



Shenwan Hongyuan Capital (H. K.) Limited  
Level 6, Three Pacific Place  
1 Queen's Road East  
Hong Kong

30 April 2025

*To: Independent Board Committee and the Independent Shareholders*

Dear Sirs

**CONNECTED TRANSACTION IN RESPECT OF THE  
PROPOSED ISSUANCE OF H SHARES TO  
ANHUI TRANSPORTATION HOLDING HONG KONG**

**INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Share Subscription, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 30 April 2025 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

Reference is made to the announcement of the Company dated 11 April 2025 in relation to the Share Subscription.

On 11 April 2025, the Company and Anhui Transportation Holding Hong Kong entered into the Subscription Agreement, pursuant to which Anhui Transportation Holding Hong Kong has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 49,981,889 Subscription Shares (being new H Shares) at the Subscription Price of HK\$10.45 per Subscription Share, subject to and in accordance with the terms and conditions set out in the Subscription Agreement.

As at the Latest Practicable Date, Anhui Transportation Holding Group held 524,644,220 Shares which represented approximately 31.63% of the total issued share capital of the Company. Accordingly, Anhui Transportation Holding Hong Kong, being a wholly owned subsidiary of Anhui Transportation Holding Group, is a connected person of the Company and the Subscription Agreement (and the transactions contemplated thereunder) constitute a connected transaction of the Company which is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. In addition, pursuant to note (1) to Rule 13.36(2) of the Hong Kong Listing Rules, the issue of Subscription Shares to Anhui Transportation Holding Hong Kong under the General Mandate is subject to Independent Shareholders' approval requirement.

The Company will put forward, among others, an ordinary resolution to approve the Share Subscription and the transactions contemplated thereunder at the EGM to be convened by the Company for the Independent Shareholders' consideration and approval.

Wang Xiaowen, Yu Yong, Chen Jiping and Wu Changming, being the directors of the Company, are directors or senior management of Anhui Transportation Holding Group or its subsidiaries and/or directors nominated by Anhui Transportation Holding Group. Therefore, Wang Xiaowen, Yu Yong, Chen Jiping and Wu Changming were considered to have interests in the Subscription Agreement and the transactions contemplated thereunder, and have abstained from voting on the relevant resolution(s) of the Board. Other than as disclosed above, none of the other Directors has any interest in the resolution(s) of the Board to consider and approve the Subscription Agreement and the transactions contemplated thereunder or is otherwise required to abstain from voting on the relevant resolution(s) of the Board.

Anhui Transportation Holding Group and its associates will abstain from voting on the relevant ordinary resolution(s) approving the connected transactions contemplated under the Subscription Agreement at the EGM.

The Company has established the Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Zhang Jianping, Mr. Lu Taiping and Ms. Zhao Jianli, to advise the Independent Shareholders on the terms of the Share Subscription and the transactions contemplated thereunder, and to recommend to the Independent Shareholders how to vote at the EGM. We have been appointed in the capacity as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

## **INDEPENDENCE DECLARATION**

As at the Latest Practicable Date, we are not connected with the Directors, chief executive, the supervisors or substantial shareholders of the Company or any of their respective associates and are therefore considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. We were not aware of any relationships or interest between us and the Company, Anhui Transportation Holding Group nor any other parties within the past two years that could reasonably be regarded as a hindrance to our independence to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Share Subscription.

Save for (i) the Company's proposed acquisition of Anhui Province Liuwu Expressway Co., Ltd.\* (安徽省六武高速公路有限公司) from Anhui Transportation Holding Group, on which we opined in the circular and the supplemental circular of the Company dated 26 July 2023 and 13 October 2023, respectively; and (ii) the Company's acquisition of 100% equity interests of Anhui Fuzhou Expressway Co., Ltd.\* (安徽省阜周高速公路有限公司) and Anhui Sixu Expressway Co., Ltd.\* (安徽省泗許高速公路有限公司) from Anhui Transportation Holding Group, on which we opined in the circular of the Company dated 10 February 2025, there was no other engagement between us and the Company or Anhui Transportation Holding Group during the two years preceding the date hereof. Apart from normal professional fees payable to us by the Company in connection with the current appointment of us as independent financial adviser, no arrangement exists whereby we will receive any fees or benefits from the Company or the Directors, chief executive, the supervisors or substantial shareholders of the Company or any of their respective associates, and we are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the Share Subscription.

