THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

四川成渝高速公路集團股份有限公司

Sichuan Expressway Group Company Limited*

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

(Stock Code: 00107)

I. MAJOR TRANSACTION – PROPOSED ISSUANCE OF QUASI REITs AND RELATED DISCLOSEABLE TRANSACTION AND MAJOR TRANSACTION;
II. PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR; AND
III. NOTICE OF EXTRAORDINARY GENERAL MEETING

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

A letter from the Board is set out on pages 7 to 35 of this circular.

The Company will convene the EGM at 3:00 p.m. on Friday, 23 October 2026 at Room 420, 4th Floor, 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the People's Republic of China. A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular.

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

* *For identification purposes only*

30 September 2026

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

"A Share(s)"	ordinary share(s) denominated in RMB of the Company with a nominal value of RMB1.00 each, which are issued in the PRC, subscribed for in RMB and listed on the SSE
"Articles of Association"	the articles of association of the Company, as amended from time to time
"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
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors of the Company
"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 A Limited Partnership Interests"	approximately 80% of the interest in the Partnership Enterprise, corresponding to a subscription amount of approximately RMB12,000 million
"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, 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(s)"	has the meaning ascribed to it under the Listing Rules
"CSRC"	the China Securities Regulatory Commission

"Custody Agreement"	the Custody Agreement of Asset-Backed Special Plan to be entered into by the Plan Manager and the custodian bank
"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 circular
"EGM"	the extraordinary general meeting of the Company to be convened, the notice of which is set out on pages EGM-1 to EGM-2 of this circular
"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* (四川蜀道成渝投資有限公司), a wholly-owned subsidiary of the Company and the General Partner of the Partnership Enterprise
"Group"	the Company and its subsidiaries
"H Share(s)"	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 HKD and listed on the Main Board of the Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Latest Practicable Date"	28 September 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"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 SSE, 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 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

"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
"Plan Manager" or "CITIC"	CITIC Securities Company Limited, the Plan Manager of the Securities" 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 circular, excluding Hong Kong, the Macau 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
"SFO"	the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong)
"Share(s)"	A Share(s) and/or H Share(s) (as the case may be)
"Shareholder(s)"	registered holder(s) of the Shares

"Shudao Group"	Shudao Investment Group Company Limited* (蜀道投資集團有限責任公司), 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"	Shanghai Stock Exchange
"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
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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 Latest Practicable Date
"Target Company Valuation Report"	the valuation report prepared by the Valuer in respect of the entire equity interest in the Target Company
"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 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 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 circular
"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

* *For identification purposes only*



四川成渝高速公路集團股份有限公司
Sichuan Expressway Group Company Limited*

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

Executive Directors:
Mr. Luo Zuyi *(Chairman)*
Mr. You Zhiming *(Vice Chairman)*
Mr. Ou Hailong
Mr. Yao Jiancheng
Madam Mao Yurong

Non-executive Director:
Mr. Nie Yibin (Vice Chairman)

Independent non-executive Directors:
Mr. Yu Haizong
Mr. Zhou Hua
Mr. Jiang Tao
Mr. Luo Hong

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

Principal Place of Business in Hong Kong:
Rooms 2201-03, 22/F
World-Wide House
19 Des Voeux Road Central
Central
Hong Kong

30 September 2026

To the Shareholders

Dear Sir or Madam,

I. MAJOR TRANSACTION – PROPOSED ISSUANCE OF QUASI REITs AND RELATED DISCLOSEABLE TRANSACTION AND MAJOR TRANSACTION; II. PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR; AND III. NOTICE OF EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

Reference is made to (i) the announcements of the Company dated 3 September 2026 and 24 September 2026, in relation to the proposed issuance of Quasi REITs and the transactions contemplated thereunder; and (ii) the announcement dated 27 August 2026 in relation to the proposed appointment of a non-executive Director of the Company.

The purpose of this circular is to provide you with information in relation to the resolutions to be proposed at the EGM regarding (i) further details of the proposed issuance of Quasi REITs and the related discloseable transaction and major transaction; (ii) the proposed appointment of Mr. Zhang Lihu as a non-executive Director of the ninth session of the Board; and (iii) the notice convening the EGM.

II. PROPOSED ISSUANCE OF QUASI REITs AND RELATED DISCLOSEABLE TRANSACTION AND MAJOR TRANSACTION

A. 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.

B. 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 circular)
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

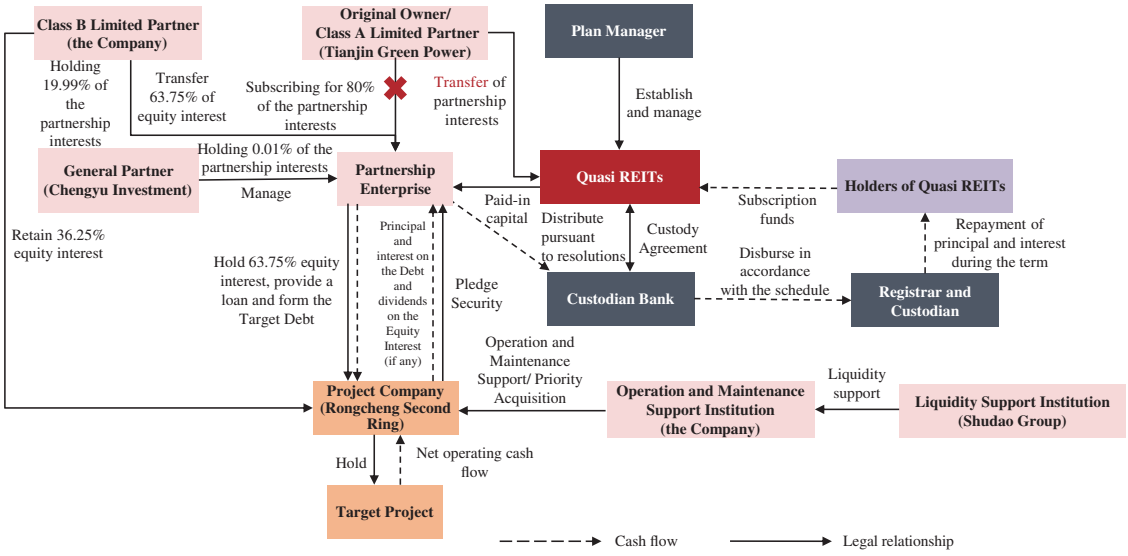
Project	**Senior Tranche**	**Subordinated Tranche**
Expected Size	RMB11,999 million	RMB1.00 million
Expected Rating	AAAsf	–
Expected Rate of Return	Expected to be 1.80% to 2.50%	–

