

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



四川成渝高速公路集团股份有限公司

Sichuan Expressway Group Company Limited*

(formerly known as 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 People's Republic of China with limited liability)

(Stock Code: 00107)

PROPOSED ISSUANCE OF QUASI REITS AND RELATED DISCLOSEABLE TRANSACTION AND MAJOR TRANSACTION

PROPOSED ISSUANCE OF QUASI REITS AND RELATED DISCLOSEABLE TRANSACTION AND MAJOR TRANSACTION

The Company proposes to launch Quasi REITs on the SSE in September 2026 or such later date as to be determined, with a view to investing in and securitising the Underlying Asset Portfolio held by the subsidiaries of the Company, and raising funds for the operation and development of the Group's business. The proposed registered issuance size of the Quasi REITs shall not exceed RMB12,000 million. At the Board meeting held on 3 September 2026, the Board approved to convene an EGM to seek Shareholders' approval for the Proposed Issuance of the Quasi REITs and related major transaction.

In preparation for the Proposed Issuance of the Quasi REITs, the Company will appoint CITIC Securities as the Plan Manager of the Special Plan. The Transaction structure is as follows:

1. The Company, the General Partner and the Original Owner will establish a Partnership Enterprise and enter into a Partnership Agreement. Pursuant to which, the Company, as the Class B Limited Partner, and Chengyu Investment, a subsidiary of the Company, as the General Partner (collectively holding approximately 20% of the partnership interests), and the Original Owner, as the Class A Limited Partner (holding approximately 80% of the partnership interests), will establish the Partnership Enterprise. The registered capital of the Partnership Enterprise will be approximately RMB15,000 million, of which the Company and the General Partner will collectively subscribe for capital contributions of approximately RMB3,000 million (the Company, as the Class B Limited Partner, will contribute RMB2,999 million, and the General Partner will contribute approximately RMB1.0 million), and the Original Owner, as the Class A Limited Partner, will subscribe for capital contributions of approximately RMB12,000 million.

2. The Original Owner (as the seller), the Plan Manager (acting on behalf of the Special Plan as the buyer) and the Partnership Enterprise will enter into a Limited Partnership Interest Transfer Agreement, pursuant to which the Original Owner agrees to transfer the Class A Limited Partnership Interests to the Plan Manager. Given that the Original Owner has not yet made paid-in capital contributions to the Partnership Enterprise at the time of the transfer of the Limited Partnership Interests, the Plan Manager (on behalf of the Special Plan), as the new Class A Limited Partner, will make paid-in capital contributions, with the cash consideration for the capital contributions being approximately RMB12,000 million. After the Original Owner transfers the Class A Limited Partnership Interests to CITIC Securities (on behalf of the Special Plan), the Company, Chengyu Investment and CITIC Securities may be required to re-sign the Partnership Agreement in accordance with the requirements of the market regulation authority.
3. The Company (as the transferor), the Partnership Enterprise (as the transferee) and the Target Company will enter into an Equity Transfer Agreement, pursuant to which the Company conditionally agrees to sell, and the Partnership Enterprise conditionally agrees to acquire, the Target Equity Interest, at a consideration of approximately RMB3,794 million.

The Equity Transfer is conditional upon the successful issuance of the Quasi REITs. The issuance of the Quasi REITs is also subject to the approval of the SSE. The above elements such as the capital contribution amount of the Partnership Enterprise, respective Shareholding percentage, consideration and issuance size shall be subject to the plan approved by the SSE.

Upon completion of the issuance of the Quasi REITs, the Company will have power over the Partnership Enterprise, will be entitled to variable returns from its involvement in the relevant activities of the Partnership Enterprise, and will have the ability to use its power over the Partnership Enterprise to affect the amount of its returns. Therefore, the Partnership Enterprise will be controlled by the Company and consolidated in the Group's financial statements. The Company will directly hold and through the Partnership Enterprise indirectly hold the equity interest in the Target Company. The Target Company will remain as a subsidiary of the Company, and its financial results will be included in the Group's financial statements.

LISTING RULES IMPLICATIONS

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

As the Equity Transfer is conditional upon the successful issuance of the Quasi REITs, it in substance constitutes the disposal by the Company of 51% of the equity interest in the Target Company and form the Target Debt at a maximum consideration of RMB12,000 million. The highest applicable percentage ratios for the Disposal exceed 25% but are all below 75%, and the Disposal constitutes a major disposal of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that the issuance of the Quasi REITs is subject to the fulfilment of a number of conditions before it can proceed, and therefore the issuance of the Quasi REITs and the Transaction contemplated thereunder may or may not proceed. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in or considering dealing in the Shares or other securities (if any) of the Company.

I. OVERVIEW

The Company proposes to launch Quasi REITs on the SSE in September 2026 or such later date as to be determined, with a view to investing in and securitising the Underlying Asset Portfolio held by the subsidiaries of the Company, and raising funds for the operation and development of the Group's business. The proposed registered issuance size of the Quasi REITs shall not exceed RMB12,000 million. At the Board meeting held on 3 September 2026, the Board approved to convene an EGM to seek Shareholders' approval for the Proposed Issuance of the Quasi REITs and related major transaction.

II. ISSUANCE PLAN FOR THE QUASI REITS

Principal Terms of the Quasi REITs

The principal terms of the issuance of the Quasi REITs are tentatively set out as follows (the final issuance amount, duration and other arrangements will be determined based on the due diligence, valuation and regulatory requirements of the project):

Product Type	Quasi REITs
Issuance Size	Not exceeding RMB12,000 million
Use of Proceeds	No regulatory restrictions on the use of proceeds; funds may be used flexibly as required (for more details on the proposed use of proceeds, please refer to the section "Use of Proceeds from the Transaction" in this announcement)
Expected Duration	In the form of "3+3+..." (subject to the actual remaining term of the assets)
Issuance Interest Rate	Fixed interest rate, estimated at 1.8% to 2.5%, subject to the inquiry results from market investors at the time of issuance
Repayment Arrangement	Returns are paid annually, and principal is repaid annually
Asset Base	The Class A Limited Partnership Interests which will be transferred and formally delivered by the Class A Limited Partner to the Plan Manager (on behalf of the Special Plan) pursuant to the Limited Partnership Interest Transfer Agreement.

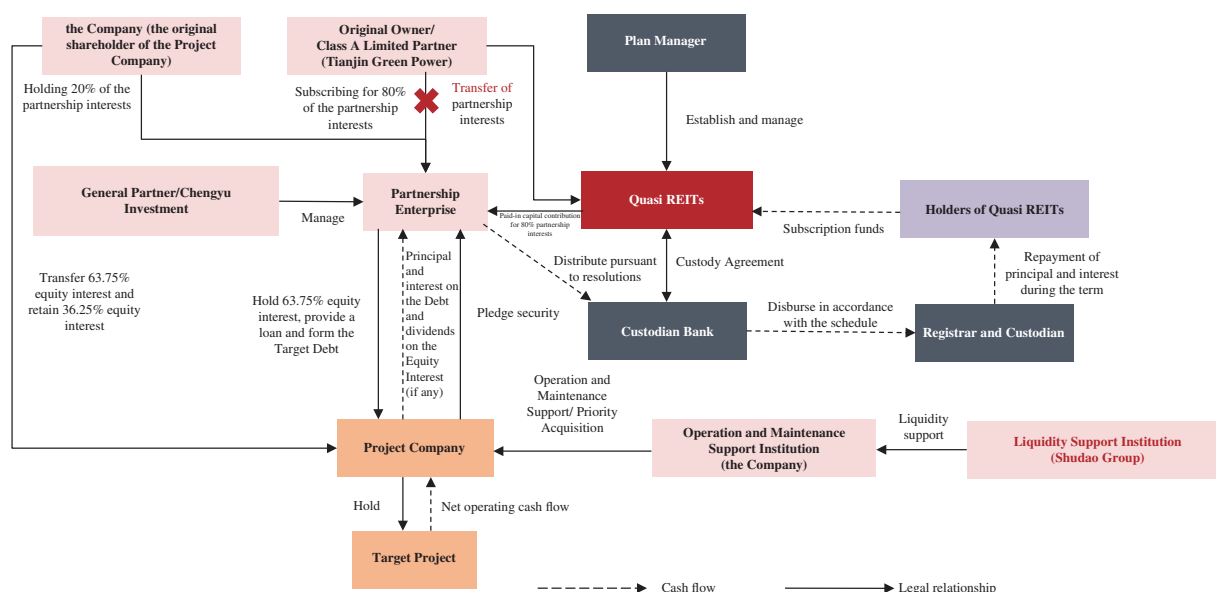
Conditions Precedent for Establishment Provided that the applicable laws at that time do not prohibit or restrict (i) the establishment or continued existence of the Special Plan; (ii) the issuance of Asset-Backed Securities by the Special Plan; and (iii) the investment plan of the Special Plan,

(1) If the subscription funds (excluding interest accrued on subscription funds during the promotion period) have reached the target fundraising amount specified in the Standard Terms, regardless of whether the promotion period has expired, the Plan Manager shall have the right to transfer all subscription funds from the dedicated fundraising account to the Special Plan account, and the Plan Manager shall announce the establishment of the Special Plan; the date on which the Plan Manager issues the establishment announcement shall be deemed the establishment date of the Special Plan. (2) If the subscription funds of the Special Plan (excluding interest accrued on subscription funds during the promotion period) do not reach the target fundraising amount stipulated in the Standard Terms at the expiration of the promotion period, the establishment of the Special Plan will fail.

Tranche Status of the Quasi REITs

Project	Senior Tranche	Subordinated Tranche
Expected Size	RMB11,999 million	RMB1.00 million
Expected Rating	AAAsf	–
Expected Rate of Return	Expected to be 1.80% to 2.50%	–
Expected Return Payment Frequency	Returns are paid annually	Subordinated returns are received through ordinary distribution, disposal distribution and liquidation distribution in accordance with the Standard Terms.
Expected Principal Payment Frequency	Principal is repaid annually	–
Investors	Subscribed by qualified investors, who are independent third parties	Held by the Company or its designated third party

Structure of the Quasi REITs



After the issuance of the Quasi REITs, the Project Company will repay the principal and interest of the shareholder loan to the Partnership Enterprise and pay dividends to it, and the Partnership Enterprise will then make distributions to the Special Plan. Every three years from the date of completion of the issuance of the Quasi REITs, if the Company approves that the Quasi REITs will no longer continue, the products will be redeemed by exercising the priority acquisition right to enable investors to exit.

Other Related Agreements and Letters for the Quasi REITs

Upon the issuance of the Quasi REITs and the completion of the Transaction, the following agreements will also be entered into for the purpose of the Proposed Issuance of the Quasi REITs. As the specific terms of each agreement are subject to the review and approval of the SSE and the execution and effectiveness of the final agreement documents formally signed by all contracting parties, the summaries below may be subject to changes:

(i) *Standard Terms of the Quasi REITs Contract*

As the Plan Manager of the Quasi REITs, the Plan Manager will enter into the Standard Terms of the Quasi REITs Contract, which sets out the rights and obligations between the Plan Manager and the holders of Asset-Backed Securities, including the distribution arrangements under the Quasi REITs.

(ii) *Asset Servicing Agreement*

The Asset Servicing Agreement will be entered into by the Plan Manager (on behalf of the Special Plan), Tianjin Green Power (as the asset servicer) and the Company. Pursuant to which, the Plan Manager and the Company will engage the asset servicer to provide relevant asset services. The asset servicer shall (1) assist and cooperate with the Plan Manager in communicating and negotiating with the Partnership Enterprise, the operation and maintenance support institution, the Project Company and other participating institutions of the Special Plan regarding the management of the Target Project; (2) assist the Plan Manager in the disposal of the Special Plan; and (3) report to the Plan Manager the information related to the Partnership Enterprise, the Project Company, the Target Project and the Special Plan.

(iii) Operation and Maintenance Support Agreement

The Operation and Maintenance Support Agreement will be entered into by the Plan Manager (on behalf of the Special Plan), the Partnership Enterprise, the Target Company and the Company (as the operation and maintenance support institution). Pursuant to which, the Plan Manager, the Partnership Enterprise and the Target Company will jointly engage the Company to provide operation and maintenance support services for the Target Company and the Target Project, including operational support and performance support.

(iv) Priority Acquisition Right Agreement

The Priority Acquisition Right Agreement will be entered into by the Plan Manager (on behalf of the Special Plan), the Company (as the priority acquirer), the Partnership Enterprise and the Target Company. Pursuant to which, during the exercise period of the priority acquisition right, the Company or its designated entity shall have the right to, in accordance with the provisions of the Priority Acquisition Right Agreement, preferentially acquire any of the following: all senior Asset-Backed Securities, the Class A Limited Partnership Interests, the entire Target Equity Interest and the Target Debt; or the underlying assets of the Quasi REITs and the corresponding concession right. The relevant exercise price shall be determined in accordance with the Priority Acquisition Right Agreement.

(v) Loan Agreement

The Loan Agreement will be entered into by the Partnership Enterprise (as the lender and creditor) and the Target Company (as the borrower and debtor). Pursuant to which, the Partnership Enterprise will provide a loan with a principal amount of RMB11,200 million to the Target Company. The specific amount will be determined based on the project issuance size, actual needs of the Target Company to repay existing liabilities and supplement working capital, and shall be subject to the actual disbursed amount.

(vi) Supervisory Agreement

The Supervisory Agreement includes the Project Company Fund Supervisory Agreement and the Operation and Maintenance Support Institution Fund Supervisory Agreement, of which:

- (1) The Project Company Fund Supervisory Agreement will be entered into by the Plan Manager (on behalf of the Special Plan), the Partnership Enterprise, the Target Company and the Project Company supervisory bank. Pursuant to which, the Project Company supervisory bank will supervise the Project Company supervisory account, which is exclusively used for receiving loans disbursed by the Partnership Enterprise, repaying the principal and interest of the Target Debt, distributing shareholder dividends (if any) to the Partnership Enterprise, etc.;
- (2) The Operation and Maintenance Support Institution Fund Supervisory Agreement will be entered into by the Plan Manager, the Partnership Enterprise, the Company and the operation and maintenance support institution supervisory bank. Pursuant to which, the operation and maintenance support institution supervisory bank will supervise the operation and maintenance support institution supervisory account of the Company, which is exclusively used for paying performance support funds (if any) to the Project Company, repaying the principal and interest of the Project Company loan (if any) to the Project Company, etc.

(vii) Letter of Support

Shudao Group, the controlling shareholder of the Company, proposes to issue a Letter of Support to the Company. Pursuant to which, Shudao Group confirms that it is aware of and agrees to the Transaction arrangements, and requires the Company to perform its contractual obligations in accordance with the relevant agreements. If the Company fails to perform its contractual obligations under the Operation and Maintenance Support Agreement or other transaction documents (if any), Shudao Group will, in accordance with the Letter of Support, provide liquidity support to the Company (as the operation and maintenance support institution) to enable the Company to perform its obligations under the Operation and Maintenance Support Agreement on time.

(viii) Pledge Contract

The Pledge Contract will be entered into by the Partnership Enterprise (as the pledgee and creditor) and the Target Company (as the pledgor and debtor). Pursuant to which, the Target Company will pledge the income right of the Target Project it legally enjoys (including but not limited to expressway tolls, advertising operation income and service facility operation income and other relevant income rights agreed in the agreement) to the Partnership Enterprise, to provide collateral security for all obligations of the Target Company under the Loan Agreement.

(ix) Custody Agreement

The Custody Agreement will be entered into by the Plan Manager and the custodian bank (as the custodian). Pursuant to which, the Plan Manager appoints the custodian to provide custody services for the assets of the Quasi REITs.

(x) Special Fund Operation Account Management Agreement

The Special Fund Operation Account Management Agreement will be entered into by the Plan Manager, the special account supervisory institution and the Partnership Enterprise. Pursuant to which, the Partnership Enterprise will open a special fund operation account with the special account supervisory institution, which is used for receiving relevant funds including dividends on the Target Equity Interest, principal and interest of the Target Debt, and income from the disposal of the Target Project, as well as paying the costs and expenses to the Partnership Enterprise and making distributions to the partners. The special account supervisory institution will implement closed management over the special fund operation account, and without the consent of the Plan Manager, the Partnership Enterprise shall not use the funds in the special fund operation account.

III. ESTABLISHMENT OF THE PARTNERSHIP ENTERPRISE

In preparation for the Proposed Issuance of the Quasi REITs, at the Board meeting held on 3 September 2026, the Board approved the Establishment of the Partnership Enterprise and the entry into the Partnership Agreement. Pursuant to which, the Company, as the Class B Limited Partner, and Chengyu Investment, a subsidiary of the Company, as the General Partner (collectively holding approximately 20% of the partnership interests), and the Original Owner, as the Class A Limited Partner (holding approximately 80% of the partnership interests), will establish the Partnership Enterprise. The registered capital of the Partnership Enterprise will be approximately RMB15,000 million, of which the Company and the General Partner will collectively subscribe for capital contributions of approximately RMB3,000 million (the Company, as the Class B Limited Partner, will contribute RMB2,999 million, and the General Partner will contribute approximately RMB1 million), and the Original Owner, as the Class A Limited Partner, will subscribe for capital contributions of approximately RMB12,000 million. Upon completion of the issuance of the Quasi REITs, the Company will have power over the Partnership Enterprise, will be entitled to variable returns from its involvement in the relevant activities of the Partnership Enterprise, and will have the ability to use its power over the Partnership Enterprise to affect the amount of its returns. Therefore, the Partnership Enterprise will be controlled by the Company and consolidated in the Group's financial statements. The Company will directly hold and through the Partnership Enterprise indirectly hold the equity interest in the Target Company. The Target Company will remain as a subsidiary of the Company, and its financial results will be included in the Group's financial statements.