## **BASIS OF OUR OPINION**

In arriving at our recommendations, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company for which they are solely and wholly responsible, are true and accurate at the time they were made and will continue to be accurate as at the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Company.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong 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 the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the document misleading.

We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any material facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group and any parties in relation to the Share Subscription.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Share Subscription. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

## **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the Subscription Agreement and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

### **1. Background of the Share Subscription**

#### ***1.1 Background information on the Group***

On 15 August 1996, the Company was established as a joint stock company in Anhui province, the PRC. The Company's H Shares are listed on the Main Board of the Stock Exchange, while its domestic ordinary shares are listed on the Shanghai Stock Exchange. It was the first highway company to be listed in Hong Kong and the only listed highway company in Anhui province.

The Group is principally engaged in investment, construction, operation, and management of toll expressways located within Anhui province. The Group obtains toll expressway assets through investment and construction, acquisition, or cooperative operation. The Group provides toll services for vehicles, charges vehicles toll fees according to the charging standard, and maintains, repairs, and conducts safety maintenance for toll expressways.

### *Financial performance of the Group*

Set out below is a summary of financial information of the Group for the three years ended 31 December 2022, 2023 and 2024 as extracted from the Company's annual reports and annual results announcement (which were prepared in accordance with Hong Kong Financial Reporting Standards):

	<b>For the year ended 31 December</b>		
	<b>2022</b>	<b>2023</b>	<b>2024</b>
	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)
<b>Revenue</b>	5,206,366	6,631,337	7,091,833
<b>Gross profit</b>	2,222,171	2,593,637	2,416,605
<b>Profit for the year</b>	1,415,624	1,676,167	1,693,708

As set out in the table above, the Group's revenue increased from RMB5,206.4 million for the year ended 31 December 2022 ("**FY2022**") to RMB6,631.4 million for the year ended 31 December 2023 ("**FY2023**"). We note from the Company's annual reports, and understand from the management of the Company that the growth in the Group's revenue was mainly due to:

- (i) an increase in revenue of RMB1,057.9 million from the construction or upgrade work under service concessions as a result of the construction progress of Public-Private-Partnership project ("**PPP project**") of Xuanguang Expressway renovation and expansion; and
- (ii) an increase in toll income of RMB365.4 million mainly because of the increase in traffic volume resulting from the expansion of Xuanguang Expressway.

The profit for the year of the Group increased from RMB1,415.6 million for FY2022 to RMB1,676.2 million for FY2023 primarily because of the increase of gross profit generated from expressway business and construction or upgrade work under service concessions.

The Group's revenue further increased from RMB6,631.3 million for FY2023 to RMB7,091.8 million for the year ended 31 December 2024 ("FY2024"). The increase in the Group's revenue was mainly due to:

- (i) an increase in revenue of RMB658.0 million from the construction or upgrade work under service concessions as a result of the construction progress of PPP project of Xuanguang Expressway reconstruction and expansion; and
- (ii) a decrease in toll income of RMB211.5 million mainly because of (i) the decrease in traffic volume of Xuanguang and Guangci Expressway, which are under reconstruction and expansion work during FY2024; and (ii) the decrease in traffic volume of Gaojie Expressway due to the traffic diverted by nearby expressway newly opened in late 2023.

The profit for the year of the Group increased from RMB1,676.2 million for FY2023 to RMB1,693.7 million for FY2024, represented an increase of approximately 1%, which was not line with the magnitude of increase of revenue of the Group (i.e. increase of approximately 7%) primarily because of (i) the decrease in of gross profit generated from expressway business which is in line with the decrease in toll revenue; and (ii) no gross profit generated from construction or upgrade work under service concessions.

## **1.2 Anhui Transportation Holding Group**

Anhui Transportation Holding Group is a state-owned enterprise established in the PRC and is the controlling shareholder and a connected person of the Company holding approximately 31.63% of the Company's total issued share capital as at the Latest Practicable Date. Anhui Transportation Holding Group is principally engaged in highway and related infrastructure construction, supervision, inspection, design, construction, technical consultation and services; investment and asset management; real estate development and operation, etc. Anhui Transportation Holding Group is owned as to 100% by the State-owned Assets Supervision and Administration Commission of Anhui Province.

