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安徽皖通高速公路股份有限公司
ANHUI EXPRESSWAY COMPANY LIMITED

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

(Stock Code: 995)

CONNECTED TRANSACTION
CAPITAL INJECTION INTO ANHUI TRANSPORTATION INFORMATION INDUSTRY

THE CAPITAL INJECTION

The Board is pleased to announce that the Company has entered into a Capital Injection Agreement with, Anhui Transportation Holding Group, ATEGC, Design Institute, Network Company and Anhui Transportation Information Industry (the "**Target Company**"). Under the terms of the Capital Injection Agreement, each of the Company and Anhui Transportation Holding Group has agreed to inject approximately RMB95 million each into the Target Company. Of each party's capital injection amount, RMB60,638,300 will be allocated to the registered capital of the Target Company, with the remaining RMB34,361,700 allocated to its capital reserve. ATEGC, Design Institute and Network Company will not participate the capital injection.

As at the date of this announcement, the Company holds approximately 10% of the equity interest in the Target Company, and upon completion of the Capital Injection, the Company will hold approximately an aggregate of 36.76% of the equity interest in the Target Company. The Target Company will not become a subsidiary of the Company, and its financial statements will not be consolidated into the financial statements of the Group.

LISTING RULES IMPLICATIONS

As at the date of the announcement, Anhui Transportation Holding Group holds approximately 33.63% of the total issued shares of the Company, and is the controlling shareholder and a connected person of the Company under the Listing Rules. As the Target Company is held as to 40% by Anhui Transportation Holding Group as at the date of the announcement, it is an associate of Anhui Transportation Holding Group and is therefore a connected person of the Company. Accordingly, the transactions under the Capital Injection Agreement constitutes a connected transaction of the Company.

As the highest applicable percentage ratio in respect of the transaction contemplated under the Capital Injection Agreement is more than 0.1% but less than 5%, and the transactions are conducted on normal commercial terms, they are exempted from the requirement of approval by independent shareholders of the Company, but shall be subject to the announcement, annual reporting and annual review requirements under Chapter 14A of the Listing Rules.

CAPITAL INJECTION AGREEMENT

Date

12 December 2025

Parties

(1) The Company;

(2) Anhui Transportation Holding Group;

(3) The Target Company; and

(4) Other existing shareholders of the Target Company, comprising ATEGC, Design Institute and Network Company

Capital Injection and Amount

Pursuant to the Capital Injection Agreement, the Company and Anhui Transportation Holding Group shall each subscribe for RMB60.6383 million of the Target Company's registered capital with RMB95 million. The portion of the capital injection exceeding the registered capital will be allocated to the capital reserve of the Target Company. Design Institute, ATEGC and Network Company have all agreed to waive their preemptive rights to subscribe to shares in the Target Company in this round. The Company will pay the transaction consideration in installments according to the payment terms stipulated in the Capital Injection Agreement. Upon completion of the Capital Injection, the Company's interest in the Target Company will increase from 10% to 36.76%, while that of Anhui Transportation Holding Group will increase from 40% to 46.69%.

The shareholding structure of the Target Company before and after the Capital Injection is set out in the table below:

No.	Name of shareholders	Before the Capital Injection		After the Capital Injection	
		Capital contribution *(RMB)*	Percentage *(%)*	Capital contribution *(RMB)*	Percentage *(%)*
1	Anhui Transportation Holding Group	24,000,000	40%	84,638,300	46.69%
2	ATEGC	18,000,000	30%	18,000,000	9.93%
3	The Company	6,000,000	10%	66,638,300	36.76%
4	Network Company	6,000,000	10%	6,000,000	3.31%
5	Design Institute	6,000,000	10%	6,000,000	3.31%
	Total	60,000,000	100%	181,276,600	100.00%

The Target Company will not become a subsidiary of the Company, and its financial statements will not be consolidated into the financial statements of the Group.