Partnership Agreement

The main terms of the Partnership Agreement are summarised as follows (As the specific terms of each agreement are subject to the review and approval of the SSE and the execution and effectiveness of the final agreement documents formally signed by all contracting parties, the summaries below may be subject to changes):

- | | |
|---------------------|--|
| Contracting Parties | <ul style="list-style-type: none">(1) Tianjin Green Power, as the Class A Limited Partner holding 80% of the partnership interests;(2) the Company, as the Class B Limited Partner holding 19.99% of the partnership interests; and(3) Chengyu Investment, as the General Partner holding 0.01% of the partnership interests |
|---------------------|--|

Transaction Subject The name of the Partnership Enterprise is subject to the name approved by and registered with the relevant competent government authority in the PRC.

The purpose of the Partnership Enterprise is to use the paid-in capital contributions of the partners for investment targets that comply with the requirements of the Partnership Agreement. Its primary scope of business includes highway management and maintenance; subgrade and pavement maintenance operations; business management; business management consulting; and engineering management. (subject to the business scope finally approved by and registered with the State Administration for Market Regulation)

Capital Contributions The total amount of capital contributions of the Partnership Enterprise is RMB15,000 million. The amounts and proportions of capital contributions to be subscribed by each partner are set out as follows:

Partner	Capital Contribution Amount (in RMB100 million)	Percentage of Total Capital Contributions (%)
Tianjin Green Power Company	120 29.99	80% 19.99%
Chengyu Investment	0.01	0.01%

The capital contributions subscribed by each partner (or the transferee of the limited partnership interests) shall be paid in cash and shall be completed within 5 business days from the establishment date of the Special Plan. The relevant amounts of capital contributions by subscription made by each partner to the Partnership Enterprise are determined after arm's length negotiation by the partners by reference to factors such as the valuation of the Underlying Asset Portfolio, the consideration for the Equity Transfer, the expected investment funding needs of the Partnership Enterprise and the proportion of interests held by each partner therein. The Company will use its own funds to complete paid-in capital contributions to the Partnership Enterprise.

Management and Decision-Making Mechanism	The General Partner shall act as the executive partner, and the remuneration of the executive partner will be determined by the partners through negotiation with reference to industry standards, subject to a maximum of RMB200,000 per year. The Partnership Enterprise will establish a decision committee. The decision committee will have 3 members, with each partner appointing 1 member.
Property Distribution Arrangements	The distributable property of the Partnership Enterprise consists of the property of the Partnership Enterprise that is no longer required for investment or other payments (including, but not limited to, debts payable to the creditors of the Partnership Enterprise) and that can be distributed to the partners. These are accounted for in accordance with the accounts and criteria prescribed under the accounting standards of the Partnership Enterprise. Distributable property can be distributed to partners as return income or a return of the equity corresponding to their partnership interests (including paid-in capital contributions), and the Partnership Enterprise will distribute in accordance with the methods agreed in this agreement. The types of distributions in the Partnership enterprise include: (1) Ordinary distribution refers to the cash distribution of distributable property before the disposal of Partnership Enterprise assets. (2) Disposal distribution refers to the cash distribution of distributable property after the disposal of Partnership Enterprise assets and the distribution in kind of non-cash assets. If the Partnership Enterprise fails to complete the investment in the initial investment target within 120 business days from the date of establishment of the Special Plan or within an extended period approved by the Class A Limited Partner (whichever is later), the provisions regarding disposal distribution shall also apply. (3) Liquidation distribution refers to the distribution where the funds distributed upon the liquidation of the Partnership Enterprise are derived from all remaining distributable property of the Partnership Enterprise.

Investment Scope

Initial investment target:

- (1) the Target Project held and operated by the Project Company.
- (2) Investment method: entering into an Equity Transfer Agreement, pursuant to which the Partnership Enterprise acquires 63.75% of the equity interest in the Project Company, and the Partnership Enterprise will provide a shareholder loan to the Project Company, and the Partnership Enterprise will enjoy a creditor's right against the Project Company based on the Target Debt.

Exit Mechanism

During the term of the partnership, a partner may withdraw from the partnership under any of the following circumstances:

- 1) upon unanimous consent of all partners;
- 2) occurrence of circumstances making it difficult for the partner to continue participating in the partnership;
- 3) other partners seriously violating the obligations agreed in the Partnership Agreement.

During the term of the partnership, the General Partner shall automatically withdraw from the partnership under any of the following circumstances:

- 1) the natural person who is a partner dies or is legally declared dead;
- 2) the individual loses the ability to repay debts;
- 3) the legal person or other organisation that is a partner is revoked of business licence according to law, is ordered to close down, is deregistered, or is declared bankrupt;
- 4) the partner loses the relevant qualification as required by law or agreed in this agreement;
- 5) all of the partner's property interests in the Partnership Enterprise are subject to compulsory enforcement by a people's court.

During the partnership term, the Limited Partner shall automatically withdraw from the partnership under any of the following circumstances:

- 1) the natural person who is a partner dies or is legally declared dead;
- 2) the legal person or other organisation that is a partner is revoked of business licence according to law, is ordered to close down, is deregistered, or is declared bankrupt;
- 3) the partner loses the relevant qualification as required by law or agreed in this agreement;
- 4) all of the partner's property interests in the Partnership Enterprise are subject to compulsory enforcement by a people's court.

Dissolution of the
Partnership Enterprise

The Partnership Enterprise shall be dissolved under any of the following circumstances:

- 1) the number of General Partners fails to meet the requirements for the establishment of a limited Partnership Enterprise due to expulsion and a new General Partner cannot be appointed in accordance with this agreement;
- 2) the partners no longer meet the statutory number for 30 days;
- 3) one or more partners seriously breach the contract, causing the executive partner to determine that the Partnership Enterprise cannot continue operating;
- 4) the partnership purpose agreed in the Partnership Agreement has been achieved or cannot be achieved;
- 5) the Partnership Enterprise has its business licence revoked according to law, is ordered to close down or is deregistered;
- 6) the executive partner has notified all partners of the Partnership Enterprise thirty (30) business days in advance, completed the distribution of all principal and returns of the limited partners as at the notification time, and decided on the early termination and liquidation of the Partnership Enterprise;
- 7) the partners' meeting approves to dissolve.

Moreover, after Tianjin Green Power transfers the Class A Limited Partnership Interests to CITIC Securities (on behalf of the Special Plan), the Company, Chengyu Investment, and CITIC Securities may be required to re-sign the Partnership Agreement in accordance with the requirements of the market regulation authority.

IV. THE DISPOSAL

For the issuance of the Quasi REITs, the Company will appoint CITIC Securities as the Plan Manager of the Special Plan. The Original Owner (as the seller), the Plan Manager (acting on behalf of the Special Plan as the buyer) and the Partnership Enterprise propose to enter into a Limited Partnership Interest Transfer Agreement, pursuant to which the Original Owner agrees to transfer the Class A Limited Partnership Interests to the Plan Manager (on behalf of the Special Plan). Given that the Original Owner has not yet made paid-in capital contributions to the Partnership Enterprise at the time of the Limited Partnership Interests Transfer, the Plan Manager (on behalf of the Special Plan), as the new Class A Limited Partner, will make paid-in capital contributions to the Partnership Enterprise, with the cash consideration for the capital contributions being approximately RMB12,000 million. Meanwhile, the Company (as the transferor), the Partnership Enterprise (as the transferee) and the Target Company will enter into an Equity Transfer Agreement, pursuant to which the Company conditionally agrees to sell, and the Partnership Enterprise conditionally agrees to acquire, the Target Equity Interest, at a consideration of approximately RMB3,794 million.

As the Equity Transfer is conditional upon the successful issuance of the Quasi REITs, it in substance constitutes the disposal by the Company of 51% of the equity interest in the Target Company and form the Target Debt at a maximum consideration of RMB12,000 million. Upon completion of the issuance of the Quasi REITs, the Company will have power over the Partnership Enterprise, will be entitled to variable returns from its involvement in the relevant activities of the Partnership Enterprise, and will have the ability to use its power over the Partnership Enterprise to affect the amount of its returns. Therefore, the Partnership Enterprise will be controlled by the Company and consolidated in the Group's financial statements. The Company will directly hold and through the Partnership Enterprise indirectly hold the equity interest in the Target Company. The Target Company will remain as a subsidiary of the Company, and its financial results will be included in the Group's financial statements.

Equity Transfer Agreement and Limited Partnership Interest Transfer Agreement

The main terms of the Equity Transfer Agreement and the Limited Partnership Interest Transfer Agreement are summarised as follows (As the specific terms of each agreement are subject to the review and approval of the SSE and the execution and effectiveness of the final agreement documents formally signed by all contracting parties, the summaries below may be subject to changes):

Equity Transfer Agreement

Contracting Parties:	(1) Transferor: the Company (2) Transferee: the Partnership Enterprise; and (3) the Target Company
Transaction Subject:	63.75% of the equity interest in the Target Company, corresponding to a registered capital of RMB436,183,875. The Target Company legally holds and operates the Target Project.

Consideration and Basis for Consideration	The consideration for the Target Equity Interest is approximately RMB3,794 million. The consideration under the Equity Transfer Agreement is determined by reference to the appraised value of the entire equity interest in the Target Company as at 30 June 2026 (being RMB5,950,962,300) determined under the income approach as set out in the Target Company Valuation Report prepared by the Valuer.
Payment of Transfer Price	The transferee adopts a one-time payment method. Subject to the fulfilment of the conditions precedent to the payment of the equity transfer price under this agreement, the transferee shall remit the transfer price to the receiving account designated by the transferor within 5 business days from the closing date.
Conditions Precedent	Conditions for payment of the transfer price: (1) this agreement has taken effect; (2) the transferor, the transferee and the Target Company have respectively approved the Equity Transfer through necessary internal resolution procedures; (3) if the relevant agreements or contracts to which the Target Company is a party require the consent or approval of a third party when the equity structure of the Target Company changes, the Target Company has obtained all such consents or approvals to ensure that the Target Company may continue to maintain all its existing contractual rights or other rights on the same terms after closing; (4) there are no encumbrance restrictions on the Target Equity Interest and the Target Project assets, unless the transferor has obtained the written consent of the third party for the release of such encumbrance restrictions; (5) the Special Plan has been established and has become the holder of all Class A Limited Partnership Interests of the Partnership Enterprise and has completed paid-in capital contributions to the Partnership Enterprise in accordance with the Partnership Agreement; (6) the Plan Manager (on behalf of the Special Plan) has effectively supervised the Project Company supervisory account in accordance with the Project Company Fund Supervisory Agreement; (7) the transferor is not in breach of any representations, warranties and undertakings under this agreement.

Equity Change Registration	The transferor and the Target Company shall cooperate with the transferee to complete the equity change registration with the relevant administration for market regulation within 120 business days from the establishment date of the Special Plan.
Closing	The closing date is the date on which the following events are completed: (1) this agreement has taken effect; (2) The Special Plan has been established and has, as a Class A Limited Partner, completed paid-in capital contributions to the Partnership Enterprise in accordance with the Partnership Agreement; (3) The transferee has obtained the articles of association, register of shareholders, and certificate of capital contribution of the Project Company, each reflecting the transferee as a new shareholder of the Project Company.
Execution and Effectiveness	This agreement will be established after all parties affix their official seals or special contract seals, and the appointed representative of the executive partner/legal representative or authorised representative signs or affixes seals, and will take effect from the date of establishment of the Special Plan.

Limited Partnership Interest Transfer Agreement

Contracting Parties:	(1) Transferor: the Class A Limited Partner (2) Transferee: the Plan Manager; and (3) the Partnership Enterprise
Transaction Subject:	The Class A Limited Partnership Interests, being approximately 80% of the partnership interests of the Partnership Enterprise, corresponding to a subscription amount of RMB12,000 million.
Consideration and Basis for Consideration	Since the paid-in amount of the Class A Limited Partner to the Partnership Enterprise is RMB0, the transfer price for the corresponding limited partnership interests is RMB0. The Plan Manager will, on behalf of the Special Plan and as the Class A Limited Partner, make paid-in capital contributions to the Partnership Enterprise in accordance with the provisions of the Partnership Agreement, with the cash consideration for the capital contributions being RMB12,000 million.
Payment of Paid-in Capital Contributions for Limited Partnership Interests	The transferee shall complete its capital contribution obligation as the holder of the Class A Limited Partnership Interests to the Partnership Enterprise within 5 business days from the closing date.

Closing	Subject to the establishment of the Special Plan and the full delivery of the raised funds to the Special Plan account, all parties agree that the transfer of the Class A Limited Partnership Interests will be completed on the establishment date of the Special Plan, from which date the Class A Limited Partnership Interests shall belong to the transferee, and the transferee shall become the holder of the Class A Limited Partnership Interests of the Partnership Enterprise.
Execution and Effectiveness	This agreement will take effect upon being signed or sealed by the appointed representative of the executive partner/legal representative or authorised representative of each party and affixed with the official seal or special contract seal of each party. If the Special Plan fails to be established, this agreement shall be automatically terminated.

V. BASIS FOR DETERMINATION OF CONSIDERATION FOR THE DISPOSAL

The consideration under the Limited Partnership Interest Transfer Agreement and the Equity Transfer Agreement is determined with reference to (i) the preliminary valuation of the entire equity interest in the Target Company (subject to filing with the State-owned Assets Supervision and Administration Authority); and (ii) the preliminary valuation of the Underlying Asset Portfolio (subject to the review of the SSE). Such valuations are appraised by the valuer using the discounted cash flow method under the income approach. Given that such preliminary valuations are prepared using the discounted cash flow method under the income approach, such valuations constitute a profit forecast under Rule 14.60A of the Listing Rules. As the discounted cash flow method in the income approach is used in the valuation report, the calculation of the appraised value of the entire equity interest in the Target Company and the appraised value of the Underlying Asset Portfolio set out in each of the valuation report is regarded as a profit forecast under Rule 14.61 of the Listing Rules. The Company will make another announcement within 15 business days after the publication of this announcement in compliance with Rules 14.60A and 14.62 of the Listing Rules.

Valuation of the Target Equity Interest

The consideration for the Equity Transfer under the Equity Transfer Agreement is determined with reference to the appraised value of approximately RMB5,950.9623 million of the Target Company as at 30 June 2026 (the “Appraisal Benchmark Date”) as appraised by the Valuer and set out in the Target Company Valuation Report. The Valuer adopts the income approach as the final valuation method for determining the value of the entire equity interest in the Target Company. As of the Appraisal Benchmark Date, the appraised value of the shareholders’ equity of the Target Company is RMB5,950.9623 million, representing an appreciation of RMB2,766.2283 million, with an appreciation rate of 86.86% (subject to the data as reviewed or filed with the competent regulatory authority or governing body).

A summary of the Target Company Valuation Report (including the appraisal basis and assumptions) is set out in Appendix I to this announcement.

Valuation of the Underlying Asset Portfolio

The Valuer separately appraised the Underlying Asset Portfolio in connection with the Proposed Issuance of the Quasi REITs, including cash and cash equivalents, trade receivables, prepayments, other receivables, property, plant and equipment, construction in progress, long-term prepaid expenses, intangible assets and deferred tax assets, etc. as at the Appraisal Benchmark Date. As of the Appraisal Benchmark Date, the value of the Underlying Asset Portfolio was RMB15,828.5001 million, representing an appreciation of RMB2,773.7895 million over the book value of RMB13,054.7106 million, with an appreciation rate of 21.25% (subject to the data as reviewed or filed with the competent regulatory authority or governing body).

A summary of the Underlying Asset Portfolio Valuation Report (including appraisal basis and assumptions) is set out in Appendix II to this announcement.

VI. USE OF PROCEEDS FROM THE TRANSACTION

The proceeds from the Proposed Issuance of the Quasi REITs and the Disposal will be used to repay the existing debts of the Target Company (as the borrower) and supplement its working capital, mainly as follows: (i) approximately RMB12,000 million will be used by the Plan Manager (on behalf of the Special Plan) for the paid-in capital contribution for the Class A Limited Partnership Interests of the Partnership Enterprise, and approximately RMB3,000 million will be used by the Company for the paid-in capital contributions for the limited partnership interests in the Partnership Enterprise and the capital contribution of the General Partner. After receiving the above paid-in contributions, the Partnership Enterprise will pay the Company the consideration of approximately RMB3,794 million for the acquisition of the Target Equity Interest. After deducting the necessary reserves retained by the Partnership Enterprise, the remaining approximately RMB11,200 million will be used to provide a loan to the Target Company; (ii) upon receipt of the loan by the Target Company, approximately RMB9,489 million will be used to repay the existing debts of the Target Company, of which approximately RMB450 million will be repaid to the Company, and approximately RMB9,039 million will be repaid to the banks and other external financial institutions; and (iii) the remaining balance (not exceeding RMB1,715 million) will be used to supplement the working capital of the Target Company. The above amounts are set out with reference to the outstanding debt balance of the Target Company as at 31 August 2026, and the final amounts will be determined based on the debt situation at the time of utilisation. It is expected that the above matters will be completed within 30 business days after the establishment date of the Quasi REITs.