## **1.3 Anhui Transportation Holding Hong Kong**

Anhui Transportation Holding Hong Kong is a limited liability company incorporated under the laws of Hong Kong, whose principal business is investment holding. As at the Latest Practicable Date, Anhui Transportation Holding Hong Kong is a wholly owned subsidiary of Anhui Transportation Holding Group, which is the controlling shareholder of the Company. Anhui Transportation Holding Hong Kong is therefore a connected person of the Company under the Hong Kong Listing Rules.

## **2. Reasons and benefit for the Share Subscription**

The Group is the only publicly listed expressway company in Anhui Province. The Group's road assets primarily comprise national east-west corridors which play a crucial role in the provincial and national road transport network. High-quality highway projects with strong returns not only generate stable cashflows for the Group, but also establish a solid foundation for its long-term development strategy.

The Directors are of the view that the proceeds raised from the Share Subscription will provide substantial financial support for the construction and expansion of expressway assets, enabling the Group to strategically capitalise on emerging development opportunities while consolidating and expanding its industry influence. This aligns with the Group's core business strategy of optimising capital utilisation through strategic investments in the expressway sector in the PRC.

The Share Subscription will effectively strengthen both the Group's liquidity position and overall financial standing. Additionally, the increased shareholding by Anhui Transportation Holding Group as controlling shareholder will enhance the Group's shareholder base structure, creating a more optimised capital structure that supports sustainable long-term development.

Shareholders are advised to refer to the detailed information regarding the Share Subscription in the Board Letter set out in the Circular for further details.

## **3. Principal terms of the Subscription Agreement**

On 11 April 2025 (after trading hours), the Company and Anhui Transportation Holding Hong Kong entered into the Subscription Agreement, pursuant to which Anhui Transportation Holding Hong Kong has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 49,981,889 Subscription Shares (being new H Shares) at the Subscription Price of HK\$10.45 per Subscription Share, subject to and in accordance with the terms and conditions set out in the Subscription Agreement.

Set out below is a summary of the key terms of the Subscription Agreement. For more details, please refer to the Board Letter.

### ***The Subscription Agreement***

Date: 11 April 2025 (after trading hours)

Parties: (i) the Company, as the issuer; and

(ii) Anhui Transportation Holding Hong Kong, as the Subscriber

Subscription Shares: 49,981,889 H Shares

Subscription Price: HK\$10.45 per Subscription Share

### ***Adjustment of total consideration due to dividend distribution***

In the event that the record date of any cash dividend declared by the Company falls on a date which is earlier than (but not including) the Completion Date, and the declaration of such cash dividend results in ex-dividend adjustment on the trading price of the H Shares, the total consideration under the Subscription Agreement shall be reduced by amount of the dividend declared by the Company in respect of each H Share in Hong Kong dollar (or if the dividend is declared in RMB, an amount equal to the Hong Kong Dollar equivalent of such dividend to be converted based on the central parity rate as quoted by the People's Bank of China on the payment date, or if the payment date of such cash dividend is earlier than the Completion Date, the record date, of such cash dividend) multiplied by the number of Subscription Shares.

As at the Latest Practicable Date, save for the dividend of RMB0.604 per Share declared by the Company as announced on 30 March 2025, which is subject to the approval of the shareholders of the Company as at the Latest Practicable Date, the Company does not have any other declared but unpaid dividends, distributions or return of capital.