Project	Senior Tranche	Subordinated Tranche
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[note]	Held by the Company or its designated third party

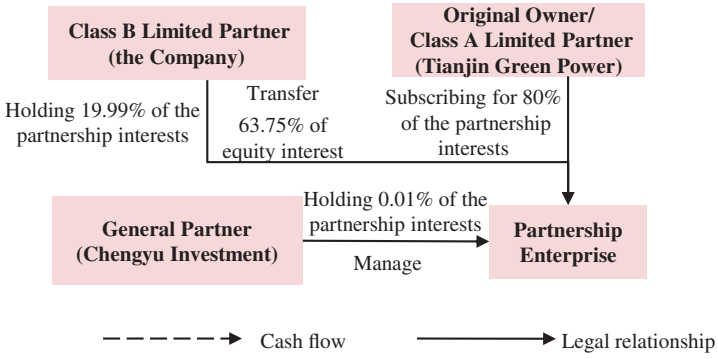
Note: Qualified investors include: (i) financial institutions established with the approval of the relevant financial regulatory authorities, including securities companies, futures companies, fund management companies and their subsidiaries, commercial banks, insurance companies, trust companies and finance companies, etc.; subsidiaries of securities companies, subsidiaries of futures companies and private fund managers which have completed filing or registration with the relevant industry associations; (ii) wealth management products issued by the above institutions to investors, including but not limited to asset management products of securities companies, products of fund management companies and their subsidiaries, asset management products of futures companies, bank wealth management products, insurance products, trust products and private funds filed with the relevant industry associations; and (iii) pension funds such as social security funds and enterprise annuities, social welfare funds such as charitable funds, qualified foreign institutional investors (QFII) and Renminbi qualified foreign institutional investors (RQFII).

Structure of the Quasi REITs

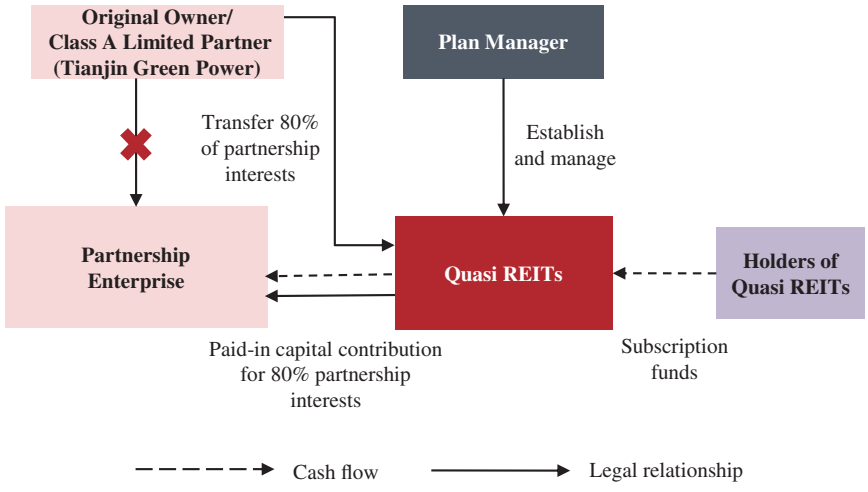
Overview



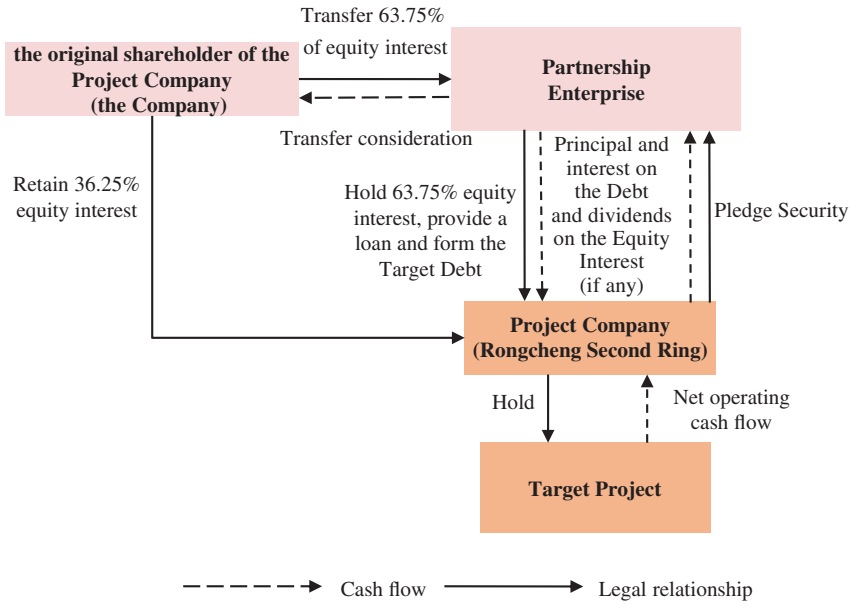
Stage I: Establishment of the Partnership Enterprise



Stage II: Issuance of Quasi REITs and Limited Partnership Interest Transfer



Stage III: Equity Transfer and Establishment of the Target Debt



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.

