately RMB48,628,000, representing a year-on-year decrease of approximately 19.71%. The profit attributable to the owners of the Company was approximately RMB838,351,000, representing a year-on-year increase of approximately 20.09%. Basic earnings per share was approximately RMB0.260 (the same period in 2024: approximately RMB0.228). As at 30 June 2025, the Group had total assets of approximately RMB61,322,641,000 and net assets of approximately RMB20,672,821,000.

Based on the forecast and judgement of future economic situation, policy environment and developments of the industry and our business in the second half of 2025, the Company has formulated the following work plan with a focus on the basic development ideas of “14th Five-Year” Plan and business objectives for the year of 2025:

**(1) Maintaining the focus on core business operations to ensure stable development**

The Company will take expressway operations as the heart of its strategy. The Company will strengthen the core business foundation by optimizing existing assets, including accelerating the Chengle Expansion Construction Project, while simultaneously expanding the

road asset portfolio through strategic upgrades of existing routes, asset consolidation, and acquisitions of high-quality road assets. Additionally, the Company will enhance expressway maintenance quality, safety performance, and technical capabilities to improve service standards and economic efficiency, thereby driving synergistic development across business segments.

**(2) Seizing policy opportunities to foster diversified growth**

In pursuing diversified industrial development, the Company's capital operations division will leverage its role as an investment platform to deepen capital management activities, including acquiring equities in high-quality assets within Shudao Group to increase the proportion of light assets. For service area operations, the Company will implement a "one zone, one specialty" (一區一品) approach to optimize workforce allocation efficiency, improve the operational quality of self-managed service areas, and effectively convert traffic flow into revenue streams. The hydrogen energy business will concentrate on commercial pilot projects along selected routes to explore market applications for hydrogen-powered heavy trucks, while the new energy division will expand into innovative business models such as energy storage and electricity retailing.

**(3) Establishing a concept of market-oriented operation to increase business benefits**

By adhering to the concept of market-oriented operation and the guidance of value creation, the Company is dedicated to delivering sustainable value for both shareholders and employees. The Company will implement a sophisticated resource allocation system that enhances full-cycle budget control and expenditure efficiency evaluation to ensure optimal deployment of resources toward areas that strengthen core competitiveness and profitability. Simultaneously, the Company will develop proactive market expansion capabilities by encouraging business teams to fully engage in competitive markets, thereby invigorating overall organizational performance.

**(4) Establishing a refined cost management system and strengthening business-finance integration**

As the Company navigates challenges during the cultivation period for new profit growth drivers, it will intensify the "cost reduction and efficiency improvement" strategy through comprehensive implementation of standardized cost control systems. All business units must strengthen their business-finance integration capabilities, establishing scientific benchmark standards based on historical data and industry comparisons to guarantee the most effective use of every financial resource.

**(5) Strengthening the foundation of safety and risk prevention & control**

Regarding safety management, the Company will reinforce hazard identification and emergency response measures across service areas, energy stations, and ongoing construction projects, upholding the principle of “maintaining constant vigilance”. For operational risk control, the Company will refine the strategic positioning by transitioning from extensive growth models to building robust risk management systems anchored by core businesses, effectively addressing potential revenue shortfalls.

**4. WORKING CAPITAL**

The Directors, after due and careful enquiries, are of the opinion that, after taking into account the effect of the transaction contemplated in the Construction Contracts, the Group’s internal resources, cash flow from operations and financing facilities available to the Group, the Group has sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this circular, in the absence of unforeseeable circumstances. The Company has obtained the relevant letter as required under Rule 14.66(12) of the Listing Rules.

**5. MATERIAL CHANGE**

The Directors confirm that as at the Latest Practicable Date, they were not aware of any material changes in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date.

**6. EFFECTS OF THE CONSTRUCTION CONTRACTS ON THE EARNINGS AND ASSETS AND LIABILITIES OF THE GROUP**

As at 31 December 2024, the audited total assets and total liabilities of the Group amounted to approximately RMB61,032,031,000 and RMB41,536,405,000 respectively.

In light of the nature of the Construction Contracts, assuming the relevant works had been completed on 31 December 2024, there would not be any impact on the earnings of the Group. During construction of the Chengya Expressway Expansion Project, the Group recognises revenue associated with construction services provided under the service concession arrangements in accordance with HKFRS 15 Revenue from Contracts with Customers and IFRIC 12 Service Concession Arrangements. Revenue generated from construction services rendered by the Group is measured at fair value of the consideration received or receivable. The consideration represents the rights to obtain an intangible asset to operate according to the respective arrangement and is recorded as service concession arrangements and hence the amount of the total assets of the Group is expected to increase following the completion of the Construction Contracts. The amount of the total liabilities of the Group is also expected to increase due to the current funding requirements of the construction contract price.