### ***Conditions precedent of the Subscription Agreement***

Completion of the Subscription Agreement is conditional upon the satisfaction (or, if applicable, waiver) of the following conditions precedent:

- (a) the passing of the necessary resolution(s) by the Shareholders and/or Independent Shareholders at the EGM approving the Subscription Agreement and the transactions contemplated thereunder;
- (b) the Listing Committee of the Hong Kong Stock Exchange having granted the approval for the listing of, and permission to deal in, the Subscription Shares and such approval not having been withdrawn or revoked prior to the Completion;



- (c) Anhui Transportation Holding Hong Kong having obtained the required approvals or filings from the State-owned Assets Supervision and Administration Commission and the competent authorities for outbound investment in the PRC or its local authorities in respect of the Subscription Agreement and the transactions contemplated thereunder (if required), and such approvals not having been withdrawn or revoked prior to the Completion;
- (d) the Company having obtained all other necessary regulatory and third-party approvals in respect of the Subscription Agreement and the transactions contemplated thereunder (if required), and such approvals not having been withdrawn or revoked prior to the Completion;
- (e) Anhui Transportation Holding Hong Kong having obtained all other necessary regulatory and third-party approvals in respect of the Subscription Agreement and the transactions contemplated thereunder (if required), and such approvals not having been withdrawn or revoked prior to the Completion;
- (f) no effective order, writ, injunction or decree has been made by any court of competent jurisdiction, governmental authority or regulatory body and no effective statute, rule, regulation or other provision has been enacted or made, in each case, which would restrict, prohibit or invalidate the Subscription Agreement and the transactions contemplated thereunder as at the Completion;
- (g) each of the warranties given by the Company under the Subscription Agreement remaining true and accurate in all material respects and not misleading in any respect as at the Completion;
- (h) each of the warranties given by Anhui Transportation Holding Hong Kong under the Subscription Agreement remaining true and accurate in all respects and not misleading in any respect as at the Completion; and
- (i) the Company having complied with and fulfilled in all material respect the pre-completion undertakings under the Subscription Agreement prior to the Completion.

The Conditions set out in paragraphs (a) to (f) cannot be waived by any party, the Conditions set out in paragraphs (g) and (i) may be waived in whole or in part by Anhui Transportation Holding Hong Kong in writing, and the Condition set out in paragraph (h) may be waived in whole or in part by the Company in writing. As at the Latest Practicable Date, none of the Conditions has been fulfilled.

If any Condition has not been satisfied or waived (as applicable) by the Longstop Date, or if the satisfaction or waiver (as applicable) of any Condition became impossible, the Subscription Agreement shall be automatically terminated with immediate effect.