The Company will have an effective economic interest of approximately 49% in the Target Company following completion, comprising its 36.25% direct interest and approximately 12.75% indirect interest through the Partnership Enterprise.

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

For the purpose of facilitating coordination, information collection and other relevant work among the various institutions involved in the Quasi REITs, the Original Owner will also act as the asset servicer, 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

In order to ensure the normal operation of the Project Company and the generation of continuous and stable cash flows, 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) will enter into the Operation and Maintenance Support Agreement, 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 approximately 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. The principal terms of the loan (i.e. the Target Debt) are set out below:

Interest rate: The initial interest rate range is tentatively set at 2%–3%, which will be determined based on the expected yield of the senior asset-backed securities as determined by the Special Plan based on the results of book-building or issuance by agreement. The lender shall have the right to adjust the interest rate in accordance with the terms of the Loan Agreement.

Term of the loan: From the loan disbursement date (inclusive) to the 12th Business Day preceding the expected maturity date of the Special Plan (i.e. 31 January 2046), provided that the loan can become due early in accordance with the terms of the Loan Agreement.

Principal and interest repayment arrangements: Principal and interest shall be repaid on: (a) the 12th Business Day preceding each payment date of the Special Plan (which, in the absence of any disposal or liquidation, shall be each anniversary of the establishment date of the Special Plan in each calendar year (or, if such date is not a Business Day, the immediately following Business Day) and the expected maturity date); (b) the early maturity date of the Target Debt; and (c) the expected maturity date of the Target Debt.

(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. Performance support funds refer to the funds provided by the Company, as the Operation and Maintenance Support Institution, to the Project Company to support the Project Company in performing its obligations and to ensure its normal performance and operation.

(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.

C. 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.

Pursuant to the Partnership Agreement, the Company and its subsidiaries will hold a majority of the seats on the decision-making committee and at the partners' meeting, and will be able to pass resolutions on significant decision-making matters of the Partnership Enterprise, including but not limited to the investment targets and investment methods, whether to make property distributions, the financial policies of the Partnership, and its financial budget and final accounts plans.

Based on the above governance and decision-making arrangements of the Partnership, 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

(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	120	80%
Company	29.99	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.

The subscribed capital contribution of the Partnership shall be equal to the sum of the reserved expenses retained by the Partnership Enterprise, the consideration payable by the Partnership for the acquisition of the 63.75% equity interest in the Project Company and the amount of the Target Debt to be advanced to the Project Company. The total amount will ultimately be determined based on the appraised value of the Underlying Asset Portfolio of the Project Company.

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-making committee. The decision-making committee will have 3 members, with each partner appointing 1 member. The Company and its subsidiaries will collectively appoint two members to the decision-making committee. Among the powers and functions exercisable by the decision-making committee, resolutions in respect of significant decision-making matters, including reviewing and approving investment targets that meet the eligibility criteria, reviewing and approving the investment methods in respect of investment targets, voting on whether to make ordinary distributions or disposal distributions and on the relevant distribution plans, and reviewing and approving the financial policies of the Partnership, shall be passed with the approval of members holding not less than two-thirds (inclusive) of the voting rights.

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.

D. 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.

Pursuant to the Administrative Provisions on the Asset Securitisation Business of Securities Companies and Subsidiaries of Fund Management Companies, the underlying assets of the quasi REITs must be legally owned by the original owner and subsequently transferred by it to the special plan in exchange for funds. The underlying assets of the Quasi REITs are the Class A Limited Partnership Interests. If the Plan Manager were to enter directly into the Partnership Agreement with the Company, subscribe for the Class A Limited Partnership Interests and make the capital contribution using the proceeds raised from the Quasi REITs, the underlying assets of the Quasi REITs would instead be "formed through its own capital contribution" rather than "legally owned and subsequently transferred". Accordingly, the Plan Manager cannot directly act as the Original Owner of the Quasi REITs.

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.

As at the Latest Practicable Date, none of the conditions set out in paragraphs (1) to (6) above had been satisfied, while the condition set out in paragraph (7) is required to remain satisfied at the time of payment of the consideration. All conditions precedent can be waived in writing by the Partnership Enterprise.

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.

E. 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. 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 "**Profit Forecast**").

The consideration under the Limited Partnership Interest Transfer Agreement and the Equity Transfer Agreement will be adjusted by reference to the final valuations. Taking into account the purpose of the Transaction and the relevant regulatory requirements, the final amount of paid-in capital contribution in respect of the Class A Limited Partnership Interests in the Partnership Enterprise will be no less than RMB10.8 billion and no more than RMB12.0 billion. The final consideration for the Equity Transfer will be no less than RMB3.5 billion and no more than RMB4.0 billion. If either final valuation is materially different from the corresponding preliminary valuation resulting in the respective considerations under the Limited Partnership Interest Transfer Agreement and the Equity Transfer Agreement falling outside the above ranges, the parties to the Transaction shall have the right to negotiate whether to continue proceeding with the Transaction. If no agreement can be reached through negotiation, the Transaction can be terminated in accordance with the agreed terms.

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 II.

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.

F. 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.

G. 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 for the year ended 31 December 2026. The actual financial impact of the Transaction will be subject to the financial statements to be disclosed by the Company in due course.