Basis of Capital Injection Amount

The Capital Injection amount was determined after arms' length negotiations between the parties taking into account: (i) the appraised value of the entire equity interest in the Target Company assessed by an independent valuer (the "**Independent Valuer**"), which was RMB94 million as of 30 June 2025 (the "**Valuation Date**"); (ii) the historical financial performance as set out in the section headed "Information on the Target Company" in this announcement, and the future prospect of the Target Company, including but not limited to its principal operations in digital management and intelligent operations, which in turn will have strong potential for future growth and synergy with the Group's core business; and (iii) the capital and funding needs of the Target Company. In addition, taking into account the above and the reasons and benefits as stated in the paragraph headed "Reasons for and Benefits of the Transaction", the Company believes that the Capital Injection would present an opportunity for the Company to increase its shareholding in the Target Company, noting that certain existing shareholders of the Target Company has elected not to participate in the Capital Injection.

Please refer to Appendix I to this announcement for a summary of the Valuation Report including, among others, the valuation method, the key assumptions and key inputs.

Procedures for the Capital Injection

Each of the Company and Anhui Transportation Holding Group shall transfer the capital injection amount of RMB50 million to a bank account designated by the Target Company by 31 December 2025, with the remaining capital injection amount of RMB45 million each to be disbursed in installments by 31 December 2027. Upon the Capital Injection Agreement takes effect, the Target Company shall amend its Articles of Association in accordance with the terms of the Capital Injection Agreement and complete the corresponding registration procedures for the changes.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated in the PRC with limited liability. It is principally engaged in intelligent control system integration; software development; rail transportation operation and management system development; information system integration services; information system operation and maintenance services; information technology consulting services; data processing and storage support services; computer system services; artificial intelligence industry application system integration services; engineering technical services (other than planning management, survey, design and supervision); technical services, technical development, technical consultation, technical exchange, technical transfer, technical promotion; permitted item of sales of equipment relating to Internet of Things (in addition to permitted business, the company may also conduct business other than those prohibited or restricted by the law at its discretion in accordance with the law): building intelligent system design; construction work construction, etc..

	For the years ended	
	31 December 2024	**31 December 2023**
	(audited)	*(audited)*
	RMB	*RMB*
Revenue	323,223,258.83	175,921,057.21
Profit before tax	2,640,016.17	513,466.15
Net profit for the year	3,480,854.15	685,619.88

As at 30 June 2025, the audited total asset and net asset of the Target Company amounted to approximately RMB383,157,832.42 and RMB89,278,229.41, respectively.

INFORMATION ON THE PARTIES OF THE CAPITAL INJECTION AGREEMENT

Anhui Transportation Holding Group is a state-owned enterprise incorporated in the PRC, holding approximately 33.63% of the Company's total issued share capital as at the date of this announcement. 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, as well as real estate development and operation. Anhui Transportation Holding Group is owned as to 100% by the State-owned Assets Supervision and Administration Commission of Anhui Province.

Design Institute is principally engaged in investment, planning, consulting, project management, survey, design, supervision, testing, construction, operation and maintenance, technology, equipment and building materials development, agent, general contracting and external contracting of the transportation and urban and rural infrastructure (such as road, bridge, tunnel, port, channel, rail, transportation works, geotechnical, landscaping, water supply and drainage, architecture, structures, etc.), resources and ecology and environment (such as protection, restoration, disaster prevention, governance and development and utilization) and the intelligence and information system.

ATEGC is principally engaged in construction work; professional operations of construction; prestressed concrete railway bridge simple supported beam products production; production of steel reinforcement products for construction: landscaping engineering construction; manufacturing of concrete structure components; sales of concrete structural components; manufacturing of cement products; sales of cement products, etc.

Network Company is principally engaged in construction, operation and service of Anhui transportation cards (including urban public transportation cards), expressway network toll (including electronic toll collection (ETC)), electronic payment (mobile payment); investment, construction, operation and service of intelligent transportation project; information system and software development and production inspection and test; intelligent transportation related-hardware and software products sale; integration, development, operation and service of information and resources; research and development and promotion of new technology and products of intelligent transportation; information technology consultation, training and services. (for projects subject to approval in accordance with the laws, business activities can only be carried out after being approved by relevant departments).

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Capital Injection will enable the Company to seize opportunities arising from the rapid development of the digital economy and smart transportation sectors, further advance its presence in the transportation information industry, and foster the cultivation of new quality productive forces. By increasing investment in strategic emerging industries such as smart transportation, the Company will be better positioned to adapt to trends in informatization, digitalisation, and intelligentisation, thereby facilitating business transformation and upgrading.