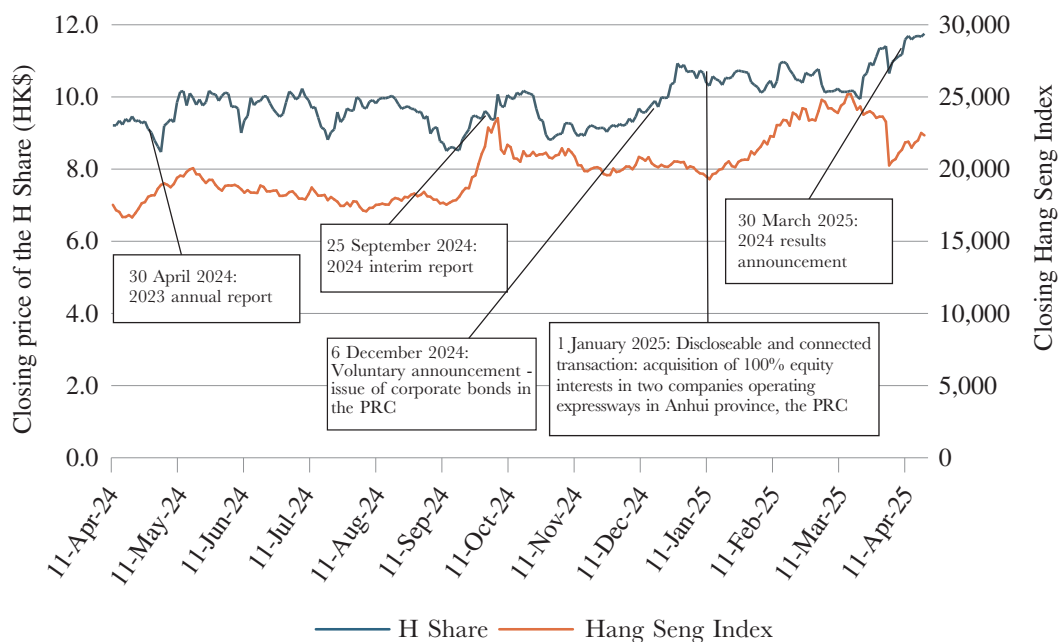
## ***Lock up Undertakings***

Pursuant to the Subscription Agreement, Anhui Transportation Holding Hong Kong has undertaken to the Company that, for a period commencing from the Completion Date and ending on the date which is 18 months from the Completion Date, it shall not (i) dispose of the relevant Subscription Shares or its direct or indirect shareholding in any entities holding the relevant Subscription Shares; (ii) permit a change of control (as defined under the Hong Kong Code on Takeovers and Mergers) at the level of its ultimate beneficial owner; or (iii) directly or indirectly enter into any transaction with the same economic effect as (i) and (ii) above.

## ***The Subscription Price***

### ***(i) Historical Share Performance***

To assess the fairness and reasonableness of the Subscription Price, we have compared the Subscription Price with reference to the historical closing prices of the H Shares. We have reviewed the share price performance from 11 April 2024, being the 12-month period prior to the Last Trading Day, up to 24 April 2025, being the Latest Practicable Date (the “**Review Period**”). We consider that the Review Period is adequate to illustrate the Share price performance for conducting a reasonable comparison between the closing price of the H Shares and the Subscription. The chart below illustrates (i) the daily closing price per H Share; (ii) the Subscription Price; and (iii) the Hang Seng Index during the Review period.



For illustrative purposes, the Subscription Price of HK\$10.45 per Subscription Share represents:

- (i) a discount of approximately 5.00% to the closing price of HK\$11.00 per H Share as quoted on the Hong Kong Stock Exchange on the date of the Subscription Agreement; and
- (ii) a discount of approximately 3.86% to the average closing price of approximately HK\$10.87 per H Share as quoted on the Hong Kong Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of the Subscription Agreement.

During the Review Period, the lowest closing price and highest closing price of H Share as quoted on the Hong Kong Stock Exchange was HK\$8.30 recorded on 3 May 2024 and HK\$11.58 recorded on 24 April 2025, respectively. The average closing price of H Share during the Review Period is approximately HK\$9.71. The closing price of H Share exhibited a general up trend which is in line with the trend of the Hang Seng index.

The Subscription Price will be HK\$10.45 which lies within the lowest and the highest of the closing price of Share during the Review Period. We note that the Subscription Price represents a premium of around 7.67% over the average closing price per H Share during the Review Period.

In order to assess the fairness and reasonableness of the Subscription Price as compared to the recent closing price of the H Shares, we have further identified the Comparable Transactions (as defined below) for further analysis.

*(ii) Comparison with recent issue of shares*

We noted that the Subscription Price represents a discount of 3.86% to 5.00% to the closing price and average closing price per H Shares on the Last Trading Day and for the last five consecutive trading days immediately prior to and including the Last Trading Day. To assess the fairness and reasonableness of the Subscription Price in view of the aforementioned discounts, we attempted to identify comparable transactions based on the criteria that (i) the subscriptions were announced since 11 April 2024, being approximately twelve-month period up to and including the Latest Practicable Date (the “**Review Period**”), which we believe it representing a reasonable and meaningful period to reflect the recent market conditions; (ii) the subscription involved connected person(s) of the respective listed issuers; and (iii) share issues for the following purpose are excluded: (a) consideration issues for transactions such as acquisitions; (b) as part of debt restructuring or group restructuring or involving a change in control; (c) share award or for emolument; and (d) excluding issues of A shares or domestic shares. Based on the above criteria, we have identified an exhaustive list of 12 transactions (the “**Comparable Transactions**”).

Despite the subject companies constituting the Comparable Transactions may have different principal activities, market capitalisation, profitability and financial position as compared with those of the Company, and different reasons for their respective fund raising activities, we would still consider, in light of our selection criteria, capturing recent issue of shares by listed companies under similar market conditions and sentiments can provide Shareholders with a general reference on the recent market trend of this type of transaction in the Hong Kong equity capital market. Based on the aforesaid, despite the large range of discount/premium represented by the respective issue price under the Comparable Transactions, we regard the Comparable Transactions being meaningful and representative samples for Shareholders to consider amongst the other factors in assessing the fairness and reasonableness of the Subscription Price. We would also consider the Review Period chosen to be fair and reasonable as it reflects the prevailing market environment.