H. 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.

The Target Project, namely the Chengdu Second Ring Expressway, is a mature toll road asset which has commenced operation and generates stable cash flows. Compared with equity financing, the issuance of the Quasi REITs will not dilute the shareholding interests of the Shareholders of the Company, and the issuance of Quasi REITs involves a shorter regulatory approval cycle and offers greater efficiency in execution and completion. Compared with traditional debt financing, the proceeds from the issuance of the Quasi REITs can be used with greater flexibility, enabling the revitalisation of assets by leveraging the stable toll cash flows generated by the Target Project, and reduce the Group's debt-to-asset ratio, which in turn optimise the financial statements of the Group.

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.

I. 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 Latest Practicable Date, 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 circular.

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 at the Latest Practicable Date, Tianjin Green Power and its ultimate beneficial owners are independent third parties of the Company.

J. 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.

K. Implications Under the Listing Rules

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.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the counterparties to the Transactions and their ultimate beneficial owners are third parties independent of the Company and its connected persons. Accordingly, the Transactions do not constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Transactions and will abstain from voting at the EGM.

III. PROPOSED APPOINTMENT OF NON-EXECUTIVE DIRECTOR

The Board is pleased to announce that Mr. Zhang Lihu ("**Mr. Zhang**") has been nominated as a candidate for non-executive Director of the ninth session of the Board of the Company. Such nomination shall be subject to consideration and approval at the EGM.

The biography of Mr. Zhang is set out below:

Mr. Zhang, aged 56, graduated from Beijing Normal University with a master's degree in public administration. He is a member of the CPC, a professor-level senior accountant and a nonpractising member of the Chinese Institute of Certified Public Accountants. He successively served as a member of the Party Committee, a director, the chief financial officer and a senior accountant of Sichuan Trading Industry Company Limited; a Class I supervisor of the Third Supervisory Committee of Sichuan Transportation Investment Group Corporation Limited; a supervisor and a professor-level senior accountant of Sichuan Tibetan Area Expressway Co., Ltd.; a Class I supervisor of the Third Supervisory Committee and a professor-level senior accountant of Shudao Investment Group Co., Ltd.; an external director of Sichuan Expressway Construction & Development Group Co., Ltd.; an external director of Sichuan Shudao Expressway Group Co., Ltd.; and an external director of Sichuan Shudao Railway Investment Group Co., Ltd. He currently serves as a Class I director and professor-level senior accountant of Shudao Investment Group Co., Ltd., an external director of Sichuan Shudao Expressway Group Co., Ltd., and an external director of Tianfu Special Assets (Sichuan) Investment Management Co., Ltd.

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

Save as disclosed above, as at the Latest Practicable Date, there is no information which is disclosable nor is Mr. Zhang involved in any of the matters required to be disclosed pursuant to the requirements of the provisions under Rules 13.51(2)(h) to 13.51(2)(v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and there is no other matter that needs to be brought to the attention of the shareholders of the Company.

Subject to the approval of his appointment at the EGM, the Company will enter into a service contract with Mr. Zhang. His term of office shall commence from the date of approval of his election at the general meeting until the expiration of the term of the ninth session of the Board of the Company. Pursuant to the remuneration plan for the ninth session of the Board of the Company, Mr. Zhang will not receive any remuneration from the Company in respect of his position as a non-executive Director.

IV. VOTING BY POLL

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

V. CUMULATIVE VOTING MECHANISM

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

VI. EGM

The Company proposes to convene the EGM at 3:00 p.m. on Friday, 23 October 2026 at Room 420, 4th Floor, 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC.

A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular.

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

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

VII. CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The H Shares register of members of the Company will be closed from Tuesday, 20 October 2026 to Friday, 23 October 2026, both days inclusive, during which period no transfer of H Shares will be effected. In order to qualify for attending the EGM, unregistered holders of H Shares shall ensure that all transfer documents of H Shares accompanied by the relevant share certificates and the appropriate transfer documents must be lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 16 October 2026. The record date for the purpose of determining the eligibility of the Shareholders to attend and vote at the EGM is therefore Tuesday, 20 October 2026.

VIII. RECOMMENDATION

The Directors consider that the proposed issuance of Quasi REITs and the transactions contemplated thereunder are fair and reasonable and in the best interests of the Company and its Shareholders as a whole. Meanwhile, the Directors consider that the ordinary resolution in relation to the proposed appointment of Mr. Zhang Lihu as a non-executive Director of the ninth session of the Board of the Company is in the best interests of the Company and its Shareholders. Accordingly, the Board recommends the Shareholders to vote in favour of (i) the ordinary resolution in relation to the proposed issuance of Quasi REITs; and (ii) the ordinary resolution in relation to the appointment of Mr. Zhang Lihu as a non-executive Director of the ninth session of the Board of the Company.

IX. RESPONSIBILITY STATEMENT

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

X. OTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

* *For identification purposes only*

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three financial years ended 31 December 2025 and for the six months ended 30 June 2026 has been disclosed in the following documents published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (https://www.cygs.com/).

(i) the annual report of the Company for the year ended 31 December 2023:

https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0418/2024041801706.pdf

(ii) the annual report of the Company for the year ended 31 December 2024:

https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0417/2025041701721.pdf

(iii) the annual report of the Company for the year ended 31 December 2025:

https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0420/2026042000352.pdf

(iv) the interim report of the Company for the six months ended 30 June 2026:

https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0911/2026091100336.pdf

2. INDEBTEDNESS STATEMENT

As at 31 August 2026, for the purpose of this indebtedness statement, the Group had the following outstanding indebtedness:

(a) Bank Loans and Corporate Bonds

(i) As at 31 August 2026, the Group had total interest-bearing bank borrowings amounting to approximately RMB40,777,671,000, of which approximately RMB9,094,138,000 were secured and guaranteed, approximately RMB21,031,634,000 were secured, and approximately RMB10,651,899,000 were unsecured and unguaranteed;

(ii) As at 31 August 2026, the Group had outstanding corporate bonds amounting to approximately RMB2,012,875,000, which were unsecured and unguaranteed.