**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 that there are no other matters the omission of which would make this circular or any statement herein misleading.

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

As at the Latest Practicable Date, none of the Directors and chief executives of the Company had interests or short positions 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.

As at the Latest Practicable Date, so far as 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 issuer 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 management centre of the financial management department (fund management centre) of Shudao Investment;
  - 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 was 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 was, 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 other members of the Group.

Name	Type of Shares	Long position/ short position	Number of the Company's Shares held	Approximate percentage in the total share 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	183,064,200	5.986%	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	96,458,000 <sup>(2)</sup>	3.154%	10.774%	Interest in controlled corporation
		Total	<u>760,945,376</u>	<u>24.883%</u>		

*Notes:*

- (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. Unless certain conditions are met, Shudao Investment is not required to notify the Company and the Stock Exchange of any changes in its shareholding in the Company. Therefore, the latest shareholding of Shudao Investment in the Company as at the Latest Practicable Date may be different from that 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) The Shares were held by Cornerstone Holding Limited, a wholly-owned subsidiary of China Merchants Expressway 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 may 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 had entered into any service contract with any member of the Group which does not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

#### 6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claim of material importance and, to the Directors' best knowledge, there was no litigation or claim of material importance pending or threatened by or against any member of the Group.

#### 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 statement of the Company was made up.

#### 8. MATERIAL CONTRACTS

The members of the Group have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this circular which is or may be material:

- (1) The asset transfer agreement entered into on 30 January 2024 between Sichuan Shudao New Energy Technology Development Co., Ltd.\* (四川蜀道新能源科技發展有限公司), a wholly-owned subsidiary of the Company, and Sichuan Shujiao New Energy Co., Ltd.\* (四川蜀交新能源有限公司), an indirect subsidiary of Shudao Investment, in respect of the purchase of certain charging station assets for a consideration of RMB84,500,698.
- (2) The capital increase agreement entered into on 18 July 2024 between Shudao Financial Leasing (Shenzhen) Company Limited\* (蜀道融資租賃(深圳)有限公司), an associated company of the Company, and all of its shareholders (namely Shudao Capital Holding Group Co., Ltd.\* (蜀道資本控股集團有限公司), Chengdu International Aviation Hub Development and Construction Co., Ltd.\* (成都國際航空樞紐開發建設有限公司) and CSI SCE Investment Holding Limited), under which

CSI SCE Investment Holding Limited, a wholly-owned subsidiary of the Company, refrained from participating in the capital increase exercise. Subsequently, the Group's shareholding in Shudao Financial Leasing (Shenzhen) Company Limited\* (蜀道融資租賃(深圳)有限公司) was diluted correspondingly from 25.0455% to approximately 8.6545%.

- (3) The strategic investment agreements entered into on 19 August 2024 and 18 October 2024 between Sichuan Shudao Chengyu Investment Company Limited\* (四川蜀道成渝投資公司), a wholly-owned subsidiary of the Company, and China Merchants Fund Management Co., Ltd.\* (招商基金管理有限公司) in respect of the subscription of 28,550,000 relevant fund units for a consideration of RMB199,621,600.
- (4) The cooperation agreement entered into between the Company, China Huashi, Transportation Construction Group, Road & Bridge Group and Gaolu IT on 22 July 2025, which mainly involves the setting up of the project company for the operation of the Chengya Expressway Expansion Project.
- (5) the Construction Contracts.

## 9. EXPERT AND CONSENT

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

<u>Name</u>	<u>Qualification</u>
Halcyon Capital	a licensed corporation under the Securities and Futures Commission to carry out type 6 (advising on corporate finance) regulated activity under the SFO

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Halcyon Capital is a third party independent of the Group and its connected persons, and as at the Latest Practicable Date:

1. Halcyon Capital did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate any person to subscribe for securities of any member of the Group;
2. Halcyon Capital 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. Halcyon Capital did not have 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.

**10. OTHER INFORMATION**

- (1) The head office, registered office and principal place of business of the Company is situated at 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC.
- (2) The principal place of business in Hong Kong of the Company is 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong.
- (3) The H Share registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (4) The company secretary of the Company is Mr. Yao Jiancheng. Mr. Yao Jiancheng holds a master's degree in Economics of Southwestern University of Finance and Economics and a Legal Profession Qualification Certificate of the People's Republic of China.