Announcement Date	Listed Company	Stock Code	Subscription price per share	Number of subscription shares	Premium/(discount) of the subscription price over/to the closing price of shares immediately prior to/on the last trading day	Premium/(discount) of the subscription price over/to the average closing price of the share for the last 5 consecutive trading days prior to and including the last trading day
					(Note) (%)	(Note) (%)
17-Apr-25	Kingsoft Cloud Holdings Limited	3896	5.83	69,375,000	(8.76)	(16.83)
11-Apr-25	ZO Future Group	2309	1.86	32,258,065	(19.83)	(18.10)
27-Jan-25	Zall Smart Commerce Group Ltd.	2098	0.26	1,200,000,000	(10.34)	(9.72)
30-Dec-24	CM Energy Tech Co., Ltd.	206	0.20	1,621,717,000	25.00	25.79
03-Dec-24	DevGreat Group Limited	755	1.30	29,758,703	(18.75)	(17.72)
28-Nov-24	China NT Pharma Group Company Limited	1011	0.33	410,156,509	6.45	13.79
23-Oct-24	China Resources Power Holdings Company Limited	836	19.70	198,500,000	(5.06)	(3.48)
10-Oct-24	Virtual Mind Holding Company Limited	1520	0.40	25,000,000	13.64	38.89
27-Sep-24	Sunway International Holdings Limited	58	0.10	35,920,000	96.08	96.08
08-Jul-24	Winshine Science Company Limited	209	0.20	23,000,000	(9.10)	(9.10)
17-Jun-24	Zhuguang Holdings Group Company Limited	1176	0.20	1,625,000,000	21.21	18.34
14-May-24	Hua Yin International Holdings Limited	989	0.05	5,060,000,000	19.05	6.38
				Average	9.13	10.06
				Median	0.70	1.45
				Minimum	(19.83)	(18.10)
				Maximum	96.08	96.08
<b>The Subscription Shares</b>			<b>10.45</b>	<b>49,981,889</b>	<b>(5.00)</b>	<b>(3.86)</b>

*Note:* Last trading day being the last trading day as disclosed and/or defined in the respective announcement(s) or the date of the subscription agreements as disclosed in the respective announcement(s).

As illustrated in the above table, the subscription prices of the Comparable Transactions were set in the range:

- (i) from a discount of approximately 19.83% to a premium of approximately 96.08%, with an average discount of approximately 9.13% and a median discount of approximately 10.05%, to their respective closing prices as quoted on the date of the announcement or the last trading day immediately prior to the date of the announcement; and
- (ii) from a discount of approximately 18.10% to a premium of approximately 96.08%, with an average discount of approximately 10.36% and a median discount of approximately 1.45%, to their respective average closing prices for the last five trading days prior to the date of the announcement or the last trading day immediately prior to the date of the announcement.

The Subscription Price represents (i) a discount of approximately 5.00% to the closing price of HK\$11.00 per H Share as quoted on the date of the Subscription Agreement, which falls within the range of the Comparable Transactions; and (ii) a discount of approximately 3.86% to the average closing price as quoted for the last five trading days immediately prior to the date of the Subscription Agreement.

Although the Subscription Price is below the average and median discount of the Comparable Transactions, taking into account that (i) the Subscription Price falls within the range of the lowest closing price and the highest closing price of Share during the Review Period; (ii) the discount of the Subscription Price (i.e. 5.00%) is smaller than 6 of the Comparable Transactions compared to the respective closing price as quoted on the date of the announcement or the last trading day immediately prior to the date of the announcement; and (iii) the Subscription Price represents a premium of around 7.67% over the average closing price per H Share during the Review Period, we consider the Subscription Price is fair and reasonable.

#### **4. Effect on the shareholding structure of the Company**

As at the Latest Practicable Date, the total issued share capital of the Company is 1,658,610,000 Shares, which comprises 1,165,600,000 A Shares and 493,010,000 H Shares.

For illustration purposes, set out below is the shareholding structure of the Company:

- (i) as at the Latest Practicable Date; and
- (ii) immediately after the Completion (assuming no issue or repurchase of Shares other than the issue of the Subscription Shares).