(b) Contingent Liabilities

As at 31 August 2026, the Group had no material contingent liabilities and guarantees.

(c) Lease Liabilities

As at 31 August 2026, the Group had lease liabilities amounting to approximately RMB85,387,000. These lease liabilities were unsecured and unguaranteed.

Save as those disclosed above or elsewhere in this circular and except for the inter-group liabilities during the ordinary course of business and normal trade payables, as at 31 August 2026, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance lease commitments, guarantees or other contingent liabilities.

3. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the investment, construction, operation and management of certain expressway projects in the province, green energy investment business and integrated development of resources along the routes. As disclosed in the 2026 interim results announcement of the Company, the revenue of the Group amounted to approximately RMB4,887,109,000, representing a year-on-year increase of approximately 12.55%. In particular, the revenue from expressway segment amounted to approximately RMB2,428,389,000, representing a year-on-year decrease of approximately 4.12%; the revenue from construction services segment amounted to approximately RMB1,431,762,000, representing a year-on-year increase of approximately 106.40%; the revenue from transportation services segment amounted to approximately RMB957,144,000, representing a year-on-year decrease of approximately 7.94%; the revenue from transportation logistics segment amounted to approximately RMB4,770,000, representing a year-on-year decrease of approximately 82.53%; and the revenue from new energy technology segment amounted to approximately RMB65,044,000, representing a year-on-year increase of approximately 33.76%. The profit attributable to the owners of the Company was approximately RMB900,606,000, representing a year-on-year increase of approximately 1.96%; basic earnings per share were approximately RMB0.280 (the same period in 2025: approximately RMB0.275). As at 30 June 2026, the Group had total assets of approximately RMB67,275,092,000 and net assets of approximately RMB21,949,267,000.

Based on analysis and review of the Group's operations, and taking into account its forecast and judgement of future economic situation, policy environment and developments of the industry and its own business for the second half of 2026, the Group has formulated the following work plan in light of the circumstances with a focus on the basic development ideas of "15th Five-Year" Plan and business objectives for the year of 2026:

Focusing on core business to enhance quality and efficiency. Guided by the principles of "quality enhancement, efficiency improvement and lean management", the Group will continue to strengthen the core competitiveness of its core expressway business. It will further refine operational management through comprehensive cost control and scientific maintenance practices to unlock additional revenue potential and improve operating efficiency. The Group

will also accelerate the deployment of intelligent transportation applications, leveraging digital technologies to reduce costs, increase efficiency, and ensure safety and smooth traffic, while further improving the travelling experience of the public. The Group will continue to advance key construction projects in a coordinated manner, with every effort made to ensure the completion and opening to traffic of critical sections of its expressway expansion projects. Construction quality and project progress will be closely monitored to optimise investment returns throughout the entire project lifecycle. The Group will also actively seek the extension of toll collection rights for high-quality road assets, dynamically optimise its expressway network portfolio and further strengthen the stability and sustainability of earnings from its core business.

Expanding road-related businesses to foster new drivers of green growth. Capitalising on its expressway network resources, the Group will accelerate the development of road-related business clusters. It will expedite the deployment of its integrated energy business by continuing to develop green energy facilities, including charging and battery-swapping stations, hydrogen refuelling stations and photovoltaic installations along its expressways, while exploring integrated transportation and energy business models to cultivate new sources of green growth. The Group will also promote the transformation and upgrading of its service areas by advancing the "one area, one feature" initiative, introducing high-quality commercial offerings and progressively transforming service areas from transportation hubs into integrated commercial destinations, thereby increasing the contribution of non-toll revenue. In addition, the Group will adopt innovative approaches to revitalise existing assets by promoting the integrated utilisation of idle land along its expressways through tailored strategies, expanding value-added services, enhancing the commercial value of traffic flow and maximising asset value.

Accelerating digital and intelligent transformation to strengthen sustainable growth. The Group will continue to stimulate organisational vitality through reform and drive development through innovation, thereby enhancing its endogenous growth momentum. It will further deepen market-oriented reforms, continue to improve its performance evaluation and incentive mechanisms, and strengthen the "attraction, cultivation, utilisation, and retention" of talent. The Group will also accelerate the commercialisation of technological innovations by promoting the large-scale deployment and routine application of advanced technologies, including smart cloud warehouses, drone inspection systems and binocular vision-based intelligent inspection technologies. It will actively participate in the formulation of industry standards and strive to deliver landmark technological achievements with industry-wide influence. Meanwhile, the Group will systematically promote the integrated management of research and development resources, accelerate the cultivation of high and new technology enterprises and further enhance its innovation capabilities and brand value.

Leveraging the capital platform to build new competitive advantages through industrial synergies. The Group will fully leverage the advantages of its listed platform to foster positive interaction between industrial operations and capital management. It will steadily advance the issuance and implementation of innovative financing instruments to optimise its capital structure and reduce leverage. The Group will also continue to strengthen

its market capitalisation management framework by benchmarking against industry best practices, enhancing investor relations management and market communications, and safeguarding its capital market profile and valuation. Focusing on strategic emerging industries, the Group will selectively invest in high-quality projects with strong synergies with its core business, cultivate new profit drivers and enhance returns on industrial investments.