VII. FINANCIAL IMPACT OF THE TRANSACTION

Upon completion of the issuance of the Quasi REITs, the Company will have power over the Partnership Enterprise, will be entitled to variable returns from its involvement in the relevant activities of the Partnership Enterprise, and will have the ability to use its power over the Partnership Enterprise to affect the amount of its returns. Therefore, the Partnership Enterprise will be controlled by the Company and consolidated in the Group's financial statements. The Company will directly hold and through the Partnership Enterprise indirectly hold the equity interest in the Target Company. The Target Company will remain as a subsidiary of the Company, and its financial results will be included in the Group's financial statements.

Following the issuance of the Quasi REITs, the Company's financial expenses are expected to decrease, primarily due to a reduction in financing costs resulting from the Target Company's repayment of existing bank borrowings. The Company expects that the issuance of the Quasi REITs and the Disposal will not have any impact on the Company's consolidated comprehensive income in 2026.

VIII. REASONS FOR AND BENEFITS OF THE TRANSACTION

The issuance of the Quasi REITs can effectively revitalise the existing assets of the Company, optimise the capital structure of the Company, save interest expenses, and facilitate the healthy and sustainable development of the Company.

After considering the above, the Board (including the independent non-executive Directors) is of the view that the Proposed Issuance of the Quasi REITs and the Transaction are fair and reasonable, and are in the interests of the Company and its Shareholders as a whole.

IX. INFORMATION ON THE CONTRACTING PARTIES

The Company

The principal business of the Group is investment, construction, operation and management of expressways, green energy investment business, and comprehensive development of resources along expressways.

Target Company

The Target Company is a limited liability company established in China and is a subsidiary of the Company. It is principally engaged in the operation, management and maintenance of expressways, highways and bridges; highway engineering, bridge engineering, and related engineering consulting and tendering agency; real estate development and leasing; wholesale and retail of goods, and property management, etc.

According to the audited financial information of the Target Company for the year ended 31 December 2025, the audited total assets and net assets of the Target Company are approximately RMB13,147,490,059.27 and RMB3,132,335,166.14 respectively.

	For the year ended 31 December 2024 (RMB)	For the year ended 31 December 2025 (RMB)
Revenue	860,780,441.75	889,267,389.78
Profit/(Loss) before Taxation	18,941,879.19	224,230,381.65
Profit/(Loss) after Taxation	16,498,144.71	194,623,951.93

Plan Manager

CITIC Securities is a joint stock limited company established with the approval of the China Securities Regulatory Commission, principally engaged in securities financial advisory services; securities business; sales of publicly offered securities investment funds; securities investment consulting; and the provision of introducing brokerage services by securities companies to futures companies. The shares of CITIC Securities are listed on the SSE (Stock Code: 600030.SH) and the Hong Kong Stock Exchange (Stock Code: 6030.HK), respectively. CITIC Securities has no actual controller. As at the date of this announcement, the Plan Manager and its ultimate beneficial owners are independent third parties of the Company.

Partnership Enterprise

As the Partnership Enterprise is newly established, there are no financial data or past performance available for inclusion in this announcement.

Chengyu Investment

Chengyu Investment is a limited liability company established in China and is a wholly-owned subsidiary of the Company. It is principally engaged in investment in highway infrastructure projects and other industrial investments, investment consulting business (excluding financial and securities business), development of high-tech products and technologies, and construction machinery leasing business.

Tianjin Green Power

Tianjin Green Power is a limited liability company established in China. It is primarily engaged in corporate management, corporate management consulting, financial consulting, engineering management services, sales of chemical products, sales of petroleum products, information technology consulting services, solar power generation technical services, sales of photovoltaic equipment and components, technical services, technology development, technical consulting, technical exchanges, technical assignment, and technology promotion, etc. Tianjin Lidu Asset Operation and Management Co., Ltd.* (天津立度資產經營管理有限責任公司) (its ultimate beneficial owner is the Finance Bureau of Hebei District, Tianjin) and Tianjin Fuxin Energy Co., Ltd.* (天津福昕能源有限公司) (its ultimate beneficial owners are Jin Chengri (金成日) and Zhang Xiaoli (張小莉)) each hold 50% of the shares in Tianjin Green Power. As of the date of this announcement, Tianjin Green Power and its ultimate beneficial owners are independent third parties of the Company.

X. LISTING RULES IMPLICATIONS

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

As the Equity Transfer is conditional upon the successful issuance of the Quasi REITs, it in substance constitutes the disposal by the Company of 51% of the equity interest in the Target Company and form the Target Debt at a maximum consideration of RMB12,000 million. The highest applicable percentage ratio for the Disposal exceeds 25% but all is below 75%, and the Disposal constitutes a major disposal of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing (among other things) further details of the Proposed Issuance of the Quasi REITs and the Disposal and other information required by the Listing Rules, together with the notice of the EGM, is expected to be despatched to Shareholders on or before 9 October 2026, to allow sufficient time for the preparation of the relevant information to be included in the circular.

XI. AUTHORISATION TO THE BOARD

To ensure the smooth implementation of the Proposed Issuance of the Quasi REITs, the Board has approved to table a resolution at the EGM to grant any executive director of the Company, within two years from the date of approval by the shareholders' meeting of the Company, a general and unconditional mandate to handle all matters related to the issuance of the Quasi REITs, including but not limited to:

1. Handling the work related to the above matters, and in accordance with the relevant provisions of national laws and regulations and regulatory authorities, based on the needs of the Company, the actual market conditions, and changes in the policies of regulatory authorities on this project or changes in market conditions, having the right to make necessary revisions and adjustments to the specific plan of the issuance of the Quasi REITs, including but not limited to the transaction structure, specific terms, issuance size, specific interest rates, term, conditions, scope of assets included in the pool, the priority acquisition right, disposal, exit or termination clauses, capital increases and decreases, and other matters, signing the transaction documents and application materials related to the issuance, and performing the various arrangements agreed in such documents and materials;
2. Conducting all necessary negotiations, revisions and signing of all relevant agreements and other necessary documents;
3. Applying for all necessary approvals for the issuance of the Quasi REITs and handling all necessary filing and registration matters, including but not limited to submitting the registration application for the issuance of this project to the SSE and making necessary revisions to the application documents for the issuance of this project in accordance with the requirements of the SSE;
4. If the laws, regulations and policies of the regulatory authorities on the registered issuance of this project change or market conditions change, except for matters involving relevant laws, regulations and the articles of association of the Company that require re-voting by the shareholders' meeting, authorising any executive director of the Company to make appropriate adjustments to the matters related to the registered issuance of this project in accordance with the opinions of the SSE;
5. Taking all necessary actions and handling or deciding all related matters for the issuance of this project.

XII. DEFINITIONS

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

“Asset-Backed Securities”	the senior Asset-Backed Securities and subordinated Asset-Backed Securities to be issued by the Special Plan based on the Underlying Asset Portfolio
“Asset Servicing Agreement”	the Asset Servicing Agreement of Asset-Backed Special Plan to be entered into by the Plan Manager (on behalf of the Special Plan), the asset servicer and the Company
“Board”	the board of Directors of the Company
“Custody Agreement”	the Custody Agreement of Asset-Backed Special Plan to be entered into by the Plan Manager and the custodian bank
“Class A Limited Partnership Interests”	approximately 80% of the interest in the Partnership Enterprise, corresponding to a subscription amount of approximately RMB12,000 million.
“Class A Limited Partner”	before the completion of the Limited Partnership Interest Transfer, the Original Owner; after the completion of the Limited Partnership Interest Transfer, the Plan Manager (on behalf of the Special Plan)
“Class B Limited Partner”	the Company
“Company”	Sichuan Expressway Group Company Limited* (四川成渝高速公路集團股份有限公司), a joint stock company incorporated in the PRC with limited liability and the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00107) and the A Shares of which are listed on the SSE (stock code: 601107)
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“CSRC”	the China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Disposal”	the transactions proposed to be conducted under the Limited Partnership Interest Transfer Agreement and the Equity Transfer Agreement, details of which are set out in the section “Disposal” in this announcement
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Proposed Issuance of the Quasi REITs, the Disposal and related transactions

“Equity Transfer”	the transfer of the Target Equity Interest by the Company to the Partnership Enterprise pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the “Equity Transfer Agreement of Sichuan Rongcheng Second Ring Expressway Development Co., Ltd.” to be entered into by the Company, the Partnership Enterprise and the Target Company
“Establishment of the Partnership Enterprise”	the matter in which the Company, the Original Owner and the General Partner jointly establish the Partnership Enterprise pursuant to the Partnership Agreement
“General Partner” or “Chengyu Investment”	Sichuan Shudao Chengyu Investment Company Limited* (四川蜀道成渝投资有限公司), a wholly-owned subsidiary of the Company and the General Partner of the Partnership Enterprise
“Group”	the Company and its subsidiaries
“H Shares”	the overseas listed foreign share(s) of the Company with a nominal value of RMB1.00 each, which are issued in Hong Kong, subscribed for in Hong Kong dollars and listed on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Letter of Support”	the support letter proposed to be issued by Shudao Group to the Company in respect of the Transaction
“Limited Partnership Interest Transfer”	the transfer of the Class A Limited Partnership Interests by the Original Owner to the Plan Manager (on behalf of the Special Plan) pursuant to the Limited Partnership Interest Transfer Agreement
“Limited Partnership Interest Transfer Agreement”	the Limited Partnership Interest Transfer Agreement to be entered into by the Original Owner, the Plan Manager (on behalf of the Special Plan) and the Partnership Enterprise
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange and/or the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, as the case may be
“Loan Agreement”	the Loan Agreement of Sichuan Rongcheng Second Ring Expressway Development Co., Ltd. to be entered into by the Partnership Enterprise and the Target Company
“Operation and Maintenance Support Agreement”	the Operation and Maintenance Support Agreement of Asset-Backed Special Plan to be entered into by the Plan Manager (on behalf of the Special Plan), the Company, the Partnership Enterprise and the Target Company

“Operation and Maintenance Support Institution Fund Supervisory Agreement”	the Operation and Maintenance Support Institution Fund Supervisory Agreement of Asset-Backed Special Plan to be entered into by the Plan Manager, the Partnership Enterprise, the Company and the operation and maintenance support institution supervisory bank
“Original Owner” or “Tianjin Green Power”	Tianjin Green Power Management and Operation Co., Ltd.* (天津綠電管理運營有限公司), the holder of the Class A Limited Partnership Interests of the Partnership Enterprise
“Partnership Enterprise”	a limited Partnership Enterprise to be duly established and validly existing under the PRC laws, the name of which shall be subject to approval by and registration with the competent government authority in China
“Partnership Agreement”	the Partnership Agreement to be entered into by the Company, the Original Owner and the General Partner in respect of the Establishment of the Partnership Enterprise, and the Partnership Agreement to be entered into by the Company, the Plan Manager and the General Partner after the Limited Partnership Interest Transfer
“Plan Manager” or “CITIC Securities”	CITIC Securities Company Limited, the Plan Manager of the Special Plan
“Pledge Contract”	the Pledge Contract of Sichuan Rongcheng Second Ring Expressway Development Co., Ltd. to be entered into by the Partnership Enterprise and the Target Company
“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Priority Acquisition Right Agreement”	the Priority Acquisition Right Agreement of Asset-Backed Special Plan to be entered into by the Plan Manager (on behalf of the Special Plan), the Company, the Partnership Enterprise and the Target Company
“Project Company Fund Supervisory Agreement”	the Project Company Fund Supervisory Agreement of Asset-Backed Special Plan to be entered into by the Plan Manager, the Partnership Enterprise, the Target Company and the Project Company supervisory bank
“Proposed Issuance of the Quasi REITs”	the proposed issuance by the Company of the Quasi REITs, and the proposed listing and trading thereof on the SSE
“Quasi REITs” or “Special Plan”	the “CITIC Securities – Sichuan Chengyu Chengdu Ring Expressway Asset-Backed Special Plan” (as the context may require) to be established by the Plan Manager, the name of which is subject to the approval of the SSE

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Share(s) and/or H Share(s) (as the case may be)
“Shareholder(s)”	the registered holder(s) of the Share(s)
“Shudao Group”	Shudao Investment Group Company Limited* (蜀道投資集團有限公司), the controlling shareholder of the Company
“Special Fund Operation Account Management Agreement”	the Special Fund Operation Account Management Agreement of Partnership Enterprise (Limited Partnership) to be entered into by the Plan Manager, the special account supervisory institution and the Partnership Enterprise
“SSE”	the Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Standard Terms of the Quasi REITs Contract”	the Standard Terms of the Special Plan Contract of Asset-Backed Special Plan to be entered into by the Plan Manager to regulate the establishment and operation of the Special Plan
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Supervisory Agreement”	the collective name of the Project Company Fund Supervisory Agreement and the Operation and Maintenance Support Institution Fund Supervisory Agreement
“Target Company” or “Project Company”	Sichuan Rongcheng Second Ring Expressway Development Co., Ltd., a limited liability company duly incorporated and validly existing under the laws of China, and a subsidiary of the Company as at the date of this announcement
“Target Company Valuation Report”	the valuation report prepared by the Valuer in respect of the entire equity interest in the Target Company
“Target Equity Interest”	63.75% equity interest in the Target Company proposed to be transferred by the Company to the Partnership Enterprise pursuant to the Equity Transfer Agreement
“Target Debt”	the creditor's right enjoyed by the Partnership Enterprise against the Target Company arising from the shareholder loan provided by the Partnership Enterprise to the Target Company pursuant to the Loan Agreement
“Target Project”	the West Section of Chengdu Second Ring Expressway project legally held and operated by the Target Company and approved for construction pursuant to the Approval of the West Section of Chengdu Second Ring Expressway project by the Sichuan Provincial Development and Reform Commission (CFGJ [2010] No. 351) (《四川省發展和改革委員會關於成都第二繞城高速公路西段項目核准的批覆》(川發改交[2010]351 號))

“Transaction”	the Establishment of the Partnership Enterprise, the Limited Partnership Interest Transfer, the Equity Transfer, the Proposed Issuance of the Quasi REITs and other related transaction arrangements described in this announcement
“Underlying Asset Portfolio”	the underlying operating asset portfolio of the Special Plan represented by the Target Project
“Underlying Asset Portfolio Valuation Report”	the valuation report prepared by the Valuer in respect of the Underlying Asset Portfolio
“Valuer”	Shenzhen Ruilian Assets Real Estate and Land Appraisal Co., Ltd., the independent Valuer appointed by the Company in respect of the Target Equity Interest and/or the Underlying Asset Portfolio
“%”	per cent

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

Chengdu, Sichuan Province, the PRC
3 September 2026

As at the date of this announcement, the Board comprises Mr. Luo Zuyi (Chairman), Mr. You Zhiming (Vice Chairman), Mr. Ou Hailong, Mr. Yao Jiancheng and Madam Mao Yurong as executive Directors, Mr. Nie Yibin (Vice Chairman) as non-executive Director, and Mr. Yu Haizong, Mr. Zhou Hua, Mr. Jiang Tao and Mr. Luo Hong as independent non-executive Directors.

* For identification purposes only

Appendix I — Summary of Valuation Report of the Target Company

Project on the Proposed Equity Transfer of the Total Shareholders' Equity of Sichuan Rongcheng Second Ring Expressway Development Co., Ltd. in Connection with the Issuance of Quasi REITs by the Company Summary of Asset Appraisal Report

Appraised Entity:	Sichuan Rongcheng Second Ring Expressway Development Co., Ltd.
Purpose of Appraisal:	Sichuan Expressway Group Company Limited proposes to transfer equity interests for the issuance of Quasi REITs. To this end, it is necessary to appraise the value of the total shareholders' equity of Sichuan Rongcheng Second Ring Expressway Development Co., Ltd. to provide a value reference for this economic act.
Subject of Appraisal:	The value of the total shareholders' equity of Sichuan Rongcheng Second Ring Expressway Development Co., Ltd.
Scope of Appraisal:	All assets and liabilities declared by Sichuan Rongcheng Second Ring Expressway Development Co., Ltd. and audited by a professional institution, specifically including current assets, non-current assets, current liabilities and non-current liabilities, etc. For details, please refer to the appraisal schedules.
Appraisal Benchmark Date:	30 June 2026
Type of Value:	Market value
Appraisal Conclusion:	This asset appraisal report adopts the appraisal result under the income approach as the appraisal conclusion.

Subject to the premise that the management of the appraised entity accurately estimate the future development trends and implements its business plans, the appraisal is conducted using the Discounted Cash Flow (DCF) method, with the appraisal results as follows:

As at the appraisal benchmark date, the book value of the total assets of Sichuan Rongcheng Second Ring Expressway Development Co., Ltd. is RMB13,054,710,600; the book value of the total liabilities is RMB9,869,976,600; and the book value of the net assets (owners' equity) is RMB3,184,734,000.

As appraised under the income approach, the value of the total shareholders' equity of Sichuan Rongcheng Second Ring Expressway Development Co., Ltd. is RMB5,950,962,300, representing an appreciation amount of RMB2,766,228,300, with an appreciation rate of 86.86%.

This asset appraisal report is only intended to provide a value reference for the economic act described in the asset appraisal report. The appraisal conclusion is valid for one year from the appraisal benchmark date, i.e. from 30 June 2026 to 29 June 2027.