The Target Company demonstrates strong synergy with the Company's core business. Upon completion of the Capital Injection, the Company will become the second-largest shareholder of the Target Company. It is anticipated that the increased shareholding will further enhance the Company's business operations, particularly in the areas of digital management and intelligent operations. In addition, the Capital Injection is expected to support the Company's business expansion, foster new drivers of profit growth, and strengthen the Company's long-term sustainable development capabilities.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of the announcement, Anhui Transportation Holding Group holds approximately 33.63% of the total issued shares of the Company, and is the controlling shareholder and a connected person of the Company under the Listing Rules. As the Target Company is held as to 40% by Anhui Transportation Holding Group as at the date of the announcement, it is an associate of Anhui Transportation Holding Group and is therefore a connected person of the Company. Accordingly, the transactions under the Capital Injection Agreement constitutes a connected transaction of the Company.

As the highest applicable percentage ratio in respect of the transaction contemplated under the Capital Injection Agreement is more than 0.1% but less than 5%, and the transactions are conducted on normal commercial terms, they are exempted from the requirement of approval by independent shareholders of the Company, but shall be subject to the announcement, annual reporting and annual review requirements under Chapter 14A of the Listing Rules.

CONFIRMATION OF THE BOARD

The Board has considered and approved the resolution on the Capital Injection Agreement. Wang Xiaowen, Yu Yong, Chen Jiping and Wu Changming, the directors of the Company, are directors or senior management of Anhui Transportation Holding Group and/or the directors nominated by Anhui Transportation Holding Group. Therefore, Wang Xiaowen, Yu Yong, Chen Jiping and Wu Changming are considered to have interests in the Capital Injection Agreement, and have abstained from voting on the resolution on the connected transaction under the Capital Injection Agreement under the Listing Rules. Save as aforesaid, none of the directors has any material interests in the Capital Injection Agreement or is required to abstain from voting on the relevant Board resolution.

After considering the abovementioned reasons and benefits, the directors of the Company (including the independent non-executive directors) are of the view that the terms of the Capital Injection Agreement is fair and reasonable and are on normal commercial terms, and such connected transactions under the Capital Injection Agreement are conducted in the ordinary and usual course of business of the Company and in the interests of the Company and its shareholders as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"Anhui Transportation Holding Group"	Anhui Transportation Holding Group Company Limited* (安徽省交通控股集團有限公司), formerly known as Anhui Expressway Holding Group Company Limited* (安徽省高速公路控股集團有限公司), a state-owned enterprise incorporated under the PRC law
"Network Company "	Anhui Expressway Network Operations Company Limited* (安徽省高速公路聯網運營有限公司), an enterprise whose establishment was consented by the Transport Department of Anhui Province and approved by the Anhui Provincial Department of Finance, and a wholly-owned subsidiary of Anhui Transportation Holding Group
"ATEGC"	Anhui Transportation Engineering Group Co., Ltd.* (安徽交控工程集團有限公司), a company incorporated under the laws of the PRC with limited liability, and a wholly-owned subsidiary of Anhui Transportation Holding Group as at the date of this announcement
"Board"	the board of directors of the Company
"Company"	Anhui Expressway Company Limited* (安徽皖通高速公路股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange, and the A shares of which are listed on the Shanghai Stock Exchange in the PRC
"Capital Injection"	the capital injection of RMB95 million into the Target Company by each of the Company and Anhui Transportation Holding Group
"Capital Injection Agreement"	the capital injection agreement entered into between, among others, the Company, Anhui Transportation Holding Group and the Target Company on 12 December 2025
"connected person(s)"	has the meaning ascribed to it under the Listing Rules