Strengthening risk management to enhance modern corporate governance. The Group will maintain a balanced approach between development and security to reinforce the foundation for high-quality and sustainable development. It will strictly uphold workplace safety standards by focusing on key areas such as flood prevention and disaster mitigation, as well as construction projects, strengthening end-to-end safety accountability and resolutely preventing major safety incidents, while safeguarding its red line of safety and environmental protection. The Group will further strengthen oversight of key business operations, enhance the dynamic monitoring of the operating performance of its subsidiaries and ensure the compliant, prudent and sustainable operation of the listed company.

4. WORKING CAPITAL

The Directors, after due and careful enquiries, are of the opinion that, after taking into account the effects of the proposed issuance of Quasi REITs and the transactions contemplated thereunder, the Group's internal resources, cash flow from operations and financing facilities available to the Group, the Group has sufficient working capital to satisfy its requirements for at least the next 12 months following the date of this circular, in the absence of unforeseeable circumstances.

The Company has obtained the relevant letter as required under Rule 14.66(12) of the Listing Rules.

5. MATERIAL CHANGE

The Directors confirm that as at the Latest Practicable Date, they were not aware of any material changes in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date.

The following are the key terms of the valuation report in respect of the Target Company and the Underlying Asset Portfolio prepared for inclusion in this circular.

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:

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

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 Re 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	3,629	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**

Unit: Yuan

No.	Category	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	January-June 2026
3.1	Surveillance System Maintenance Fees	600.00	349,200.00	727,607.68	**77,550.00**
3.2	Communications Facility Maintenance	50,300.00	172,300.00	212,000.00	**138,800.00**
4	Fees 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	2,526,200.00	1,309,600.00	1,181,075.38	**247,428.62**
6	Operations 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	15-40 years	2.43-6.47	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: RMB1,890,553,169
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 βu 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 βU for the comparable companies, take their average as the βU 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 (Rm) 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, Rm, 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, Rf, for the corresponding year to determine the market risk premium, Rm-Rf. According to calculations, the risk premium in the Chinese market currently stands at 6.81%.

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

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 (Rd) should be set to the optimal Rd 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:

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

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:

Currency: RMB

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:

Currency: RMB

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.

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; NCFi – 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)

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

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 Re is calculated using the Capital Asset Pricing Model (CAPM), with the calculation formula as follows:

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

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
Other Operating Revenue	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
	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

Unit: Yuan

No.	Category	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	January-June 2026
3.1	Surveillance System Maintenance Fees	600.00	349,200.00	727,607.68	77,550.00
3.2	Communications Facility Maintenance	50,300.00	172,300.00	212,000.00	138,800.00
4	Fees 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	2,526,200.00	1,309,600.00	1,181,075.38	247,428.62
6	Operations 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	15-40 years	2.43-6.47	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 taxes (WACCBT).

WACCBT=WACC/(1-T)

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

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+β×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: RMB18,905,531,690
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 βu 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 βU for the comparable companies, take their average as the βU 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 (Rm) 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, Rm, 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, Rf, for the corresponding year to determine the market risk premium, Rm-Rf. According to calculations, the risk premium in the Chinese market currently stands at 6.81%.

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

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 (Rd) should be set to the optimal Rd 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.

The following is the Traffic Volume Forecast and Revenue Assessment Report in respect of the West Section of Chengdu Second Ring Expressway prepared by JSTI Group Co., Ltd. for inclusion in this circular.

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Terms and Definitions

Traffic Unit	refers to	natural traffic volume measured in vehicles/day (veh/d). Equivalent traffic volume is measured in passenger car units/day (pcu/d). For figures and tables without explicitly stated units, the unit is pcu/d.
pcu/d	refers to	pcu/day: all vehicle classes are converted to passenger car units based on the conversion coefficients specified in the Technical Standard of Highway Engineering (JTG B01-2014).
Toll Income Unit	refers to	the default unit of 10,000 RMB/year for tables where the unit of toll income is not explicitly stated.
Project/Western Section of Chengdu's Second Ring Expressway (the "Western Section")	refers to	Western Section of Chengdu's Second Ring Expressway

Chapter 1: Project Overview

1.1 PROJECT INTRODUCTION

The Western Section of Chengdu Second Ring Expressway (the "Project" or the "Western Section") forms an integral part of Sichuan Province's expressway network plan and Chengdu's comprehensive transportation system. As the core segment of Chengdu Second Ring Expressway (SA2), it links multiple districts and counties in western Chengdu, serving as a key channel for diverting transit traffic away from the central urban area and strengthening transport connectivity within and beyond the Chengdu metropolitan area.

The Western Section commences at Yongxing Town, Shuangliu District, where it connects to the Eastern Section of Chengdu Second Ring Expressway (the "Eastern Section"). It runs through Shuangliu District, Xinjin District, Chongzhou City, Wenjiang District, Pidu District and Xindu District in sequence, and terminates at Mengyang Town, Pengzhou City, where it rejoins the Eastern Section. The total route length is 114.26 km. The entire expressway is built to a six-lane dual-carriageway standard with a design speed of 100 km/h and a subgrade width of 33.5 m. There are 20 interchanges along the route, comprising 5 hub interchanges and 15 regular interchanges, together with 4 service facilities. The total estimated investment amounts to RMB13.372 billion. The Western Section was opened to traffic simultaneously with the Eastern Section on 31 December 2015.