Statement of Special Matters:

1. This appraisal report has not considered the impact on the value of the subject of appraisal of any premium or discount that may arise from the possession or lack of control, nor has it considered the impact of liquidity on the value of the subject of appraisal.
2. Among the intangible assets within the scope of this appraisal, the concession asset of the Second Ring (Western) Expressway project had an original carrying value of RMB14,806,321,598.98, which was actually generated through the unified transfer of the main expressway sections, interchanges, protective facilities, maintenance buildings and other facilities. Such assets are characterised by wide distribution, large individual scale, complex structure and scattered construction areas. Although on-site visits and inspections were conducted on the relevant assets in this appraisal to verify the actual existence and general conditions of the assets, due to the inherent characteristics of the assets and the limitations of on-site inspection conditions, it was not possible to accurately inventory and verify the core scope and specific parameters of the assets, such as the actual engineering quantities, construction quality and details of concealed works of various buildings and structures, making it difficult to fully confirm the complete consistency between the actual conditions of the assets and the book records, and the appraisal procedures were subject to certain limitations. For the above assets, this appraisal confirmed the core information such as the construction scale, engineering content and construction standards of the assets by reviewing construction documents provided by the appraised entity, including construction drawings, project budgets, construction contracts, completion acceptance reports and project progress reports. At the same time, by reviewing materials such as project payment vouchers, progress payment records and settlement documents, and in conjunction with the project progress, the matching between the carrying amounts of the assets, construction progress and actual payments was verified, which served as supplementary and alternative evidence for asset verification.

I. APPRAISAL METHODS

The Asset Appraisal Practice Standards — Enterprise Value stipulates that in conducting enterprise value appraisal business, appraisal methods shall be selected based on the purpose of appraisal, subject of appraisal, type of value, data collection and other circumstances.

As the appraised entity has a clear asset and liability structure, and the value of various assets and liabilities of the enterprise can also be separately appraised and confirmed, this appraisal meets the applicable conditions for adopting the asset-based approach.

As the appraised entity is an independent legal person with independent profitability and complete historical operating data. The enterprise's future operating revenue, costs and expenses can be reliably predicted, and risks can be reliably measured, therefore this appraisal meets the applicable conditions for adopting the income approach.

Due to the limited access to transaction information in the domestic property rights trading market, and the significant differences in the composition of main businesses among similar enterprises, it is extremely difficult to select comparable market references of the same type, therefore this appraisal does not meet the applicable conditions for adopting the market approach.

In summary, the income approach and the asset-based approach are adopted for this appraisal. After analysis, the income approach is used to determine the appraisal conclusion.

(I) Introduction to the Income Approach

The income approach in enterprise value appraisal refers to an appraisal method that determines the value of the subject of appraisal by capitalising or discounting expected income.

Common specific methods under the income approach include the dividend discount method and the discounted cash flow method. As the subject of this appraisal is the value of the total shareholders' equity of the appraised entity, the Discounted Cash Flow (DCF) method is applicable.

1. Basic Appraisal Approach

- (1) Assets within the scope of the financial statements are classified into operating assets, surplus assets, non-operating assets and liabilities, and adjusted to the corresponding financial statements. Surplus assets, non-operating assets and liabilities include cash and cash equivalents not required for daily operations existing as at the benchmark date, current assets or liabilities such as receivables and payables arising from non-operating activities of the enterprise, non-operating external investments, and non-current assets or liabilities such as sluggish or idle equipment;
- (2) For assets and main businesses within the scope of the corresponding financial statements of operating assets, expected income is estimated separately according to the changing trends of operating conditions and business types before and after the benchmark date, and the value of operating assets is calculated using the income approach appraisal model;
- (3) For surplus assets, non-operating assets and liabilities not within the scope of the operating assets financial statements, which are not considered in the estimation of expected income or in the application of the income approach appraisal, their values are separately appraised using the market approach or the cost approach;
- (4) By summing the values of the above operating assets, surplus assets and non-operating assets and deducting surplus/non-operating liabilities, the enterprise value of the appraised entity is obtained. After deducting interest-bearing liabilities, the value of the total shareholders' equity of the appraised entity is obtained.

2. Selection of Income Approach Appraisal Model

Taking into account the length of the business operation history, capital structure and financial data of the appraised entity, especially considering the future business model, income stability and development trends, expected changes in capital structure and asset usage conditions, we adopt the enterprise free cash flow discount model for appraisal and calculation.

3. Income Approach Appraisal Calculation Formula

The basic calculation formula for this appraisal is:

Value of Total Shareholders' Equity = Enterprise Value – Value of Interest-bearing Liabilities – Value of Non-controlling Interests

Enterprise Value = Value of Operating Assets + Value of Surplus Assets + Net Value of Non-operating Assets

The calculation formula for the value of operating assets is:

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

Where: P — Value of operating assets;
i — Forecast year;
r — Discount rate;
R_i — Enterprise free cash flow in year i;
n — Length of forecast period.

4. Selection of Main Parameters in Applying the Income Approach

Expected Income Indicator and Timing of Income Realisation

Based on the specific circumstances of the appraised entity, enterprise free cash flow is used as the expected income indicator for operating assets.

Enterprise Free Cash Flow = Net Profit + Depreciation and Amortisation + After-tax Interest Expense – Increase in Working Capital – Capital Expenditure

The timing of expected income realisation is determined based on the average realisation of expected income in the operating year, set at the midpoint of each calendar year.

(1) Determination of Income Period

According to Article 4 of the document “Approval by the Sichuan Provincial Department of Transportation and the Sichuan Provincial Development and Reform Commission on Official Collection of Vehicle Tolls for the West Section of Chengdu Second Ring Expressway (CJF [2021] No. 31) (《四川省交通運輸廳四川省發展和改革委員會關於成都第二繞城高速公路西段正式收取車輛通行費的批覆》(川交發[2021]31 號))” issued by the Sichuan Provincial Department of Transportation and the Sichuan Provincial Development and Reform Commission, “the toll collection period for the Project is 29 years and 330 days, i.e., from 16 February 2016 to 11 January 2046”.

According to Article 1 of the document “Notice of the Sichuan Provincial Department of Transportation and the Sichuan Provincial Development and Reform Commission on the Exemption of Goods Vehicle Tolls on Chengdu Second Ring Expressway during the Traffic Control Period of the Chengdu FISU World University Games (CJH [2023] No. 307) (《四川省交通運輸廳四川省發展和改革委員會關於成都大運會交通管控期間對成都第二繞城高速公路實施貨車通行費減免的通知》(川交函[2023]307 號))” issued by the Sichuan Provincial Department of Transportation and the Sichuan Provincial Development and Reform Commission, “from 00:00 on 21 July 2023 to 24:00 on 10 August 2023, legitimately loaded goods vehicles shall be exempted from tolls on Chengdu Second Ring Expressway. Such free-toll period for goods vehicles is not counted towards the original concession period, which is extended accordingly in accordance with the law”. Accordingly, the toll collection expiry date is 1 February 2046.

Therefore, the income period for this appraisal is from 30 June 2026 to 1 February 2046.

(2) Discount Rate

As the income approach adopts the enterprise free cash flow discount model, in accordance with the principle of consistency between the expected income amount and the discount rate, the discount rate r is determined by calculation using the Weighted Average Cost of Capital (WACC) model.

Thus:

$$WACC = R_e \frac{E}{D+E} + R_d \frac{D}{D+E} (1-T)$$

Where: R_e — Cost of equity capital;
 R_d — Cost of debt capital;
 $E/(D+E)$ — Proportion of equity capital to total capital;
 $D/(D+E)$ — Proportion of debt capital to total capital;
 T — Enterprise income tax rate

Among them, the cost of equity capital R_e is calculated using the Capital Asset Pricing Model (CAPM), with the calculation formula as follows:

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

Where: R_e — Return on equity
 R_f — Risk-free rate of return
 β — Enterprise risk coefficient
 MRP — Market risk premium
 R_s — Company-specific risk adjustment coefficient

(3) Value of Surplus Assets

Surplus assets refer to assets that exceed the production and operation needs of the enterprise as at the appraisal benchmark date and are not involved in the enterprise free cash flow forecast after the appraisal benchmark date.

(4) Net Value of Non-operating Assets

Non-operating assets and liabilities refer to assets and liabilities that are unrelated to the production and operation of the appraised entity and are not involved in the enterprise free cash flow forecast after the appraisal benchmark date. After analysis, the non-operating assets of the appraised entity mainly include other receivables, deferred tax assets, other payables, non-current liabilities due within one year, deferred income and other non-current liabilities for which income is not accounted for in the income forecast. The value of non-operating assets and liabilities is mainly appraised and confirmed using the cost approach.

II. APPRAISAL ASSUMPTIONS

The assumptions adopted in the analysis and estimation of this asset appraisal report are as follows:

(I) General Assumptions

1. Transaction assumption: It is assumed that all assets to be appraised are already in the process of being transacted, and the asset appraiser simulates the market to conduct valuation based on the transaction conditions of the assets to be appraised.
2. Open market assumption: It is assumed that for assets transacted in the market, or assets to be transacted in the market, both parties to the asset transaction are on an equal footing, and both have the opportunity and time to obtain sufficient market information, so as to make rational judgments on the function, use and transaction price of the assets.
3. Limited-term assumption: It is assumed that the appraised entity fully complies with all relevant laws and regulations, and pursuant to the toll collection approval documents for the expressway it operates, the toll collection operation period ends on 1 February 2046, and the operating period of the appraised entity is consistent with the term of the expressway it operates.
4. It is assumed that after the realisation of the economic act for the purpose of appraisal, the assets involved in the subject of appraisal will continue to be used at their original locations in accordance with their uses and usage methods as at the appraisal benchmark date.
5. It is assumed that after the appraisal benchmark date, there will be no major changes in the current relevant laws, regulations and policies of the State, or in the national macroeconomic situation, and no major changes in the political, economic and social environment of the regions where the parties to this transaction are located.
6. It is assumed that after the appraisal benchmark date, no force majeure or unforeseeable factors will cause material adverse effects on the appraised entity.

(II) Specific Assumptions

1. It is assumed that after the appraisal benchmark date, the management of the appraised entity is responsible, stable and capable of performing its duties.
2. It is assumed that after the appraisal benchmark date, on the basis of the current management methods and management level, the scope and methods of business of the appraised entity remain consistent with the current direction.
3. It is assumed that the accounting policies adopted by the appraised entity after the appraisal benchmark date remain consistent in material respects with the accounting policies adopted when this report is being prepared.
4. It is assumed that interest rates, exchange rates, taxation bases and tax rates, and policy-based levies related to the appraised entity will not undergo major changes after the appraisal benchmark date.
5. This appraisal assumes that the appraised entity obtains net cash flows evenly during the year.
6. It is assumed that after the appraisal benchmark date, the products or services of the appraised entity will maintain the current market competitive landscape.
7. Pursuant to the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policy for the Western Development (Ministry of Finance Announcement [2020] No. 23), from 1 January 2021 to 31 December 2030, enterprise income tax shall be levied at a reduced rate of 15% on enterprises in encouraged industries located in the western region. The appraised entity currently applies and implements the above policy. It is assumed that during the above implementation period, the appraised entity will not undergo major operational changes and will continue to satisfy and implement the above policy. After the specified period, income tax shall be considered at a rate of 25%.
8. It is assumed that the lease agreements signed by the appraised entity are lawful and valid; the signed lease agreements are actually performed and will not be altered or terminated without cause.
9. Asset appraisal professionals have not conducted technical testing on the technical parameters and performance of various equipment as at the appraisal benchmark date, and judgments are made through on-site inspections on the premise that the relevant technical materials and operation records provided by the entrusting party are true and valid.
10. It is assumed that the acquisition and utilisation methods of the production and operation premises required by the subject of appraisal remain consistent with those as at the appraisal benchmark date without changes.

(III) Special Assumptions

1. It is assumed that during the future income period, the enterprise will not undertake major new fixed asset investment activities that affect its operations, and the assets required for the normal operation of the expressway are estimated based on their conditions as at the appraisal benchmark date.
2. It is assumed that during the future income period, the enterprise will maintain turnover of receivables and payables similar to that in historical years, and there will be no significant arrears in maintenance project payments that differ materially from historical years.
3. It is assumed that the recovery amount of working capital at the end of the period and the recovery amount of fixed assets at the end of the period of the enterprise where the asset portfolio is located will flow in uniformly at the end of the period.

III. APPRAISAL CONCLUSION

Based on the above appraisal work, the following appraisal conclusion is drawn:

The value of the total shareholders' equity of Sichuan Rongcheng Second Ring Expressway Development Co., Ltd. appraised under the asset-based approach is RMB5,961,913,600, and the appraisal result under the income approach is RMB5,950,962,300, with a difference of RMB10,951,300 and a difference rate of 0.18%.

The main reasons for the difference between the two appraisal methods are:

The asset-based approach and the income approach differ in appraisal perspective and path. The asset-based approach considers the re-acquisition path of assets and reflects the replacement value of the enterprise's existing assets. The income approach considers the future profitability of the enterprise and reflects the comprehensive profitability of various assets of the enterprise.

The industry in which the appraised entity operates is the public infrastructure construction, operation and maintenance industry, which has significant natural monopoly and regional exclusivity. As a typical quasi-public product, the investment and construction of expressways are often uniformly planned by the government, and it is difficult for competitors to enter during the operation period. Therefore, the appraised entity enjoys a relatively stable market share and income expectation within the concession operation area. At the same time, the enterprise has obtained the statutory right to collect vehicle tolls for a specific number of years by signing concession agreements or toll collection right contracts. As the core intangible asset of the enterprise, the concession right brings stable cash inflows and excess return capacity, which makes an obvious and continuous contribution to the overall value of the enterprise. The purpose of this appraisal is to provide a value reference for the equity transfer involved in the issuance of Quasi REITs, with greater focus on the stable and sustainable cash distribution capacity that the underlying assets (i.e. the expressways) can generate in the future, rather than the construction cost or historical investment of individual assets of the enterprise. The income approach, based on the perspective of asset profitability, quantifies the overall value of the enterprise by treating the appraised entity as an organic whole operating on a going-concern basis. This method can comprehensively reflect the combined value of various on-balance-sheet and off-balance-sheet factors possessed by the appraised entity, such as concession rights, operation and management capabilities, and regional road network advantages.

In summary, we believe that the income approach is more consistent with the purpose of this appraisal and can more objectively and fully reflect the overall value of the appraised entity as an expressway operating entity. Therefore, the appraisal result under the income approach is adopted as the final conclusion of this appraisal.

The appraisal conclusion is: The value of the total shareholders' equity of Sichuan Rongcheng Second Ring Expressway Development Co., Ltd. is RMB5,950,962,300. The appreciation amount is RMB2,766,228,300, with an appreciation rate of 86.86%.

The subject of this appraisal is the value of the total shareholders' equity, which does not involve control premium or minority discount. Meanwhile, in view of the limitations of market transaction data, this appraisal conclusion has also not considered the impact on the appraisal conclusion due to the lack of liquidity.

IV. APPRAISAL DESCRIPTION

(I) Explanation of Revenue Forecasts

Forecasts of future annual revenue are provided by the management of the appraised entity based on its medium- and long-term plans. The evaluators analyzed the forecast data provided by management and discussed the assumptions, premises, and forecasting process with management; they generally accepted management's forecasts.

1. Operating Revenue

(1) Historical Background

A company's operating revenue consists of revenue from main business operations and other operating revenue.

Revenue from main business operations consists of vehicle toll revenue; revenue from other operations primarily consists of revenue from road clearance and obstruction removal, leasing revenue, revenue from the use of road property, and other revenue. The historical annual sales volume and operating revenue are summarized in the table below:

Historical Sales Volume and Revenue Statistics Table

Unit: Yuan

	Project	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	January-June 2026
Revenue from Main					
Businesses Operations	Toll Revenue	865,165,923.86	837,623,447.57	803,966,912.54	366,434,391.44
	Revenue from Clearance Operations	385,810.03	-8,444.98	273,249.48	248,820.30
	Revenue from the Use of Public Roads	4,297,641.99	8,191,325.29	70,446,810.41	1,893,494.88
	Revenue from Entrusted Management	1,117,584.90	1,625,027.15	788,892.87	2,270,743.93
Other Operating Revenue	Service Area Revenue	423,302.22	16,981.13	20,754.72	-
	Food and Beverage Revenue	67,531.12	58,125.47	46,066.98	2,204.71
	Rental Revenue	10,531,226.79	13,193,633.64	13,588,458.46	6,591,651.87
	Revenue from Water, Electricity, and Gas	204,997.20	80,346.56	136,244.32	61,162.94
Total Revenue		882,194,018.11	860,780,441.83	889,267,389.78	377,502,470.07

(2) Future Projections

① Revenue from Main Businesses Operations

This refers to toll revenue, which is primarily projected based on current toll rates and future traffic volume. This evaluation reviewed the “Traffic Volume Forecast and Revenue Assessment Report for the Western Section of the Chengdu Second Ring Expressway” prepared by Suzhou Jiaotong Science & Technology Group Co., Ltd. Based on an analysis of the reasonableness of its toll revenue projections, this evaluation adopted and cited the aforementioned institution’s forecast of toll revenue for this project.