Name of Shareholder	Class of Shares	Shareholding as at the Latest Practicable Date			Shareholding immediately after the Completion		
		Approximate percentage of the issued Share capital of the relevant class	Approximate percentage of the total issued share capital		Approximate percentage of the issued Share capital of the relevant class	Approximate percentage of the total issued share capital	
		Number of Shares	(%)	(%)	Number of Shares	(%)	(%)
Anhui Transportation Holding Group	A	524,644,220	45.01	31.63	524,644,220	45.01	30.71
Anhui Transportation Holding Hong Kong	H	-	-	-	49,981,889	9.20	2.93
<b>Anhui Transportation Holding Group and its subsidiaries</b>	<b>A</b>	<b>524,644,220</b>	<b>45.01</b>	<b>31.63</b>	<b>524,644,220</b>	<b>45.01</b>	<b>30.71</b>
	<b>H</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>49,981,889</b>	<b>9.20</b>	<b>2.93</b>
China Merchants Highway Network Technology Holding Company Limited	A	404,191,501	34.68	24.37	404,191,501	34.68	23.66
	H	92,396,000	18.74	5.57	92,396,000	17.02	5.41
Public A Shareholders	A	236,764,279	20.31	14.27	236,764,279	20.31	13.86
Public H Shareholders	H	400,614,000	81.26	24.15	400,614,000	73.78	23.45
<b>Total</b>		<b>1,658,610,000</b>	<b>100.00</b>	<b>100.00</b>	<b>1,708,591,889</b>	<b>100.00</b>	<b>100.00</b>

*Note:* The approximate percentage figures are rounded to the nearest two decimal places and therefore, may not add up to 100% due to rounding.

Based on the above, immediately after the Completion, (i) the shareholding of the public A Shareholders will be decreased from approximately 14.27% to approximately 13.86%; and (ii) the shareholding of the public H Shareholders will be decreased from approximately 24.15% to approximately 23.45%. Although there will be a dilution to the shareholding interest of existing public shareholders of A Shares and H Shares as a result of the Share Subscription, we have, however, taken into account (i) the reasons for the Share Subscription as set out in the sections headed “2. Reasons and Benefit for the Share Subscription”; and (ii) the terms of the Subscription Agreement, including the Subscription Price, being fair and reasonable as discussed under sections headed “The Subscription Price” above, we are of the view that the dilution effect on the shareholding of existing public Shareholders in the Company is acceptable.

## 5. Financial effects of the Share Subscription to the Group

### (i) *Liquidity*

According to the annual results announcement of the Company for the year ended 31 December 2024, as at 31 December 2024, the Group had (i) time deposits with original maturity over three months of RMB2,486.8 million and (ii) cash and cash equivalents of RMB2,115.5 million. Upon the completion of the Share Subscription, the Group's working capital and liquidity positions will be improved as the cash and cash equivalents will be increased by the net proceeds of approximately HK\$522.3 million (equivalent to approximately RMB492.6 million). Accordingly, the cash position, gearing ratio and current ratio of the Group are expected to be improved upon the completion of the Subscription.

### (ii) *Net assets value*

According to the annual results announcement of the Company for the year ended 31 December 2024, as at 31 December 2024, the net assets of the Group was approximately RMB3,874.9 million. Upon completion of the Share Subscription, the net assets of the Group are expected to increase as a result of the availability of the proceeds from the Share Subscription.

## OPINION AND RECOMMENDATION

Having taken into consideration the factors and reasons as stated in section headed "Principal Factors and Reasons Considered" in this letter above, we are of the opinion that while the Share Subscription is not conducted in the ordinary and usual course of business of the Group, the Share Subscription is in the interests of the Company and the Independent Shareholders as a whole, and the terms of the Subscription Agreement are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Share Subscription to the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the Share Subscription, to be proposed at the EGM.

Yours faithfully  
For and on behalf of  
**Shenwan Hongyuan Capital (H. K.) Limited**

**Donald Leung**  
*Executive Director*  
*Corporate Finance*

*Note:* Mr. Leung is a licensed person registered with the Securities and Futures Commission and a responsible officer of Shenwan Hongyuan Capital (H. K.) Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has more than 19 years of experience in corporate finance advisory industry.