The Western Section provides efficient interchange with multiple radial expressways, including the Chengdu – Wenjiang – Qionglai, Chengdu – Dujiangyan and Chengdu – Pengzhou expressways, and connects with several urban radial express corridors such as Hongxing Road, the South Extension of Tianfu Avenue and the Chengdu – Qingbaijiang rapid road, significantly reducing travel time between districts and counties in western Chengdu. Its opening has effectively relieved congestion on Chengdu First Ring Expressway, assumed the principal function of diverting transit goods traffic from the central urban area, further enhanced Chengdu's radiating role over northwestern Sichuan and the Chengdu – Deyang – Meishan – Ziyang region, and provided robust transport support for interconnection and coordinated industrial development within the Chengdu metropolitan area.

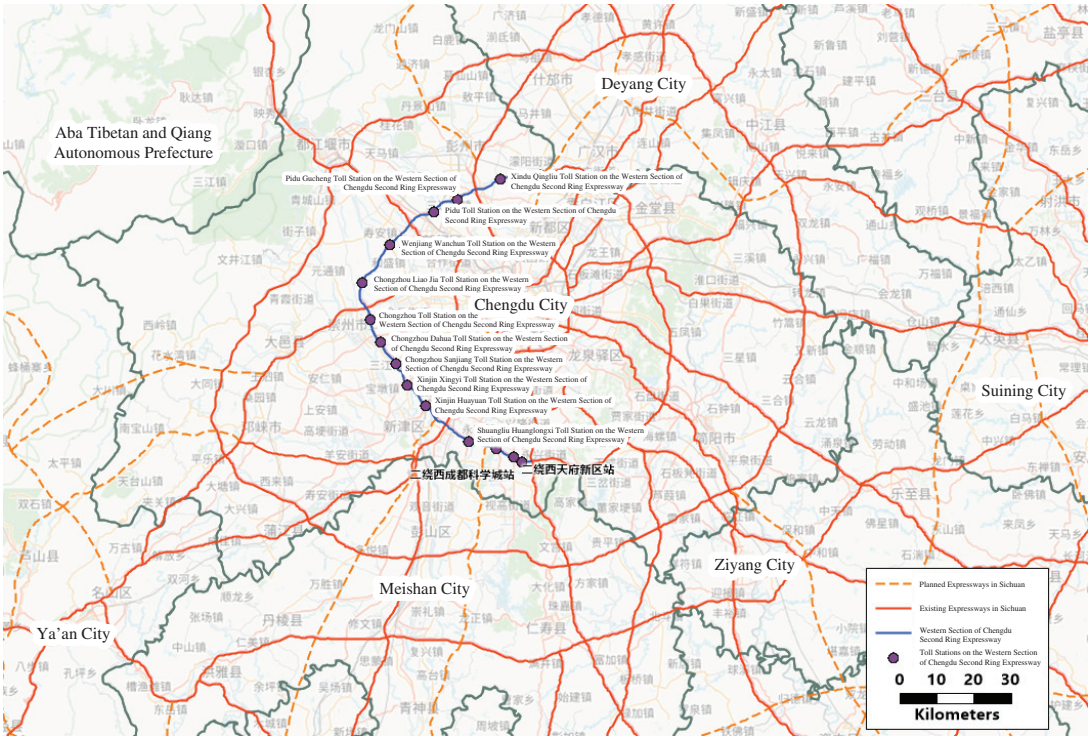


Figure 1-1 Schematic Location of the Project

1.2 TOLL CONCESSION PERIOD

Pursuant to the Reply of the Sichuan Provincial Department of Transport and the Sichuan Provincial Development and Reform Commission on the Official Commencement of Vehicle Toll Collection for the Western Section of Chengdu Second Ring Expressway (CJF [2021] No. 23), the Western Section has been operated as a commercial toll road since 16 February 2016, with a toll concession period of 29 years and 330 days.

Pursuant to the Notice of the Sichuan Provincial Department of Transport 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), from 00:00 on 21 July 2023 to 24:00 on 10 August 2023, legitimately loaded goods vehicles were 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, toll collection for the Western Section commenced on 16 February 2016 for a concession period of 29 years and 330 days, with the original expiry date of 11 January 2046. In consideration of the 21-day toll exemption for goods vehicles during the traffic control period for the Chengdu FISU World University Games, the concession period is extended in accordance with the law, resulting in a final expiry date of 1 February 2046.

The traffic volume forecast period for the present assessment therefore runs from July 2026 to February 2046.

1.3 PRINCIPAL CONCLUSIONS

1. Traffic Volume Forecast

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 reaches 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 over the period 2026-2046 is 7.43%.

Table 1-1 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.

2. 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.

Table 1-2 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

Chapter 2: Basis of Consulting Services

2.1 PRINCIPAL SOURCE DATA

1. Principal Standards, Specifications and Procedures Applied

- Four-stage traffic volume forecast method
- Technical Standard of Highway Engineering (JTG B01-2014)
- Toll road policies and related regulations of Sichuan Province

2. List and Description of Project Input Documentation

(1) Traffic Volume and Toll Income

- Vehicle-class-specific origin-destination (OD) data for Sichuan Province's expressway network for 2017-2019, 2021, 2023, 2024, 2025 and January-June 2026
- Toll station entry/exit volume of the Western Section from February 2016 to June 2026
- Gantry traffic volume of the Western Section from 2020 to June 2026
- Toll income of the Western Section from February 2016 to June 2026
- Other project-related data of the Western Section

(2) Comprehensive Planning

- Outline of the National Comprehensive Three-dimensional Transportation Network Plan
- National Highway Network Plan
- Sichuan Province's 14th Five-Year Plan for New Urbanization
- Sichuan Province's 14th Five-Year Plan for Expressway Development
- Sichuan Province's 14th Five-Year Plan for Road Transport Development
- Sichuan Province's 14th Five-Year Plan for Comprehensive Transport Development

- Sichuan Province's 14th Five-Year Plan for the Development of a Modern Comprehensive Transport System
- Sichuan Province Territorial Spatial Planning (2021-2035)
- Chengdu Metropolitan Area Development Plan
- Chengdu Territorial Spatial Master Plan (2021-2035)
- Chengdu's 14th Five-Year Plan for Comprehensive Transport and Logistics Industry Development

(3) Others

- Socio-economic development plans, statistical yearbooks, and other related documents, compiled by provincial, municipal and local governments

2.2 CONSULTING APPROACH

The present traffic volume forecast and revenue assessment are supported by big transport data and comprise four principal parts.