"Design Institute"	Anhui Transport Consulting & Design Institute Co., Ltd.* (安徽省交通規劃設計研究總院股份有限公司), a joint stock company incorporated in the PRC with limited liability and listed on the Shanghai Stock Exchange in the PRC, and a subsidiary of Anhui Transportation Holding Group as at the date of this announcement
"Group"	the Company and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"percentage ratio(s)"	the percentage ratio(s) (other than the profits ratio and equity capital ratio) under Rule 14.07 of the Listing Rules
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company" or "Anhui Transportation Information Industry"	Anhui Transportation Information Industry Co., Ltd.* (安徽交控信息產業有限公司), a company incorporated in the PRC with limited liability, and a subsidiary of Anhui Transportation Holding Group as at the date of this announcement
"%"	per cent

By Order of the Board
Anhui Expressway Company Limited
Jian Xuegen
Company Secretary

Hefei, Anhui, the PRC
12 December 2025

As at the date of this announcement, the Board of the Company comprises Wang Xiaowen (chairman), Yu Yong, Chen Jiping and Wu Changming as executive directors, Yang Xudong and Yang Jianguo as non-executive directors, and Zhang Jianping, Lu Taiping and Zhao Jianli as independent non-executive directors.

* *For identification purpose only*

VALUATION METHOD

According to the valuation report, the independent valuer analyzed the applicability of three valuation methods, namely the market approach, asset-based approach, and income approach.

Considered that Anhui Transportation Information Industry has been in operation for many years, its management and technical team, sales and procurement channels have been basically stable. Based on the historical business records and future business forecast data provided by Anhui Transportation Information Industry, the independent valuer understands that, it is expected that its future sustainable operation and stable development, as well as the expected income brought by its overall profitability, can be objectively predicted. Therefore, the income method is adopted for this valuation.

On the basis of the financial audit on the valuation benchmark date, and considering that the scope of the assets and liabilities provided by Anhui Transportation Information Industry for appraisal is clear, and can be verified and evaluated item by item through financial data, purchase and construction data, and on-site investigation. Therefore, the asset-based method is adopted for this valuation.

Therefore, the independent valuer has determined to use the income method and asset-based method for this valuation.

ASSUMPTIONS FOR THE VALUATION

(I) General assumptions

1. Transaction assumption: The transaction assumption is assuming that all assets to be appraised are already the subject of the transaction, and the valuer will make estimation based on a simulated market according to (among others) the transaction conditions of assets to be appraised. The transaction assumption is a fundamental premise for asset valuation to be carried out.

2. Open market assumption: The open market assumption is that the parties to a transaction are on an equal footing with each other and have access to sufficient market information and time to make a rational judgment on the function and use of the assets and their transaction price. The open market assumption is based on the assumption that assets are publicly traded in the market.

3. Asset going-concern assumption: The going-concern assumption means that, the subject assets will continue to be used as per its current purpose and the manner, scale, frequency and environment of use. The valuer determines accordingly the method, parameters and basis for valuation if certain conditions change.

(II) Special assumptions

1. This valuation assumed that the external economic environment on the Valuation Benchmark Date remains unchanged, and there will be no significant changes in the current macro-economic in the PRC;

2. There are no significant changes in the socio-economic environment in which the enterprise operates and the policies on taxation and tax rates implemented;

3. The management of the enterprise has exercised due diligence in the future operating period and has continued to maintain the existing business management model;

4. The assets under valuation are in a normal, reasonable and lawful state of operation, use and maintenance to the extent permitted by foreseeable legal, economic and technical conditions;

5. The accounting policies to be adopted by the appraised entity in the future are substantially the same in material respects as those adopted in the preparation of this report;

6. During the future operating period, the composition of the enterprise's principal business, the composition of its revenues and costs, as well as the cost control and operation mode of its future business are basically consistent with the management's future plan without material changes. Profits and losses arising from the changes in the principle business as a result of changes in the management, business strategies and business environment in the future are not taken into account;

7. This valuation assumes that the underlying information and financial information provided by the principal and the appraised enterprise are true, accurate and complete;

8. Each of the assets under valuation is premised on the actual inventory as at the Valuation Benchmark Date, and the current market value of the relevant assets is based on the effective domestic prices as at the Valuation Benchmark Date;

9. The scope of the valuation is based solely on the valuation return provided by the client and the appraised enterprise. Contingent assets and contingent liabilities that may exist outside the list provided by the client and the appraised enterprise have not been considered;

10. It is assumed that the cash inflow subsequent to the Valuation Benchmark Date inflow at the end of the year and cash outflow subsequent to the Valuation Benchmark Date outflow at the end of the year;

11. The appraised entity will continue to lease office space in the future;

12. It is assumed that the high-tech enterprise certificate can continue to pass the re-examination and enjoy preferential income tax rates after expiration;

13. There are no force majeure and unforeseen factors that would have a material adverse impact on the appraised entity or appraised enterprise.