**11. 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) all material contracts set out in paragraph 8 of this Appendix;
- (2) the Construction Contracts;
- (3) the Framework Agreement for Construction Works and Related Services;
- (4) the Previous Construction Framework Agreement;
- (5) the letter from the Independent Board Committee to the Independent Shareholders on Construction Contracts of Chengya Expressway Expansion Project;
- (6) the letter from Halcyon Capital to the Independent Board Committee and the Independent Shareholders on Construction Contracts of Chengya Expressway Expansion Project; and
- (7) the consent stated under the section Expert and Consent in this Appendix.

**12. MISCELLANEOUS**

In the case of discrepancies between the Chinese and English versions of this circular, the English version shall prevail.

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## NOTICE OF EGM

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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)**

### 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 Wednesday, 24 December 2025 at Room 420, 4th Floor, 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC for the purposes of considering and, if thought fit, passing (with or without modifications) the following resolutions.

Unless the context requires otherwise, capitalized terms used herein shall have the same meanings as those defined in the circular (the “**Circular**”) of the Company dated 4 December 2025 containing the details in relation to the resolutions herein below.

### ORDINARY RESOLUTIONS

To consider and approve the following resolutions by way of open ballot and non-cumulative voting at onsite meeting:

1. **THAT:** the Construction Contracts and the transaction contemplated thereunder be and are hereby considered, recognized, confirmed and approved; and the chairman of the Company or his authorized representative be and are hereby authorized 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 Construction Contracts and its annexes; any member of the Group (including those newly established or invested through equity acquisition or other organizations) be and are hereby approved to, in its absolute discretion deemed appropriate or expedient and in the interests of the Company and the Shareholders as a whole and based on actual operational needs, to negotiate, formulate, execute, amend, supplement and perform all documents in connection with the Construction Contracts and the transaction contemplated thereunder (including but not limited to the specific agreement contemplated under the Construction Contracts) with any member of the parties thereto (including those newly established or invested through equity acquisition or other organizations) and proceed with all things and actions necessary for executing and implementing the Construction Contracts and the transaction contemplated thereunder.

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## NOTICE OF EGM

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2. THAT: The signing, performance and implementation of the Framework Agreement for Construction Works and Related Services and the proposed annual cap for the year ending 31 December 2026 as set out in the circular be and are hereby considered, recognized, confirmed and approved; and any one of the Directors of the Company be and are hereby authorized 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 Framework Agreement for Construction Works and Related Services; any member of the Group (including those newly established or invested through equity acquisition or other organizations) be and are hereby approved to, in its absolute discretion deemed appropriate or expedient and in the interests of the Company and the Shareholders as a whole and based on the actual work needs, to negotiate, develop, execute, amend, supplement and perform all documents in connection with the Framework Agreement for Construction Works and Related Services (including but not limited to the specific agreement contemplated under the Framework Agreement for Construction Works and Related Services) with any member of Shudao Investment Group (including those newly established or invested through equity acquisition or other organizations) and proceed with all things and actions necessary for executing and implementing the Framework Agreement for Construction Works and Related Services.
3. To consider and approve the change of PRC auditor of the Company for the year 2025.
4. To consider and approve the proposed Director's remuneration of Mr. Luo Hong.

To consider and approve the following resolution by way of open ballot and cumulative voting at on-site meeting:

5. To elect and appoint Mr. Luo Hong as an independent non-executive Director of the eighth session of the Board for a term commencing from the date of the consideration and approval at the EGM until the date of expiry of the term of office of the eighth session of the Board.

By order of the Board  
**Sichuan Expressway Company Limited\***  
**Yao Jiancheng**  
*Executive Director and Company Secretary*

Chengdu, Sichuan Province, the PRC  
4 December 2025

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## NOTICE OF EGM

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*Notes:*

1. The register of members of H Shares of the Company will be closed from Friday, 19 December 2025 to Wednesday, 24 December 2025, 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 Thursday, 18 December 2025.
2. Any holder of H Shares who has registered on the register of members of H Shares before the close of business on Friday, 19 December 2025 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 of the Company. 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, Computershare Hong Kong Investor Services 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.
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 the resolution proposed at the EGM.
6. The EGM is expected to last for less than one day. Shareholders or their proxies attending the EGM shall be responsible for their own traveling 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, Mr. Yu Haizong, Madam Bu Danlu, Mr. Zhou Hua and Mr. Jiang Tao as independent non-executive Directors.*

\* *For identification purposes only*