Based on 2025 gantry traffic volume data, together with the analysis of various influencing factors, trend traffic volume forecast results and year-on-year traffic volume changes derived from the assignment results for characteristic years, the traffic volume forecast results are set out below.

In 2026, the Project records a natural total traffic volume of 28,400 veh/d, with a passenger-to-goods-vehicle ratio of 71:29, and an equivalent total of 35,500 pcu/d. In the terminal forecast year 2046, the natural total traffic volume is forecast to reach 117,100 veh/d, with a passenger-to-goods-vehicle ratio of 68:32, and an equivalent total of 148,900 pcu/d. The compound annual growth rate of average daily traffic volume from 2026 to 2046 is 7.43%.

Traffic Volume Forecast Results of the Project (veh/d)

Year	Total Passenger Vehicles	Total Goods Vehicles	Natural Total	Passenger- to-Goods Vehicle Ratio	Equivalent Total
2026	20,117	8,297	28,414	71:29	35,485
2027	22,071	9,121	31,192	71:29	38,965
2028	23,444	9,707	33,150	71:29	41,423
2029	24,901	10,331	35,232	71:29	44,036
2030	27,818	11,925	39,743	70:30	49,903
2031	31,132	13,583	44,714	70:30	56,285
2032	36,044	15,972	52,016	69:31	65,620
2033	39,906	17,947	57,853	69:31	73,137
2034	43,978	20,048	64,025	69:31	81,096
2035	50,681	23,379	74,060	68:32	93,966
2036	53,112	24,539	77,651	68:32	98,544
2037	55,660	25,756	81,416	68:32	103,345
2038	58,330	27,033	85,363	68:32	108,380
2039	61,128	28,374	89,503	68:32	113,661
2040	64,060	29,782	93,842	68:32	119,199

Note: The equivalent total is expressed in pcu/d.

Toll Income Forecast

The aggregate toll revenue over the remaining concession period of the Project is forecast at RMB41.707 billion. Toll revenue for July-December 2026 amounts to RMB444 million, comprising RMB250 million from passenger vehicles and RMB194 million from goods vehicles. In the terminal year 2046, toll revenue amounts to RMB299 million, comprising RMB162 million from passenger vehicles and RMB137 million from goods vehicles.

Toll Revenue Forecast Results (RMB10,000, tax inclusive)

Year	Passenger Vehicle 1	Passenger Vehicle 2	Passenger Vehicle 3	Passenger Vehicle 4	Goods Vehicle 1	Goods Vehicle 2	Goods Vehicle 3	Goods Vehicle 4	Goods Vehicle 5	Goods Vehicle 6	Total
July-December											
2026	24,294	71	353	235	3,946	3,946	1,226	1,125	787	8,705	44,373
2027	51,468	138	719	492	7,848	7,357	2,189	2,105	1,471	17,077	90,864
2028	54,828	147	766	524	8,375	7,851	2,336	2,247	1,569	18,224	96,868
2029	58,066	156	811	555	8,889	8,333	2,479	2,384	1,666	19,343	102,683
2030	64,870	174	906	620	10,261	9,619	2,862	2,752	1,923	22,327	116,314
2031	72,596	195	1,014	694	11,687	10,956	3,260	3,135	2,190	25,431	131,158
2032	84,298	227	1,178	806	13,781	12,919	3,843	3,697	2,582	29,987	153,317
2033	93,056	250	1,300	890	15,442	14,476	4,307	4,142	2,894	33,602	170,359
2034	102,551	276	1,433	980	17,250	16,171	4,811	4,627	3,232	37,536	188,867
2035	118,184	318	1,651	1,130	20,116	18,858	5,610	5,396	3,770	43,773	218,805
2036	124,216	334	1,735	1,187	21,172	19,847	5,905	5,679	3,967	46,071	230,113
2037	129,794	349	1,813	1,241	22,161	20,775	6,181	5,945	4,153	48,224	240,635
2038	136,020	366	1,900	1,300	23,261	21,806	6,487	6,239	4,359	50,616	252,354
2039	142,544	383	1,992	1,363	24,415	22,887	6,809	6,549	4,575	53,127	264,644
2040	149,820	403	2,093	1,432	25,696	24,088	7,167	6,893	4,815	55,915	278,321
2041	155,168	417	2,168	1,483	26,652	24,985	7,433	7,149	4,994	57,996	288,447
2042	161,178	433	2,252	1,541	27,720	25,986	7,731	7,436	5,194	60,319	299,790
2043	167,422	450	2,339	1,601	28,830	27,027	8,041	7,733	5,402	62,735	311,580
2044	174,417	469	2,436	1,667	30,067	28,186	8,386	8,065	5,634	65,427	324,755
2045	180,643	486	2,524	1,727	31,186	29,235	8,698	8,365	5,844	67,862	336,570
Through											
1 February 2046	15,818	44	228	156	2,818	2,642	786	756	528	6,132	29,907

② Other Operating Revenue

These primarily include revenue from road clearance and obstruction removal, revenue from the use of road property, revenue from entrusted management, revenue from service areas, revenue from food and beverage sales, rental revenue, and other revenue.

- (1) Revenue from road clearance and obstacle removal, service area revenue, and food and beverage revenue are closely tied to traffic volume; therefore, reasonable projections for these categories have been made based on the growth in revenue associated with traffic volume.
- (2) Revenue from the occupation of road assets, revenue from entrusted management, rental revenue, and other revenue: Forecasts are based on an analysis of historical data and the terms of the relevant contracts, using the average level for the historical years in question; no growth is factored in.

2. Cost of Sales

(1) Historical Background

Cost of main operations includes depreciation and amortization, maintenance costs, costs for maintaining safety, communications, and monitoring facilities, toll collection costs, and road asset management and maintenance costs. The historical cost of the company's principal business operations is as shown in the table below:

Historical Statement of Cost of Main Businesses Operations

Unit: Yuan

No.	Category	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	January-June 2026
1	Depreciation and Amortization Expenses	248,464,000.00	234,317,100.00	233,875,195.57	120,578,042.19
1.1	Depreciation and Amortization of Road Assets	233,595,400.00	219,463,000.00	219,027,630.78	112,820,621.68
1.2	Depreciation of Highway Equipment	14,868,600.00	14,854,100.00	14,847,564.79	7,757,420.51
2	Maintenance Costs	23,174,200.00	23,325,350.00	14,870,893.86	7,545,474.29
3	Maintenance Costs for Security Communication and Monitoring Systems	50,900.00	521,500.00	939,607.68	216,350.00
3.1	Surveillance System Maintenance Fees	600.00	349,200.00	727,607.68	77,550.00
3.2	Communications Facility Maintenance Fees	50,300.00	172,300.00	212,000.00	138,800.00
4	Maintenance Costs for the Toll Collection System	145,400.00	3,822,800.00	2,184,730.84	249,312.92
5	Costs of Toll Collection Operations	80,465,560.00	80,801,070.00	70,886,073.08	31,983,872.36
5.1	Personnel Expenses	59,754,100.00	57,825,500.00	52,042,557.27	24,033,365.86
5.2	Common Expenses	14,393,960.00	18,029,770.00	14,224,469.52	6,108,544.90
5.3	Card Issuance Fee	297,500.00	204,100.00	225,508.10	40,209.18
5.4	Liquidation Service Fee	3,493,800.00	3,432,100.00	3,184,298.81	1,552,626.80
5.5	Audit and Monitoring Fees	—	—	28,164.00	1,697.00
5.6	Other/Material Costs for Collection Operations	2,526,200.00	1,309,600.00	1,181,075.38	247,428.62
6	Road Asset Management and Maintenance Costs	989,269.82	8,633,451.80	9,064,617.07	5,735,470.58
6.1	Personnel Expenses	—	7,371,400.00	8,336,450.40	5,529,701.22
6.2	Common Expenses	885,369.82	818,751.80	596,485.47	179,534.36
6.3	Other Road Asset Management and Maintenance Costs	103,900.00	443,300.00	131,681.20	26,235.00
	Total	353,289,329.82	351,421,271.80	331,821,118.10	166,308,522.34

(2) Future Projections

① Cost of Main Businesses Operations

These include depreciation and amortization expenses, maintenance costs, costs for maintaining safety, communications, and monitoring facilities, costs for maintaining toll collection systems, toll collection operation costs, and costs for managing and maintaining highway assets.

Depreciation and amortization expenses are calculated using the straight-line method based on the actual conditions of the assets, in accordance with the company's consistent accounting policies, and based on the projected size of fixed assets for the fiscal year.

Labor costs are estimated based on the wage standards and staffing levels as of the valuation date, taking into account the company's overall salary adjustment plan and the increase in staff required to meet growth in product output. Social insurance contributions are projected based on the local social insurance contribution rates and calculation bases.

Maintenance costs, costs for securing communication and monitoring systems, and other expenses should be analyzed and forecasted by combining historical expenditure data with factors such as the nature and characteristics of each cost category and how well they align with the company's future revenue levels.

② Cost of Other Operations

Including the costs of clearing and removing obstacles and service area costs.

Labor costs are estimated based on the wage standards and staffing levels as of the valuation date, taking into account the company's overall salary adjustment plan and the increase in staff required to meet growth in product output. Social insurance contributions are projected based on the local social insurance contribution rates and calculation bases.

Other costs are analyzed and forecasted based on historical expenditure data, taking into account factors such as the nature and characteristics of each expense and how well they align with the company's future revenue levels.

3. Forecast of Taxes and Surcharges

These include the Urban Maintenance and Construction Tax, the Education Surcharge, the Local Education Surcharge, the Stamp Tax, and other property taxes.

For the Urban Maintenance and Construction Tax, the Education Surcharge, and the Local Education Surcharge, calculate the VAT payable based on the forecast year, and use the tax rates mentioned above to determine the amounts of the Urban Maintenance and Construction Tax, the Education Surcharge, and the Local Education Surcharge for future years.

For property taxes and other taxes, calculations should be based on tax amounts from previous years, in accordance with the regulations of the local tax authorities.

4. Sales Expense Forecast

The appraised entity has not incurred any sales expenses in previous years, so this appraisal does not include projections for future years.

5. Forecast of Administrative Expenses

Administrative expenses primarily consist of employee compensation and benefits, depreciation and amortization, office expenses, travel expenses, entertainment expenses, and other expenses related to management and operations.

Salaries, bonuses, and social insurance contributions calculated based on staff salaries for personnel in the Employee Compensation and Benefits Management Department. Based on historical employee salary levels and in conjunction with the company's human resources development strategy, evaluators determine the total compensation for the forecast period by projecting the number of managers and the average monthly salary per employee for future years.

Depreciation expenses are calculated using the straight-line method, in accordance with the company's consistent accounting policies, based on the actual value of fixed assets for the projected year. For perpetual year, capital expenditures are recognized on an annuity basis, and depreciation expense for that year is also recognized.

Other administrative expenses. These primarily consist of communication expenses, office expenses, and other costs incurred during the company's operations. We forecast other administrative expenses for future years based on historical payment levels, taking into account the company's scale of operations and revenue levels.

6. Forecast of Financial Expenses

Financial expenses primarily consist of interest income from bank deposits, service fees, and interest expenses. Since the time value of money for operating cash flows has already been reflected in the valuation, interest income is not projected; since service fees are closely tied to operating revenue, future service fees are projected based on the projected operating revenue for the relevant year, with reference to historical service fee payment levels; since interest expense is closely tied to the Company's loan principal and interest rates, future interest expense is projected based on the projected loan amount for the relevant year, with reference to the loan interest rates prevailing on the valuation date.

7. Forecast of Other Income and Non-Operating Income and Expenses

These primarily include impairment losses on assets, credit impairment losses, other income, non-operating income, and non-operating expenses. Due to the significant uncertainty associated with such income, and out of an abundance of caution, no further forecasts will be made in the future.

8. Forecast of Non-Operating Income

The corporate's non-operating income consists primarily of compensation and fines; there is significant uncertainty regarding whether such income will be received in future years. Out of an abundance of caution, no further forecasts for non-operating income will be made in the future.

9. Forecast of Non-Operating Expenses

The Company's non-operating expenses primarily consist of overdue fines, compensation payments, and similar items. Given the significant uncertainty regarding whether such expenses will recur in future years, we have decided not to make any forecast for non-operating expenses going forward.

10. Forecast of Corporate Income Tax

The company is entitled to the preferential corporate income tax rate of 15% under the Western Development Initiative, which remains in effect until 31 December 2030. For the purposes of this income approach valuation, the parent company is subject to a 15% income tax rate until 31 December 2030, and the standard 25% income tax rate thereafter.

(II) Forecast of Corporate's Free Cash Flow

Free Cash Flow of the Company = Net profit + After-tax Interest Expense + Depreciation and Amortization + After-Tax Impairment Losses on Assets – Capital Expenditures – Increase in Working Capital

1. Forecast of Net Income

Based on the projected values of the above revenue metrics, the net profit for each future year can be calculated directly.

Net profit = Operating Revenue – Operating Costs – Taxes and Surcharges – Selling Expenses – Administrative Expenses (including R&D expenses) - Financial Expenses + Other Income + Non-operating Income – Non-operating Expenses – Income Tax

2. Forecast of Depreciation and Amortization

The Company follows the following financial policies regarding depreciation and amortization:

Category	Useful life	Annual Depreciation Rate (%)	Residual Value Rate (%)
1. Houses and Buildings	5-50 years	1.9-19	3.00
2. Transportation Equipment	8 years	12.10	3.00
3. Office Equipment	5 years	19.00	3.00
4. Other Equipment	5-10 years	9.5-19	3.00

Depreciation for existing assets and all types of assets acquired through capital expenditures in subsequent years shall be calculated based on the depreciation periods specified above.

3. Forecast of Capital Expenditure

Capital expenditures are the annual expenditures a company must make to ensure the normal development of its production and operations.

For this appraisal, we have taken into account historical capital expenditures and, based on the company's current asset status, calculated capital expenditures (all prices exclude tax) according to the economic lifespans of various assets and their replacement needs:

4. Forecast of Increase in Working Capital

The increase in working capital refers to the additional working capital required for a company to maintain its ability to continue as a going concern without altering its current main business operations. Factors affecting working capital primarily include operating cash, revenue from main businesses operations, cost of main business operations, period expenses, accounts receivable, and accounts payable.

Operating cash is projected through a comprehensive analysis based on cash costs, taking into account the company's actual number of months of safe working capital.

Where: the minimum cash balance = annual cash outlay/annual cash turnover rate

Revenue from main business operations, cost of main business operations, and period expenses are forecast based on the actual figures mentioned above.

Receivables and payables are forecasted based on historical annual turnover rates, taking into account the actual status of the funds to determine the turnover rate.

(III) Determining the Discount Rate

The discount rate used in this valuation report is the weighted average cost of capital (WACC), which is the expected total return on investment – the weighted average of the expected return on equity and the return on debt adjusted for income taxes.

1. Determining the Return on Equity

The return on equity is determined using the Capital Asset Pricing Model (“CAPM”), and the formula is as follows:

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

Where: R_e is the return on equity; R_f is the risk-free rate; β is the firm's beta; MRP is the market risk premium; and R_s is the firm-specific risk adjustment factor.

(1) Determining the Risk-Free Rate of Return

According to the Ministry of Finance – China Government Bond Yield Curve information published on the website of the China Association of Appraisers, the yield to maturity for government bonds with a maturity of 10 years or more as of the valuation date was 1.733%; this valuation report uses this yield as the risk-free rate.

(2) Determination of β

For this evaluation, we used the beta calculator provided by Tonghuashun iFinD to calculate the beta values of the comparable company. Specifically, we determined the Target Company's leverage-adjusted beta by taking the average of the leverage-adjusted betas of each listed company.

1) Profiles of Comparable Companies:

Comparable Company 1

Stock Ticker: Longjiang Transportation

Stock Code: 601188.SH

Registered Capital: 1,305,469,915 yuan

Date Established: 1 March 2010

Initial Public Offering Date: 19 March 2010

Scope of Business: General Business Activities: Investment, development, construction, and operation of toll roads; sale of machinery, equipment, and spare parts; electromechanical products; and building materials; design, production, agency services, and publication of various types of domestic advertisements; import and export of goods (or technology) (excluding items prohibited by the state; operations involving state-controlled trade or state-restricted items (may only be conducted after obtaining the necessary authorization or license). Road maintenance services, landscaping. Non-residential real estate leasing; residential real estate leasing; labor services (excluding labor dispatch); business management; information technology consulting services; information system integration services; technical services, technical development, technical consulting, technical exchange, technical assignment, and technology promotion.

Comparable Company 2

Stock Ticker: Fujian Expressway

Stock Code: 600033.SH

Registered Capital: 2,744,400,000 yuan

Date Established: 28 June 1999

Initial Public Offering Date: 9 February 2001

Scope of Business: Investment, development, construction, and operation of highways; machinery and equipment leasing; consulting services; wholesale, retail, procurement on behalf of others, and consignment sales of industrial production materials, general merchandise, building materials, hardware, electrical appliances, chemical products, instruments and meters, computers, and computer accessories. (For projects requiring approval in accordance with the law, business operations may only commence after approval has been obtained from the relevant authorities).