DISCOUNTED CASH FLOW VALUATION

This valuation determines to estimate the equity capital value of the appraised entity using the discounted cash flow method (DCF) based on the income approach.

KEY INPUT PARAMETERS AND CALCULATION PROCESS FOR VALUATION

(I) Selection of valuation methods

This valuation is to estimate the value of the owner's equity of the appraised entity based on its audited financial statements. The basic valuation idea of this valuation is:

(1) For the assets and main business included in the financial statements, the value of operating assets is arrived by discounting the expected revenue (free cash flows of the enterprise) estimated based on the historical changes in operating conditions in recent years and business type, and the project feasibility report of the appraised entity;

(2) For subsidiaries that are not included in the forecast scope, the income approach shall be adopted separately;

(3) For surplus or non-operating assets (liabilities) that are included in the scope of the financial statements and may be clearly determined by the valuer based on the information currently available, their values are calculated separately;

(4) The value of total shareholders' equity of the appraised entity is arrived by adding up the values of the above assets and liabilities, which represents the enterprise value of the appraised entity, and deducting the interest-bearing debt.

1. Basic model

The basic model for this valuation is:

$$E = B\text{-}D \quad (1)$$

Wherein:

E: Value of entire shareholders' equity interests of the appraised entity;

B: Enterprise value of the appraised entity;

$$B = P + C + I \quad (2)$$

Wherein:

C: Value of surplus or non-operating assets (liabilities) existing at the benchmark date of the appraised entity;

I: Value of long-term equity investment not included in the forecast scope;

P: Value of the operating assets of the appraised entity;

$$P = \sum_{i=1}^{n} \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n} \quad (3)$$

Wherein:

R_i: Expected earnings (free cash flow of the enterprise) in the i year in the future;

r: Discount rate;

n: Future projected earnings period;

P: Value of the interest-bearing liabilities of the appraised entity.

2. Income indicators

In this valuation, the free cash flow of the enterprise is used as the income indicator of the operating assets of the appraised entity, which is defined as:

R = Net profit + Depreciation and amortization +
Interest on debt after tax deduction – Additional capital (4)

According to the business history and future market development of the appraised entity, we estimate its free cash flows in the future, and discount and sum up the free cash flows in the future operation period to calculate the value of operating assets of the enterprise.

3. Discount rate

This valuation adopts the weighted average cost of capital (WACC) model to determine the discount rate (r)

$$r = r_d \times w_d + r_e \times w_e \quad (5)$$

Wherein:

W_d: Debt ratio of the appraised entity;

$$w_d = \frac{D}{(E+D)} \quad (6)$$

W_e: Equity ratio of the appraised entity;

$$w_e = \frac{E}{(E+D)} \quad (7)$$

r_d: Interest rate of the interest-bearing liabilities after tax;

r_e: Cost of equity capital. In this valuation, we determined the cost of equity capital (r_e) by adopting the capital asset pricing model (CAPM);

$$r_e = r_f + \beta_e \times (r_m - r_f) + \varepsilon \quad (8)$$

Wherein:

r_f: Risk-free rate of return;

r_m: Expected return of the market;

ε : Characteristic risk adjustment factor of the appraised entity;

β_e: Expected market risk factor of the equity capital of the appraised entity.

(II) Determination of Future Earnings

1. Revenue and cost forecast

   1) Forecast of operating income: construction, mechanical and electrical equipment, technical services, and others (i.e. rental income from subleasing office space to subsidiaries by the enterprise, and income in forecast period is forecasted based on the amount agreed in the lease contract)

   2) Forecast of operating costs: employee compensation, material procurement, and others (i.e. leasing costs incurred by the enterprise subleasing office space to subsidiaries, and cost in forecast period is forecasted based on the amount agreed in the lease contract)

2. Taxes and surcharge forecast

   The taxes include value-added tax, urban construction tax, education surcharge, local education surcharge, and stamp duty.