Comparable Company 3
 Stock Ticker: Jilin Expressway
 Stock Code: 601518.SH
 Registered Capital: 18,905,531,690 yuan
 Date Established: 1 March 2010
 Initial Public Offering Date: 19 March 2010

Scope of Business: Investment in, development, construction, maintenance, and management of highways; roadside clearance and rescue services; production and distribution of building materials (excluding high-risk, high-consumption, and highly polluting products, as well as products from outdated production capacity); highway engineering consulting; design, production, and agency services for the publication of various types of domestic advertisements; real estate development; processing of agricultural, forestry, and livestock products; import and export trade (excluding items prohibited by the state); biotechnology development; car washing and parking services; sales of automotive parts, metal materials, electromechanical equipment and accessories, and telecommunications equipment; food and beverage services; sales of mechanical equipment and accessories, and electromechanical products (including automobiles); highway transportation; development and technical consulting for intelligent transportation systems, as well as sales of self-manufactured products and after-sales service; travel agency services; environmental protection engineering; processing of grain, oil, and food products. (For projects requiring approval in accordance with the law, business operations may only commence after approval has been obtained from the relevant authorities).

2) Calculate the β_U of the Comparable Companies

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

In the formula: D = value of the debt; E = value of the equity; T = applicable income tax rate.

After calculating the β_U for the comparable companies, take their average as the β_U for the appraised entity. The calculations of the beta values for the comparable companies are as follows:

Stock Code	Name of Comparable Company	Interest-Bearing Liabilities (D)	Fair Market Value of Equity (E)	Original Beta	Leverage-Adjusted Beta	Income Tax Rate (T)
601188.SH	Longjiang Transportation	99,688.17	462,136.35	0.5163	0.4444	25.00%
600033.SH	Fujian Expressway	82,906.80	1,133,437.20	0.4540	0.4304	25.00%
601518.SH	Jilin Expressway	1,582.52	533,135.99	0.5546	0.5534	25.00%

Therefore, the average leverage-adjusted Beta of the comparable companies is $(0.4444 + 0.4304 + 0.5534) / 3 = 0.4761$

(3) Capital Structure

By analyzing the differences between the appraised entity and comparable companies in terms of financing capacity, financing costs, and other factors, and taking into account the appraised entity's financing plans for future years, and given the significant differences in capital structure between the appraised entity and the comparable cases, the appraised entity's actual capital structure – based on its actual repayment plan – is adopted as the capital structure for the appraised entity in this valuation.

(4) Determining the Market Risk Premium

Market risk premium refers to the expected excess return that investors demand for equity investments with the same average risk as the overall market – that is, the risk compensation above the risk-free rate. Market risk premiums can typically be estimated using historical market risk premium data. In particular, the market expected rate of return (R_m) is calculated based on the long-term average return of the Chinese A-share market index. In this appraisal, the CSI 300 Index was selected as the benchmark index. The expected market return, R_m , was calculated as the geometric mean with a weekly data frequency starting from the first trading day. This value was then subtracted from the annual average risk-free rate, R_f , for the corresponding year to determine the market risk premium, $R_m - R_f$. According to calculations, the risk premium in the Chinese market currently stands at 6.81%.

(5) Determination of the Firm-Specific Risk Adjustment Factor R_s

The Capital Asset Pricing Model (CAPM) is generally used to estimate the return on a portfolio. Since the CAPM cannot directly estimate the return on a single company, and it is generally accepted that the investment risk of a single company is higher than that of a portfolio, the return on a single company or stock should be evaluated by considering the excess return resulting from all the specific risks unique to that company relative to the portfolio.

A company's specific risk premium primarily refers to the risk premium or discount arising from certain non-systemic, company-specific factors. These specific risks are generally considered to include, but are not limited to: the specific risk of excessive customer concentration, the specific risk of product homogeneity, the specific risk of market concentration, the specific risk of excessive concentration in raw material supply, corporate governance risks, and management-related risks. Based on the above factors and the company's current operating conditions, the company-specific risk adjustment factor for this valuation has been determined to be 2.5%.

2. Determining the Yield on a Debt Instrument

The yield on debt is, in fact, the rate of return expected by the creditors of the appraised entity. Different companies have varying levels of debt-repayment capacity due to differences in their operating conditions, capital structures, and other factors; consequently, the rates of return creditors expect from their investments will also vary. Therefore, the rate of return on a company's debt is closely related to its financial risk – that is, its capital structure.

Given that the debt yield must be expressed as a yield to maturity calculated using compound interest, and considering that when using a full-investment cash flow model and selecting the industry's optimal capital structure to estimate the WACC, the debt yield (R_d) should be set to the optimal R_d achievable within that industry, it is generally recommended to use the yield to maturity of corporate bonds issued by companies in the same industry and with the same risk rating as the Target Company as the debt yield benchmark. This valuation uses the five-year Loan Prime Rate (LPR) of 3.50% – as published by the National Interbank Funding Center under the authorization of the People's Bank of China – as the yield on the debt instrument.

3. Determining the Discount Rate for the Appraised Entity

The weighted average is calculated using the following formula:

$$WACC = R_e \frac{E}{D+E} + R_d \frac{D}{D+E} (1-T)$$

Where: WACC is the weighted average yield; E is the equity value; Re is the return on equity; D is the value of interest-bearing debt; Rd is the debt yield; and T is the corporate income tax rate.

Based on the above calculations, the weighted average return for the first-phase appraised entity was 6.17%.

(IV) Results of the Valuation of Operating Assets

According to calculations, the appraised value of the operating assets is 15,507,945,400.00 yuan.

(V) Valuation of Non-Operating Assets, Liabilities, and Interest-Bearing Liabilities

1. Non-operating assets and liabilities (including surplus assets)

The valuation of the company's non-operating assets and liabilities (including surplus assets) as of the valuation date is shown in the table below:

<i>Currency: RMB</i>		
Project	Book Value	Appraised Value
Subtotal – Non-Operating Assets	237,581,633.43	232,795,684.13
Total Other Receivables	210,187,725.75	205,401,776.45
Deferred Tax Assets	27,393,907.68	27,393,907.68
Subtotal of Non-Operating Liabilities	241,827,135.24	241,827,135.24
Notes Payable and Accounts Payable	55,113,747.35	55,113,747.35
Contract Liabilities	9,645,115.44	9,645,115.44
Taxes Payable	2,020,355.27	2,020,355.27
Total Other Payables	100,705,683.84	100,705,683.84
Deferred Revenue	3,988,336.83	3,988,336.83
Other Non-Current Liabilities	70,353,896.51	70,353,896.51
Total Net Value of Non-Operating Assets	-4,245,501.81	-9,031,451.11

Other receivables include RMB142,462,344.32 of cash held by the treasury center. This valuation is determined based on the balance after taking into account the difference in replenishment of working capital. Deferred income tax assets are determined based on their verified book values.

For other payables and other current liabilities included in non-operating liabilities, the appraised values are determined based on their verified book values.

2. Interest-Bearing Liabilities

The valuation of the company's interest-bearing liabilities as of the valuation date is as shown in the table below:

			<i>Currency: RMB</i>
Types of Liabilities	Detailed Breakdown of Liabilities	Book Value	Appraised Value
Bank Loans	China Development Bank, Sichuan Branch	3,364,536,041.67	3,364,536,041.67
	Agricultural Bank of China Co., Ltd., Chengdu Science and Technology Park Branch	971,021,000.00	971,021,000.00
	Bank of China Limited, Sichuan Branch	496,430,000.00	496,430,000.00
	China Construction Bank, Chengdu Xinhua Branch	198,572,000.00	198,572,000.00
	The Export-Import Bank of China, Sichuan Branch	198,572,000.00	198,572,000.00
	Bank of Communications Co., Ltd., Chengdu Wuhou Branch	1,533,942,000.00	1,533,942,000.00
	Industrial and Commercial Bank of China, Chengdu High-tech Industrial Development Zone Branch Business Office	2,283,585,000.00	2,283,585,000.00
	ICBC Financial Leasing Co., Ltd. - Principal	51,293,630.95	51,293,630.95
	Subtotal of Bank Loans	9,097,951,672.62	9,097,951,672.62
Long-Term Payables	Sichuan Expressway Company Limited	450,000,000.00	450,000,000.00
	Subtotal – Long-Term Payables	450,000,000.00	450,000,000.00
Net Interest-Bearing Liabilities		9,547,951,672.62	9,547,951,672.62

The valuation of interest-bearing liabilities is determined based on their verified book value.

V. RESULTS OF THE INCOME APPROACH ANALYSIS

Total Shareholders' Equity = Value of Operating Assets – Value of Interest-Bearing Liabilities + Value of Non-Operating Assets and Liabilities
=15,507,945,400.00 -9,547,951,672.62 -9,031,451.11
=5,950,962,276.27

That is, the appraised value of the total shareholders' equity of Sichuan Rongcheng Second Ring Expressway Development Co., Ltd. is RMB5,950,962,300.

Appendix II — Summary of Valuation Report of the Underlying Asset Portfolio

Summary of Asset Appraisal Report on the Market Value of the Asset Portfolio Containing the Toll Operation Right of the West Section of Chengdu Second Ring Expressway Owned by Sichuan Rongcheng Second Ring Expressway Development Co., Ltd., in Connection with the Proposed Issuance of Quasi REITs by the Company

Purpose of Appraisal:	Sichuan Expressway Group Company Limited proposes to issue Quasi REITs. To this end, it is necessary to appraise the market value of the asset portfolio containing the toll operation right of the West Section of Chengdu Second Ring Expressway owned by Sichuan Rongcheng Second Ring Expressway Development Co., Ltd. to provide a value reference for this economic act.
Subject of Appraisal:	The market value of the asset portfolio containing the toll operation right of the West Section of Chengdu Second Ring Expressway owned by Sichuan Rongcheng Second Ring Expressway Development Co., Ltd.
Scope of Appraisal:	The asset portfolio containing the toll operation right of the West Section of Chengdu Second Ring Expressway owned by Sichuan Rongcheng Second Ring Expressway Development Co., Ltd., including cash and cash equivalents, accounts receivable, prepayments, other receivables, fixed assets, construction in progress, long-term deferred expenses, intangible assets and deferred income tax assets. For details, please refer to the appraisal schedules.
Appraisal Benchmark Date:	30 June 2026
Type of Value:	Market value
Appraisal Conclusion:	This asset appraisal report adopts the appraisal result under the income approach as the appraisal conclusion. The specific conclusion is as follows:

Subject to the premise that the management of the property owner accurately judges the future development trends and implements its business plans, the appraisal is conducted using the Discounted Cash Flow (DCF) method, with the appraisal results as follows:

As at the appraisal benchmark date, the book value of the asset portfolio containing the toll operation right of the West Section of Chengdu Second Ring Expressway owned by Sichuan Rongcheng Second Ring Expressway Development Co., Ltd., is RMB13,054,710,600, and its appraised value is RMB15,828,500,100, representing an appreciation of RMB2,773,789,500, with an appreciation rate of 21.25%.

This asset appraisal report is only intended to provide a value reference for the economic act described in the asset appraisal report. With due consideration to the Guidelines for Publicly Offered Infrastructure Securities Investment Funds (Trial), for the initial offering of infrastructure fund units, the interval between the appraisal benchmark date and the date of the fund unit offering announcement shall not exceed 6 months, i.e., from 30 June 2026 to 31 December 2026.

Statement of Special Matters:

1. Among the intangible assets within the scope of this appraisal, the concession asset of the Second Ring (Western) Expressway Project had an original carrying value of RMB14,806,321,598.98, which was actually generated through the carryover of the main expressway sections, interchanges, protective facilities, maintenance buildings and other facilities. Such assets are characterised by wide distribution, large individual scale, complex structure and scattered construction areas. Although on-site visits and inspections were conducted on the relevant assets in this appraisal to verify the actual existence and general conditions of the assets, due to the inherent characteristics of the assets and the limitations of on-site inspection conditions, it was not possible to accurately inventory and verify the core scope and specific parameters of the assets, such as the actual engineering quantities, construction quality and details of concealed works of various buildings and structures, making it difficult to fully confirm the complete consistency between the actual conditions of the assets and the book records, and the appraisal procedures were subject to certain limitations. For the above assets, this appraisal confirmed the core information such as the construction scale, engineering content and construction standards of the assets by reviewing construction documents provided by the property owner, including construction drawings, project budgets, construction contracts, completion acceptance reports and project progress reports. At the same time, by reviewing documents such as project payment vouchers, progress payment records and settlement documents, and in conjunction with the project progress, the matching between the carrying amounts of the assets, construction progress and actual payments was verified, which served as supplementary and alternative evidence for asset verification.
2. The traffic volume and toll income forecast data set forth in the Traffic Volume Forecast and Revenue Appraisal Report for the West Section of Chengdu Second Ring Expressway issued by JSTI Group Co., Ltd. are used as the revenue from main business operations forecast data for this appraisal.

I. OVERVIEW OF ASSET PORTFOLIO PROJECT

The asset portfolio project refers to the Second Ring (Western) Expressway Project, which primarily includes the main expressway sections, interchanges, protective facilities, maintenance buildings and other facilities. Specific details of the Project are as follows:

Project Name	Second Ring (Western) Expressway Project
Location	The project route starts near Huada Road in Shuangliu, connecting the terminal point of the East Section of Chengdu Second Ring Expressway. It passes through Shuangliu, Xinjin, Chongzhou, Wenjiang, Pidu, Xindu, and Pengzhou, and ends near the Chengdu-Wenchuan Railway south of Mengyang Town, Pengzhou City, connecting the starting point of the East Section of Chengdu Second Ring Expressway.
Project Scope and Scale	The total length of the project route is 114.27 km. It is constructed in accordance with the standard for six-lane dual carriageway expressway with a design speed of 100 km/h and a subgrade width of 33.5 m. The entire route features an asphalt concrete pavement. The vehicle load class adopts Highway Class I. The bridge width is 2×16.75 m. The design flood frequency is 1/100 for general large, medium and small bridges as well as culverts, and 1/300 for extra-large bridges. The basic seismic intensity is Grade VI. The entire route includes 7 extra-large bridges totalling 20,060 m, 12 large bridges totalling 4,090 m, and 45 medium bridges totalling 2,490 m.
Commencement and Completion Date	Construction commencement: 7 December 2010 Handover acceptance of main works and trial operation: 8 May 2015 Official operation: 16 February 2016
Total Final Investment	Final completion accounts: RMB15,122,462,917.31 Including: Construction and installation: RMB8,554,897,439.92 Procurement of equipment, tools and appliances: RMB99,064,112.00 Other engineering construction: RMB6,468,501,365.39
Operation Commencement Date	Official operation commenced on 16 February 2016
Project Ownership Period (Start and End Dates)	Toll commencement date: 16 February 2016 Toll termination date: 1 February 2046

II. APPRAISAL METHODS

(I) Basic Asset Appraisal Methods

The Asset Appraisal Practice Standards stipulates that in conducting enterprise value appraisal business, the applicability of the three basic approaches, namely the income approach, market approach, and cost approach, should be analysed and selected based on the purpose of appraisal, subject of appraisal, type of value, data collection and other circumstances.

1. Market Approach

The market approach is an appraisal method that estimates the asset value through direct comparison or analogical analysis based on the recent transaction prices of identical or similar assets in the market. The basic prerequisites for its use are as follows:

- (1) There is an active open market;
- (2) There are comparable assets and related transactions in the open market.

2. Income Approach

The income approach is an appraisal method that determines the value of an asset by estimating the present value of its expected future income. The basic prerequisites for its use are as follows:

- (1) The future expected income of the subject of appraisal can be predicted and measured in monetary terms;
- (2) The risks borne by the asset owner to obtain the expected income can be predicted and measured in monetary terms;
- (3) The expected income-generating period of the subject of appraisal can be predicted.

3. Cost Approach

The cost approach is an appraisal method that determines the value of the subject of appraisal by appraising the value of all on-balance-sheet and identifiable off-balance-sheet assets and liabilities based on the enterprise's balance sheet as of the appraisal benchmark date. The basic prerequisites for its use are as follows:

- (1) The subject of appraisal is in or is assumed to be in continuous-use condition;
- (2) Data on the current replacement or income forecast of the subject of appraisal can be collected.

(II) Selection of Appraisal Method

Since the concession of the Second Ring (Western) Expressway Project in the asset portfolio is actually formed through the carryover of project assets, including the main expressway sections, interchanges, protective facilities, maintenance buildings and other facilities, these assets have a long service life and undergo continuous repairs and renovations, resulting in complex physical, functional, and economic depreciation. Restricted by the toll concession period, the statutory period of use is far shorter than the actual service life of the assets. Therefore, their residual value cannot be accurately reflected by the newness rates determined by using traditional age method or observation method. Therefore, this appraisal does not meet the applicable conditions for adopting the cost approach.

Because the scope of the asset portfolio is relatively specific, it was impossible to collect comparable transaction cases involving asset portfolios with similar scope, operating periods, or traffic volumes. Therefore, this appraisal does not meet the applicable conditions for adopting the market approach.

The asset portfolio features independent profitability and stable historical operating cash flows. The management can provide reliable profit forecast data for future years. The future profitability of the asset portfolio can be reasonably projected based on historical operating data and internal and external conditions, and the risks associated with future income can be reasonably quantified. Therefore, this appraisal meets the applicable conditions for adopting the income approach.

In summary, the income approach is adopted for this appraisal. After analysis, the income approach is used to determine the appraisal conclusion.

(III) Income Approach

1. Basic Principles

The income approach is a general term for various appraisal methods that determine the value of the subject of appraisal by capitalising or discounting its expected income.