   The products sold by the appraised entity are subject to a 13% value-added tax rate. At the same time, it is necessary to pay 7% urban construction tax, 3% education surcharge, and 2% local education surcharge based on the payable value-added tax. It is calculated based on the actual value-added tax paid in the current period as the tax base.

   The water conservancy fund and stamp duty are predicted based on the actual quota and tax rate implemented by the enterprise.

3. Sales, administration, R&D, and financial expense forecast

   1) Sales expense forecast: sales staff salaries, depreciation expenses, advertising expenses, office and travel expenses, business entertainment expenses, bidding expenses, leasing expenses, and others.

   2) Administration expense forecast: management staff salaries, depreciation and amortization expenses, repair expenses, business entertainment expenses, travel expenses, office expenses, conference expenses, fees for hiring intermediary agency, property management fees, utilities expenses, communication expenses, vehicle usage fees, rental fees, inventory losses, amortization expenses for low value consumables, and others.

   3) R&D expense forecast: R&D staff salaries, outsourced R&D expenses, procurement expenses, depreciation and amortization expenses, and others.

   4) Financial expense forecast: interest expenses and unconfirmed financing costs.

4. Additional capital forecast

   In this valuation, the additional capital for the future operating period mainly refers to the capital expenditures and increase in working capital required for the replacement of existing assets on the benchmark date for continuous operation. The additional capital defined in this report is:

   Additional capital = asset replacement + capital expenditure + increase in working capital

   (1) Asset replacement investment estimation: Based on the premise and foundation of the earnings forecast and while maintaining the current scale and condition of the assets, taking into account the historical annual replacement and depreciation and recovery of the assets of the enterprise, the estimation of future asset replacement and transformation expenses are made.

   (2) Capital expenditure forecast: During the forecast period, there is no capital expenditure.

(3) Estimate of increase in working capital: The increase in working capital represents the operating capital that the enterprise requires to be increased, without changing the current conditions of its principal business, so as to maintain normal business operations, such as the basic capital required for maintaining normal business operations, including cash reserves, inventory purchases, and advance payments for goods (receivables) on behalf of customers, as well as payables. The increased amount in working capital, as defined in this report, is:

Increase in working capital = working capital in the current period – working capital in the previous period

Working capital = cash + receivables + inventory – payables

5. Net cash flow forecast

The forecast for future earnings in this valuation is professional judgment made based on the verification of historical business and financial data, as well as market research and analysis of the industry, and in accordance with the comprehensive situation of market demand and future enterprise development.

(III) Determination of Discount Rate

The discount rate of 10.76% is determined by the weighted average cost of capital (WACC), which is calculated as the weighted average of the cost of equity capital and cost of debt of the enterprise. Among them, the cost of equity capital is arrived through the capital asset pricing model (CAPM) and the cost of debt is calculated with the interest rate implemented as at the valuation benchmark date.

$$r = r_d \times w_d + r_e \times w_e$$

Wherein:

W_d: Debt ratio of the appraised entity;

$$w_d = \frac{D}{(E+D)}$$

W_e: Equity ratio of the appraised entity;

$$w_e = \frac{E}{(E+D)}$$

r_d: Interest rate of the interest-bearing liabilities after tax;

r_e: Cost of equity capital. In this valuation, we determined the cost of equity capital (r_e) by adopting the capital asset pricing model (CAPM).

(1) Determination of risk-free interest rate

The treasury bond yield provided by the China Central Depository & Clearing Co., Ltd. (CCDC) published on the website of the China Appraisal Society.

This valuation is based on the assumption of continuous operation. The earning period of the appraised entity is indefinite. According to the requirements of "Guidelines for Asset Evaluation Experts No. 12 – Calculation of Discount Rate in the Evaluation of Enterprise Value by Income Approach" (Zhong Ping Xie [2020] No. 38) (《資產評估專家指引第12號–收益法評估企業價值中折現率的測算》(中評協[2020]38號)), the yield to maturity with 10-year or more remaining treasury bonds can be used as the risk-free interest rate. This valuation uses the yield of 10-year treasury bonds as the risk-free interest rate, that is, r_f =1.65%.

(2) Determination of market risk premium

The valuation uses the long-term average return A share market index as the expected market yield (rm) and the excess of the expected market yield over the risk-free interest rate is taken as the market risk premium.

Pursuant to the requirement of "Guidelines for Asset Evaluation Experts No. 12 – Calculation of Discount Rate in the Evaluation of Enterprise Value by Income Approach" (Zhong Ping Xie [2020] No. 38) (《資產評估專家指引第12號–收益法評估企業價值中折現率的測算》(中評協[2020]38號)), the representing stock market index in the PRC shall be used when calculating the market risk premium, such as CSI 300 Index and Shanghai Securities Composite Index. To calculate the excess return on the index over a period of time, the time span can be selected for more than ten years, the data frequency can be selected from weekly or monthly, and the calculation method can be arithmetic mean or geometric mean.

According to the research on A-share market in China conducted by the China United Assets Appraisal Group and together with the above guidelines, the representing Shanghai Composite Index was selected as the underlying index during the valuation process. Calculated and annualised to an annualised rate of return using the arithmetic mean and its arithmetic mean, geometric mean and harmonic mean were calculated, respectively, at weekly and monthly data frequencies. The expected market yield was determined as comprehensively analyzed, i.e. rm = 9.27%.

Market risk premium = rm－rf = 9.27%－1.65% = 7.62%

(3) Determination of the β coefficient

Based on the stocks of listed companies in the same industry as the appraised entity, the comparability of the appraised enterprise and comparable companies in terms of business type, enterprise scale, profitability, growth, industrial competitiveness and enterprise's development stage and other factors are taken into consideration. Selecting appropriate comparable companies, with the SSE Composite Index as the underlying index, and referring to the iFinD Financial Terminal, calculating based on the market price as of the valuation benchmark date with a period of 256 weeks before the valuation benchmark date, the estimated unlevered risk coefficient of the stocks of comparable companies has been arrived at βu=1.0806, with further calculation in accordance with capital structure of the enterprise, and the expected market risk coefficient of the appraised entity's equity capital has been arrived at βe=1.3144.

(4) Enterprise-specific risk factor ε

This valuation considers the individual risk characteristics that may arise from differences between the appraised entity and comparable listed companies in terms of enterprise scale, stage of enterprise development, core competitiveness, dependence on upstream and downstream entities, financing capacity and cost, and robustness of profit projections. The characteristic risk adjustment factor ε = 1.20%.

(5) Cost of equity capital r_e

$$r = r_f + \beta_e \times (r_m - r_f) + \varepsilon$$
$$= 1.65\% + 1.3144 \times (9.27\% - 1.65\%) + 1.20\%$$
$$= 12.87\%$$

2. Determination of R_d

As at the valuation benchmark date, the weighted average cost of debt for bank borrowings within the projected range of the appraised enterprise was 2.47% after tax.

(IV) Determination of Equity Capital Value

According to the "1. Basic model" section in "(I) Selection of valuation methods", the calculation formula for the equity capital value (E) is as follows:

E = B – D.

B = P + C + I.

$$P = \sum_{i=1}^{n} \frac{R_i}{(1+r)^i} + \frac{R_{n+1}}{r(1+r)^n}$$

1. Determination of the value of operating assets (P)

   Substitute the obtained values of operating assets P = RMB98.3762 million, surplus and non-operating assets (net of liabilities) existing on the valuation benchmark date ΣCi = -RMB9.2417 million, long-term equity investments I = RMB28.8150 million, and interest-bearing debt on the valuation benchmark date D = RMB23.9338 million into the valuation formula to derive the equity capital value.

VALUATION CONCLUSIONS

Based on the assessment of the appraised enterprise and its management's judgment of future development trends and operational plans, and in accordance with relevant laws, regulations, and asset valuation standards, the market value of the entire equity interest of Anhui Transportation Information Industry's shareholders as of the valuation benchmark date of 30 June 2025, was determined using the income approach and asset-based approach, following necessary valuation procedures.

The valuation result of the total equity interests of Anhui Transportation Information Industry using the income approach is RMB94 million.