2. Basic Formula

The discount model for free cash flow before interest and taxes is as follows:

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

Where: P — Value of the asset portfolio; i — Forecast year; r — Discount rate; NCF_i — Free cash flow before interest and taxes in year i; n — Length of forecast period.

(1) Future Free Cash Flow Before Interest and Taxes

Future Free Cash Flow Before Interest and Taxes = EBITDA – Capital Expenditures – Increase in Working Capital + Recovery Amount of Working Capital at the End of the Period + Recovery Amount of Fixed Assets at the End of the Period

= Operating Revenue – Operating Costs – Taxes and Surcharges – Selling Expenses – Administrative Expenses + Depreciation and Amortization – Capital Expenditures – Change Amount of Working Capital + Recovery Amount of Working Capital at the End of the Period + Recovery Amount of Fixed Assets at the End of the Period

(2) Determination of Income Period

According to Article 4 of the document “Approval by the Sichuan Provincial Department of Transportation and the Sichuan Provincial Development and Reform Commission on Official Collection of Vehicle Tolls for the West Section of Chengdu Second Ring Expressway (CJF [2021] No. 31) (《四川省交通運輸廳四川省發展和改革委員會關於成都第二繞城高速公路西段正式收取車輛通行費的批覆》(川交發[2021]31 號))” issued by the Sichuan Provincial Department of Transportation and the Sichuan Provincial Development and Reform Commission, “the toll collection period for the Project is 29 years and 330 days, i.e., from 16 February 2016 to 11 January 2046”.

According to Article 1 of the document “Notice of the Sichuan Provincial Department of Transportation and the Sichuan Provincial Development and Reform Commission on the Exemption of Goods Vehicle Tolls on Chengdu Second Ring Expressway during the Traffic Control Period of the Chengdu FISU World University Games (CJH [2023] No. 307) (《四川省交通運輸廳四川省發展和改革委員會關於成都大運會交通管控期間對成都第二繞城高速公路實施貨車通行費減免的通知》(川交函[2023]307 號))” issued by the Sichuan Provincial Department of Transportation and the Sichuan Provincial Development and Reform Commission, “from 00:00 on 21 July 2023 to 24:00 on 10 August 2023, legitimately loaded goods vehicles shall be exempted from tolls on Chengdu Second Ring Expressway. Such free-toll period for goods vehicles is not counted towards the original concession period, which is extended accordingly in accordance with the law”. Accordingly, the toll collection expiry date is 1 February 2046.

Therefore, the income period for this appraisal is from 30 June 2026 to 1 February 2046.

(3) Discount Rate

Based on the income approach valuation model, and in accordance with the principle of consistency between the expected income amount and the discount rate, the discount rate is set as the weighted average cost of capital before income taxes (WACCBT). The formula is as follows:

$$WACCBT = WACC / (1 - T)$$

$$WACC = R_e \frac{E}{D + E} + R_d \frac{D}{D + E} (1 - T)$$

Where: R_e — Cost of equity capital; R_d — Cost of debt capital; $E/(D+E)$ — Proportion of equity capital to total capital; $D/(D+E)$ — Proportion of debt capital to total capital; T — Enterprise income tax rate.

Among them, the cost of equity capital R_e is calculated using the Capital Asset Pricing Model (CAPM), with the calculation formula as follows:

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

Where: R_e — Return on equity; R_f — Risk-free rate of return; β — Enterprise risk coefficient; MRP — Market risk premium; R_s — Company-specific risk adjustment coefficient.

(4) Value of Surplus Assets

Surplus assets refer to cash that exceeds the operating needs of an asset portfolio. Analysis has shown that the asset portfolio holds excess cash, which is primarily recorded under receivables under centralized fund management.

(5) Net Value of Non-operating Assets

Non-operating assets and liabilities refer to assets or liabilities that are part of an asset portfolio but are not related to the operation of the asset portfolio.

III. APPRAISAL ASSUMPTIONS

The assumptions adopted in the analysis and estimation of this asset appraisal report are as follows:

(I) General Assumptions

1. Transaction assumption: It is assumed that all assets to be appraised are already in the process of being transacted, and the asset appraiser simulates the market to conduct valuation based on the transaction conditions of the assets to be appraised.
2. Open market assumption: It is assumed that for assets transacted in the market, or assets to be transacted in the market, both parties to the asset transaction are on an equal footing, and both have the opportunity and time to obtain sufficient market information, so as to make rational judgments on the function, use and transaction price of the assets.
3. Limited-term assumption: It is assumed that the property owner fully complies with all relevant laws and regulations, and pursuant to the toll collection approval documents for the expressway it operates, the toll collection operation period ends on 1 February 2046, and the operating period of the property owner is consistent with the term of the expressway it operates.
4. It is assumed that after the realisation of the economic act for the purpose of appraisal, the assets involved in the subject of appraisal will continue to be used at their original locations in accordance with their uses and usage methods as at the appraisal benchmark date.
5. It is assumed that after the appraisal benchmark date, there will be no major changes in the current relevant laws, regulations and policies of the State, or in the national macroeconomic situation, and no major changes in the political, economic and social environment of the regions where the parties to this transaction are located.
6. It is assumed that after the appraisal benchmark date, no force majeure or unforeseeable factors will cause material adverse effects on the property owner.

(II) Specific Assumptions

1. It is assumed that after the appraisal benchmark date, the management of the property owner is responsible, stable and capable of performing its duties.
2. It is assumed that after the appraisal benchmark date, on the basis of the current management methods and management level, the scope and methods of business of the property owner remain consistent with the current direction.
3. It is assumed that the accounting policies adopted by the property owner after the appraisal benchmark date remain consistent in material respects with the accounting policies adopted in the preparation of this report.
4. It is assumed that interest rates, exchange rates, taxation bases and tax rates, and policy-based levies related to the property owner will not undergo major changes after the appraisal benchmark date.

5. This appraisal assumes that the property owner obtains net cash flows evenly during the year.
6. It is assumed that after the appraisal benchmark date, the products or services of the property owner will maintain the current market competitive landscape.
7. Pursuant to the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policy for the Western Development (Ministry of Finance Announcement [2020] No. 23), from 1 January 2021 to 31 December 2030, enterprise income tax shall be levied at a reduced rate of 15% on enterprises in encouraged industries located in the western region. The property owner currently applies and implements the above policy. It is assumed that during the above implementation period, the property owner will not undergo major operational changes and will continue to satisfy and implement the above policy. After the specified period, income tax shall be considered at a rate of 25%.
8. It is assumed that the lease agreements signed by the property owner are lawful and valid; the signed lease agreements are actually performed and will not be altered or terminated without cause.
9. Asset appraisal professionals have not conducted technical testing on the technical parameters and performance of various equipment as at the appraisal benchmark date. It is assumed that the relevant technical documents and operation records provided by the client are true and valid, and the functions of such equipment comply with applicable industrial standards.
10. It is assumed that the acquisition and utilisation methods of the production and operation premises required by the subject of appraisal remain consistent with those as at the appraisal benchmark date without changes.

(III) Special Assumptions

1. It is assumed that during the future income period, the enterprise will not undertake major new fixed asset investment activities that affect its operations, and the assets required for the normal operation of the expressway are estimated based on their conditions as at the appraisal benchmark date.
2. It is assumed that during the future income period, the enterprise will maintain turnover of receivables and payables similar to that in historical years, and there will be no significant arrears in maintenance project payments that differ materially from historical years.
3. It is assumed that the recovery amount of working capital at the end of the period and the recovery amount of fixed assets at the end of the period of the enterprise where the asset portfolio is located will flow in uniformly at the end of the period.

IV. APPRAISAL CONCLUSION

Based on the above appraisal work, the following appraisal conclusion is drawn:

The appraisal conclusion is: as at the appraisal benchmark date, the book value of the asset portfolio containing the toll operation right of the West Section of Chengdu Second Ring Expressway owned by Sichuan Rongcheng Second Ring Expressway Development Co., Ltd., is RMB13,054,710,600, and its appraised value is RMB15,828,500,100 (in words: Fifteen Billion Eight Hundred and Twenty-Eight Million Five Hundred Thousand One Hundred Only), representing an appreciation of RMB2,773,789,500, with an appreciation rate of 21.25%.

This asset appraisal report is only intended to provide a value reference for the economic act described in the asset appraisal report. With due consideration to the Guidelines for Publicly Offered Infrastructure Securities Investment Funds (Trial), for the initial offering of infrastructure fund units, the interval between the appraisal benchmark date and the date of the fund unit offering announcement shall not exceed 6 months, i.e., from 30 June 2026 to 31 December 2026.

V. STATEMENT OF SPECIAL MATTERS

The following are matters identified during the appraisal that may affect the appraisal conclusion but are beyond the scope of the appraiser's professional expertise and capabilities to assess or estimate:

(I) Special Note Regarding the Citation of Conclusions from Reports Issued by Other Entities

The traffic volume and toll income forecast data set forth in the Traffic Volume Forecast and Revenue Appraisal Report for the West Section of Chengdu Second Ring Expressway issued by JSTI Group Co., Ltd. are used as the revenue from main business operations forecast data for this appraisal.

(II) Special Note Regarding Circumstances in Which the Appraisal Process is Restricted

The concession of the Second Ring (Western) Expressway project under this appraisal had an original carrying value of RMB14,806,321,598.98, which actually includes the main expressway sections, interchanges, protective facilities, maintenance buildings and other facilities. Such assets are characterised by wide distribution, large individual scale, complex structure and scattered construction areas. Although on-site visits and inspections were conducted on the relevant assets in this appraisal to verify the actual existence and general condition of the assets, due to the inherent characteristics of the assets and the limitations of on-site inspection conditions, it was not possible to accurately inventory and verify the core scope and specific parameters of the assets, such as the actual engineering quantities, construction quality and details of concealed works of various buildings and structures, making it difficult to fully confirm the complete consistency between the actual condition of the assets and the book records, and the appraisal procedures were subject to certain limitations. For the above assets, this appraisal confirmed the core information such as the construction scale, engineering content and construction standards of the assets by reviewing construction documents provided by the property owner, including construction drawings, project budgets, construction contracts, completion acceptance reports and project progress reports. At the same time, by reviewing documents such as project payment vouchers, progress payment records and settlement documents, and in conjunction with the project progress, the matching between the carrying amounts of the assets, construction progress and actual payments was verified, which served as supplementary and alternative evidence for asset verification.

(III) Note Regarding Appreciation Identified During Appraisal

With respect to the asset portfolio project containing the toll operation right of the West Section of Chengdu Second Ring Expressway owned by Sichuan Rongcheng Second Ring Expressway Development Co., Ltd. in connection with your company's proposed issuance of Quasi REITs, the subject has been appraised as of the benchmark date of 30 June 2026 by adopting the cost approach and income approach. For the purpose of this appraisal, the results of the income approach have been adopted as the final appraisal conclusion, namely: as at the appraisal benchmark date, the asset portfolio containing the toll operation right of the West Section of Chengdu Second Ring Expressway owned by Sichuan Rongcheng Second Ring Expressway Development Co., Ltd., had a book value of RMB13,054,710,600, and its appraised value is RMB15,828,500,100 (in words: Fifteen Billion Eight Hundred and Twenty-Eight Million Five Hundred Thousand One Hundred Only), representing an appreciation of RMB2,773,789,500, with an appreciation rate of 21.25%. The details and main reasons for the changes of the increase and decrease are as follows:

The industry in which the appraised enterprise operates is the public infrastructure construction, operation and maintenance industry, which has significant natural monopoly and regional exclusivity. As a typical quasi-public product, the investment and construction of expressways are often uniformly planned by the government, and it is difficult for competitors to enter during the operation period. Therefore, the appraised enterprise enjoys a relatively stable market share and income expectation within the concession operation area. At the same time, the enterprise has obtained the statutory right to collect vehicle tolls for a specific number of years by signing concession agreements or toll collection right contracts. As the core intangible asset of the enterprise, the concession right brings stable cash inflows and excess return capacity, which makes an obvious and continuous contribution to the overall value of the enterprise.

The purpose of this appraisal is to provide a value reference for the equity transfer involved in the issuance of Quasi REITs, with greater focus on the stable and sustainable cash distribution capacity that the underlying assets (i.e., the expressways) can generate in the future. The income approach, based on the perspective of asset profitability, quantifies the overall value of the enterprise by treating the appraised enterprise as an organic whole operating on a going-concern basis. This method can comprehensively reflect the combined value of various on-balance-sheet and off-balance-sheet factors possessed by the appraised enterprise, such as concession rights, operation and management capabilities, and regional road network advantages. Therefore, we believe that the income approach better reflects the value of the enterprise being appraised, which results in an appreciation identified by the appraisal.

VI. APPRAISAL DESCRIPTION

(I) Explanation of Revenue Forecasts

Forecasts of future annual revenue are provided by the management of the property owner based on its medium- and long-term plans. The evaluators analyzed the forecast data provided by management and discussed the assumptions, premises, and forecasting process with management; they generally accepted management's forecasts.

1. Operating Revenue

(1) Historical Background

A company's operating revenue consists of revenue from main business and other operating revenue.

Revenue from core operations consists of vehicle toll revenue; revenue from other operations primarily consists of revenue from road clearance and obstruction removal, leasing revenue, revenue from the use of road property, and other revenue. The historical annual sales volume and operating revenue are summarized in the table below:

Historical Sales Volume and Revenue Statistics Table

Unit: Yuan

Project		Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	January-June 2026
Revenue from Main					
Businesses Operations	Toll Revenue	865,165,923.86	837,623,447.57	803,966,912.54	366,434,391.44
	Revenue from Clearance Operations	385,810.03	-8,444.98	273,249.48	248,820.30
	Revenue from the Use of Public Roads	4,297,641.99	8,191,325.29	70,446,810.41	1,893,494.88
	Income from Entrusted Management	1,117,584.90	1,625,027.15	788,892.87	2,270,743.93
Other Operating Revenue	Service Area Revenue	423,302.22	16,981.13	20,754.72	-
	Food and Beverage Revenue	67,531.12	58,125.47	46,066.98	2,204.71
	Rental Revenue	10,531,226.79	13,193,633.64	13,588,458.46	6,591,651.87
	Revenue from Water, Electricity, and Gas	204,997.20	80,346.56	136,244.32	61,162.94
Total Revenue		882,194,018.11	860,780,441.83	889,267,389.78	377,502,470.07

(2) Future Projections

① Revenue from Main Businesses Operations

This refers to toll revenue, which is primarily projected based on current toll rates and future traffic volume. This evaluation reviewed the "Traffic Volume Forecast and Revenue Assessment Report for the West Section of the Chengdu Second Ring Expressway" prepared by JSTI Group Co., Ltd.. Based on an analysis of the reasonableness of its toll revenue projections, this evaluation adopted and cited the aforementioned institution's forecast of toll revenue for this project.

Toll Income Forecast

The aggregate toll income over the remaining concession period of the Project is forecast at RMB41.707 billion. Toll income for July-December 2026 amounts to RMB444 million, comprising RMB250 million from passenger vehicles and RMB194 million from goods vehicles. In the terminal year 2046, toll income amounts to RMB299 million, comprising RMB162 million from passenger vehicles and RMB137 million from goods vehicles.

Toll Income Forecast Results (RMB10,000, tax inclusive)

Year	Passenger Vehicle 1	Passenger Vehicle 2	Passenger Vehicle 3	Passenger Vehicle 4	Goods Vehicle 1	Goods Vehicle 2	Goods Vehicle 3	Goods Vehicle 4	Goods Vehicle 5	Goods Vehicle 6	Total
July-December											
2026	24,294	71	353	235	3,629	3,946	1,226	1,125	787	8,705	44,373
2027	51,468	138	719	492	7,848	7,357	2,189	2,105	1,471	17,077	90,864
2028	54,828	147	766	524	8,375	7,851	2,336	2,247	1,569	18,224	96,868
2029	58,066	156	811	555	8,889	8,333	2,479	2,384	1,666	19,343	102,683
2030	64,870	174	906	620	10,261	9,619	2,862	2,752	1,923	22,327	116,314
2031	72,596	195	1,014	694	11,687	10,956	3,260	3,135	2,190	25,431	131,158
2032	84,298	227	1,178	806	13,781	12,919	3,843	3,697	2,582	29,987	153,317
2033	93,056	250	1,300	890	15,442	14,476	4,307	4,142	2,894	33,602	170,359
2034	102,551	276	1,433	980	17,250	16,171	4,811	4,627	3,232	37,536	188,867
2035	118,184	318	1,651	1,130	20,116	18,858	5,610	5,396	3,770	43,773	218,805
2036	124,216	334	1,735	1,187	21,172	19,847	5,905	5,679	3,967	46,071	230,113
2037	129,794	349	1,813	1,241	22,161	20,775	6,181	5,945	4,153	48,224	240,635
2038	136,020	366	1,900	1,300	23,261	21,806	6,487	6,239	4,359	50,616	252,354
2039	142,544	383	1,992	1,363	24,415	22,887	6,809	6,549	4,575	53,127	264,644
2040	149,820	403	2,093	1,432	25,696	24,088	7,167	6,893	4,815	55,915	278,321
2041	155,168	417	2,168	1,483	26,652	24,985	7,433	7,149	4,994	57,996	288,447
2042	161,178	433	2,252	1,541	27,720	25,986	7,731	7,436	5,194	60,319	299,790
2043	167,422	450	2,339	1,601	28,830	27,027	8,041	7,733	5,402	62,735	311,580
2044	174,417	469	2,436	1,667	30,067	28,186	8,386	8,065	5,634	65,427	324,755
2045	180,643	486	2,524	1,727	31,186	29,235	8,698	8,365	5,844	67,862	336,570
Through											
1 February 2046	15,818	44	228	156	2,818	2,642	786	756	528	6,132	29,907

② Other Operating Revenue

These primarily include revenue from road clearance and obstruction removal, revenue from the use of road property, revenue from entrusted management, revenue from service areas, revenue from food and beverage sales, rental revenue, and other revenue.

- (1) Revenue from road clearance and obstacle removal, service area revenue, and food and beverage revenue are closely tied to traffic volume; therefore, reasonable projections for these categories have been made based on the growth in revenue associated with traffic volume.
- (2) Revenue from the occupation of road assets, revenue from entrusted management, rental revenue, and other revenue: Forecasts are based on an analysis of historical data and the terms of the relevant contracts, using the average level for the historical years in question; no growth is factored in.

2. Cost of Sales

(1) Historical Background

Cost of main operations includes depreciation and amortization, maintenance costs, costs for maintaining safety, communications, and monitoring facilities, toll collection costs, and road asset management and maintenance costs. The historical cost of the company's principal business operations is as shown in the table below:

Historical Statement of Cost of Main Businesses Operations

Unit: Yuan

No.	Category	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	January-June 2026
1	Depreciation and Amortization Expenses	248,464,000.00	234,317,100.00	233,875,195.57	120,578,042.19
1.1	Depreciation and Amortization of Road Assets	233,595,400.00	219,463,000.00	219,027,630.78	112,820,621.68
1.2	Depreciation of Highway Equipment	14,868,600.00	14,854,100.00	14,847,564.79	7,757,420.51
2	Maintenance Costs	23,174,200.00	23,325,350.00	14,870,893.86	7,545,474.29
3	Maintenance Costs for Security Communication and Monitoring Systems	50,900.00	521,500.00	939,607.68	216,350.00
3.1	Surveillance System Maintenance Fees	600.00	349,200.00	727,607.68	77,550.00
3.2	Communications Facility Maintenance Fees	50,300.00	172,300.00	212,000.00	138,800.00
4	Maintenance Costs for the Toll Collection System	145,400.00	3,822,800.00	2,184,730.84	249,312.92
5	Costs of Toll Collection Operations	80,465,560.00	80,801,070.00	70,886,073.08	31,983,872.36
5.1	Personnel Expenses	59,754,100.00	57,825,500.00	52,042,557.27	24,033,365.86
5.2	Common Expenses	14,393,960.00	18,029,770.00	14,224,469.52	6,108,544.90
5.3	Card Issuance Fee	297,500.00	204,100.00	225,508.10	40,209.18
5.4	Liquidation Service Fee	3,493,800.00	3,432,100.00	3,184,298.81	1,552,626.80
5.5	Audit and Monitoring Fees	–	–	28,164.00	1,697.00
5.6	Other/Material Costs for Collection Operations	2,526,200.00	1,309,600.00	1,181,075.38	247,428.62
6	Road Asset Management and Maintenance Costs	989,269.82	8,633,451.80	9,064,617.07	5,735,470.58
6.1	Personnel Expenses	–	7,371,400.00	8,336,450.40	5,529,701.22
6.2	Common Expenses	885,369.82	818,751.80	596,485.47	179,534.36
6.3	Other Road Asset Management and Maintenance Costs	103,900.00	443,300.00	131,681.20	26,235.00
	Total	353,289,329.82	351,421,271.80	331,821,118.10	166,308,522.34

(2) Future Projections

① Cost of Main Businesses Operations

These include depreciation and amortization expenses, maintenance costs, costs for maintaining safety, communications, and monitoring facilities, costs for maintaining toll collection systems, toll collection operation costs, and costs for managing and maintaining highway assets.

Depreciation and amortization expenses are calculated using the straight-line method based on the actual conditions of the assets, in accordance with the company's consistent accounting policies, and based on the actual value of fixed assets for the projected year.

Labor costs are estimated based on the wage standards and staffing levels as of the valuation date, taking into account the company's overall salary adjustment plan and the increase in staff required to meet growth in product output. Social insurance contributions are projected based on the local social insurance contribution rates and calculation bases.

Maintenance costs, costs for maintaining safety, communications, and monitoring facilities, and other costs should be analyzed and forecasted by combining historical expenditure data with factors such as the nature and characteristics of each expense and how well they align with the company's future revenue levels.

② Cost of Other Operations

Including the costs of clearing and removing obstacles and service area costs.

Labor costs are estimated based on the wage standards and staffing levels as of the valuation date, taking into account the company's overall salary adjustment plan and the increase in staff required to meet growth in product output. Social insurance contributions are projected based on the local social insurance contribution rates and calculation bases.

Other costs are analyzed and forecasted based on historical expenditure data, taking into account factors such as the nature and characteristics of each expense and how well they align with the company's future revenue levels.

3. Forecast of Taxes and Surcharges

These include the Urban Maintenance and Construction Tax, the Education Surcharge, the Local Education Surcharge, the Stamp Tax, and other property taxes.

For the Urban Maintenance and Construction Tax, the Education Surcharge, and the Local Education Surcharge, calculate the VAT payable based on the forecast year, and use the tax rates mentioned above to determine the amounts of the Urban Maintenance and Construction Tax, the Education Surcharge, and the Local Education Surcharge for future years.

For Property Tax and other taxes, calculations should be based on tax amounts from previous years, in accordance with the regulations of the local tax authorities.

4. Forecast of Sales Expense

The property owner has not incurred any sales expenses in previous years, so this appraisal does not include projections for future years.

5. Forecast of Administrative Expenses

Administrative expenses primarily consist of employee compensation and benefits, depreciation and amortization, office expenses, travel expenses, entertainment expenses, and other expenses related to management and operations.

Salaries, bonuses, and social insurance contributions calculated based on staff salaries for personnel in the Employee Compensation and Benefits Management Department. Based on historical employee salary levels and in conjunction with the company's human resources development strategy, evaluators determine the personnel compensation for the forecast period by projecting the number of managers and the average monthly salary per employee for future years.

Depreciation expenses are calculated using the straight-line method, in accordance with the company's consistent accounting policies, based on the actual value of fixed assets for the projected year. For perpetual year, capital expenditures are recognized on an annuity basis, and depreciation expense for that year is also recognized.

Other administrative expenses. These primarily consist of communication expenses, office expenses, and other expenses incurred during the company's operations. We forecast other administrative expenses for future years based on historical payment levels, taking into account the company's scale of operations and revenue levels.

6. Forecast of Depreciation and Amortization

The Company follows the following financial policies regarding depreciation and amortization:

Category	Useful life	Annual Depreciation Rate (%)	Residual Value Rate (%)
1. Houses and Buildings	5-50 years	1.9-19	3.00
2. Transportation Equipment	8 years	12.10	3.00
3. Office Equipment	5 years	19.00	3.00
4. Other Equipment	5-10 years	9.5-19	3.00

Depreciation for existing assets and all types of assets acquired through capital expenditures in subsequent years shall be calculated based on the useful life specified above.

7. Forecast of Capital Expenditure

Capital expenditures are the annual expenditures a company must make to ensure the normal development of its production and operations.

For this appraisal, we have taken into account historical capital expenditures and, based on the company's current asset status, calculated capital expenditures (all prices exclude tax) according to the economic lifespans of various assets and their replacement needs:

8. Forecast of Increase in Working Capital

The increase in working capital refers to the additional working capital required for a company to maintain its ability to continue as a going concern without altering its current main businesses operations. Factors affecting working capital primarily include operating cash, revenue from main businesses operations, cost of main businesses operations, period expenses, receivables, and payables.

Operating cash is projected through a comprehensive analysis based on cash costs, taking into account the company's actual number of months of safe working capital.

Where: the minimum cash balance = annual cash costs/Annual cash turnover times

Revenue from main businesses operations, cost of main businesses operations, and period expenses are forecast based on the actual figures mentioned above.

Receivables and payables are forecasted based on historical annual turnover rates, taking into account the actual status of the funds to determine the turnover rate.

9. Forecast of Working Capital Recovery at the End of the Period

The working capital recovery at the end of the period is forecast based on the working capital occupied in the final year of the forecast period.

10. Forecast of Fixed Asset Recovery at the End of the Period

Pursuant to Article 2.5 of the License Agreement "Upon expiration of the license term, the project shall be transferred to Party A free of charge in accordance with the relevant provisions of Article 19."

In summary, the recovery amount for fixed assets in this report takes into account only the recovery for administrative vehicles, other vehicles, furniture and fixtures, and office equipment at the end of the period. Based on these calculations, the recovery for fixed assets at the end of the period is 8,713,422.06 yuan.

(II) Determining the Discount Rate

Based on the income approach valuation model, and in accordance with the principle of consistency between the income amount and the discount rate, the discount rate is set as the weighted average cost of capital before tax (WACCBT).

$$WACCBT=WACC/(1-T)$$

$$WACC = R_e \frac{E}{D+E} + R_d \frac{D}{D+E} (1-T)$$

1. Determining the Return on Equity

The return on equity is determined using the Capital Asset Pricing Model (“CAPM”), and the formula is as follows:

$$Re = Rf + \beta \times MRP + Rs$$

Where: Re is the return on equity; Rf is the risk-free rate; β is the firm’s beta; MRP is the market risk premium; and Rs is the firm-specific risk adjustment factor

(1) Determining the Risk-Free Rate

According to the Ministry of Finance – China Government Bond Yield Curve information published on the website of the China Association of Appraisers, the annual yield to maturity for government bonds with a maturity of 10 years or more as of the valuation date is 1.733%; this valuation report uses this yield as the risk-free rate.

(2) Determination of β

For this valuation, we used the β calculator provided by Tonghuashun iFinD data terminal to calculate the β values of the comparable companies. Specifically, we determined the Target Company’s leverage-adjusted Beta by taking the average of the leverage-adjusted Betas of each listed company.

1) Profiles of Comparable Companies:

Comparable Company 1

Stock Ticker: Longjiang Transportation

Stock Code: 601188.SH

Registered Capital: 1,305,469,915 yuan

Date Established: 1 March 2010

Initial Public Offering Date: 19 March 2010

Scope of Business: General Business Activities: Investment, development, construction, and operation and management of toll roads; sale of machinery, equipment, and spare parts, electromechanical products, and building materials; design, production, agency services, and publication of various types of domestic advertisements; import and export of goods (or technology) (excluding items prohibited by the state; operations involving state-controlled trade or state-restricted items (may only be conducted only upon obtaining the necessary authorization or license). Road maintenance services, landscaping. Non-residential real estate leasing; residential real estate leasing; labor services (excluding labor dispatch); business management; information technology consulting services; information system integration services; technical services, technical development, technical consulting, technical exchange, technical assignment, and technical promotion.

Comparable Company 2

Stock Ticker: Fujian Expressway

Stock Code: 600033.SH

Registered Capital: 2,744,400,000 yuan

Date Established: 28 June 1999

Initial Public Offering Date: 9 February 2001

Scope of Business: Investment, development, construction, and operation of highways; machinery and equipment leasing; consulting services; wholesale, retail, procurement on behalf of others, and consignment sales of industrial production materials, general merchandise, building materials, hardware, electrical appliances, chemical products, instruments and meters, computers, and computer accessories. (For projects requiring approval in accordance with the law, business operations may only commence after approval has been obtained from the relevant authorities).

Comparable Company 3

Stock Ticker: Jilin Expressway

Stock Code: 601518.SH

Registered Capital: 18,905,531,690,000 yuan

Date Established: 1 March 2010

Initial Public Offering Date: 19 March 2010

Scope of Business: Investment, development, construction, maintenance, and management of highways; roadside clearance and rescue services; production and distribution of building materials (excluding high-risk, high-consumption, and highly polluting products, as well as products from outdated production capacity); highway engineering consulting; design, production, and agency services for the publication of various types of domestic advertisements; real estate development; processing of agricultural, forestry, and livestock products; import and export trade (excluding items prohibited by the state); biotechnology development; car washing and parking services; sales of automotive parts, metal materials, electromechanical equipment and accessories, and telecommunications equipment; food and beverage services; mechanical equipment and accessories, and electromechanical products (including automobiles); highway transportation; development and technical consulting for intelligent transportation systems, as well as sales of self-manufactured products and after-sales service; travel agency services; environmental protection engineering; processing of grain and oil food. (For projects requiring approval in accordance with the law, business operations may only commence after approval has been obtained from the relevant authorities).

2) Calculate the β_U of the Comparable Companies

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

In the formula: D = value of the debt; E = value of the equity; T = applicable income tax rate.

After calculating the β_U for the comparable companies, take their average as the β_U for the property owner. The calculation of the β values for the comparable companies are as follows:

Stock Code	Name of Comparable Company	Interest-Bearing Liabilities (D)	Fair Market Value of Equity (E)	Original Beta	Leverage-Adjusted Beta	Income Tax Rate (T)
601188.SH	Longjiang Transportation	99,688.17	462,136.35	0.5163	0.4444	25.00%
600033.SH	Fujian Expressway	82,906.80	1,133,437.20	0.4540	0.4304	25.00%
601518.SH	Jilin Expressway	1,582.52	533,135.99	0.5546	0.5534	25.00%

Therefore, the average leverage-adjusted Beta of the comparable company is $(0.4444 + 0.4304 + 0.5534) / 3 = 0.4761$.

(3) Capital Structure

By analyzing the differences between the property owner and comparable companies in terms of financing capacity, financing costs, and other factors, and taking into account the property owner's financing plans for future years, and given the significant differences in capital structure between the property owner and the comparable cases, the property owner's actual capital structure – based on its actual repayment plan – is adopted as the capital structure for the property owner in this valuation.

(4) Determining the Market Risk Premium

Market risk premium refers to the expected excess return that investors demand for equity investments with the same average risk as the overall market – that is, the risk compensation above the risk-free rate. Market risk premiums can typically be estimated using historical market risk premium data. In particular, the expected market return (R_m) is calculated based on the long-term average return of the Chinese A-share market index. In this study, the CSI 300 Index was selected as the benchmark index. The expected market return, R_m , was calculated as the geometric mean with a weekly data frequency starting from the first trading day. This value was then subtracted from the annual average risk-free rate, R_f , for the corresponding year to determine the market risk premium, $R_m - R_f$. According to calculations, the risk premium in the Chinese market currently stands at 6.81%.

(5) Determination of the Firm-Specific Risk Adjustment Factor R_s

The Capital Asset Pricing Model (CAPM) is generally used to estimate the return on a portfolio. Since the CAPM cannot directly estimate the return on a single company, and it is generally accepted that the investment risk of a single company is higher than that of a portfolio, the return on a single company or stock should be evaluated by considering the excess return resulting from all the specific risks unique to that company relative to the portfolio.

A company's specific risk premium primarily refers to the risk premium or discount arising from certain non-systemic, company-specific factors. These specific risks are generally considered to include, but are not limited to: the specific risk of excessive customer concentration, the specific risk of product homogeneity, the specific risk of market concentration, the specific risk of excessive concentration in raw material supply, corporate governance risks, and management-related specific risks. Based on the above factors and the company's current operating conditions, the company-specific risk adjustment factor for this valuation has been determined to be 2.5%.

2. Determining the Yield on a Debt

The yield on debt is, in fact, the rate of return expected by the creditors of the property owner. Different companies have varying levels of debt-repayment capacity due to differences in their operating conditions, capital structures, and other factors; consequently, the rates of return creditors expect from their investments will also vary. Therefore, the rate of return on a company's debt is closely related to its financial risk – that is, its capital structure.

Given that the debt yield must be expressed as a yield to maturity calculated using compound interest, and considering that when using a full-investment cash flow model and selecting the industry's optimal capital structure to estimate the WACC, the debt yield (R_d) should be set to the optimal R_d achievable within that industry, it is generally recommended to use the yield to maturity of corporate bonds issued by companies in the same industry and with the same risk rating as the Target Company as the debt yield benchmark. This valuation uses the five-year Loan Prime Rate (LPR) of 3.50% – as published by the National Interbank Funding Center under the authorization of the People's Bank of China – as the yield on the debt instrument.

3. Determining the Discount Rate for the Asset Portfolio

Based on the above calculations, the discount rate for the first-phase asset portfolio is 7.30%.

(III) Results of the Valuation of Operating Assets

According to calculations, the appraised value of the operating assets is 15,595,700,434.00 yuan.

(IV) Net Surplus Assets and Non-Operating Assets

Analysis shows that the company has surplus assets in the form of excess cash; and non-operating assets represent deferred income tax assets and other receivables. The calculated net surplus assets and non-operating assets are 232,799,704.20 yuan.

(V) Results of the Income Approach Analysis

Market value of the asset portfolio comprising the toll operating rights for the western section of Chengdu Second Ring Expressway = value of operating assets – value of interest-bearing liabilities + value of non-operating assets and liabilities
=15,595,700,434.00 – 0+ 232,799,704.20
=15,828,500,100.00 yuan

That is, the appraised value of the asset portfolio containing the toll operating rights for the western section of the Chengdu Second Ring Expressway, owned by Sichuan Rongcheng Second Ring Expressway Development Co., Ltd., calculated using the income approach, is 15,828,500,100 yuan.