Part I – Analysis of the Current Economic Environment. This part reviews the current state of the regional economy, population and industry, interprets relevant plans for economic, industrial and transport development, assesses the current level and future trajectory of regional economic development, and establishes the regional development basis for the Project's traffic volume forecast.

Part II – Analysis of Current Travel Patterns. Based on OD data analysis of the province's expressway network, this part ascertains the current overall travel patterns across the province's expressways, identifies the OD flow characteristics and distribution of passenger and goods vehicles, and reviews the historical traffic volume and growth rate of the Project.

Part III – Traffic Volume Forecast. Based on the constructed expressway network model and the four-stage method, this part excludes short-term historical distorting factors, forecasts the base-year traffic volume of the Project, derives the Project's future growth rate by combining elasticity coefficient forecasts with GDP projections, and forecasts the Project's future traffic volume by taking into account the impact of the planned road network.

Part IV – Toll Income Calculation. Based on Sichuan Province's toll road rate framework, this part interprets the Project's toll rates and concessionary policies, and calculates the Project's future annual toll income by reference to the foregoing traffic volume forecast results.

2.3 TRAFFIC MODELLING

1. Forecast Software

The traffic volume forecast is principally undertaken using TransCAD, a professional transport forecasting software developed by Caliper Corporation (USA), to construct the road network model. Trip generation, trip distribution and traffic assignment within the forecast process are computed using the software.

2. Traffic Modelling

An expressway traffic model of Sichuan Province is constructed based on the current layout of the province's expressway network. Basic attributes – including expressway number, name, traffic capacity, design speed and number of lanes – are entered for each road segment, together with the names and numbers of each toll station, to establish the foundational road network traffic model.

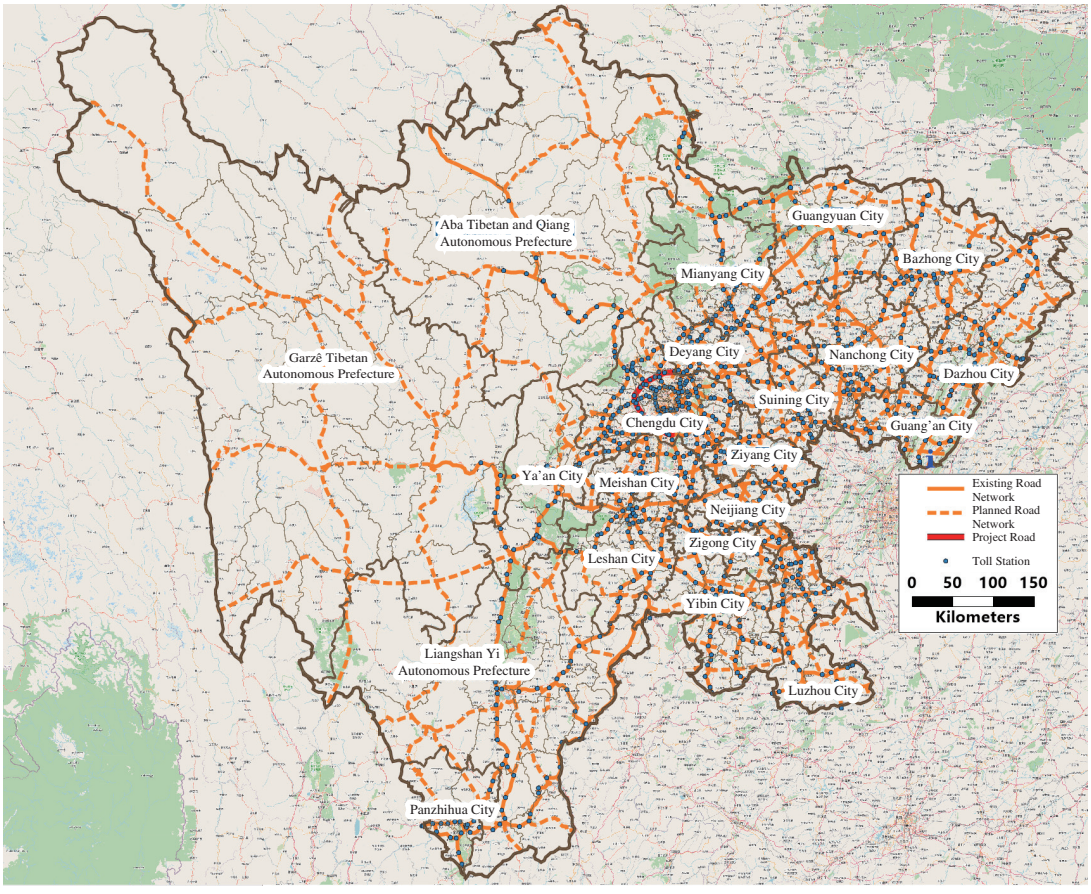


Figure 2-1: Schematic Diagram of the Current Expressway Traffic Model of Sichuan Province

2.4 VEHICLE CLASSIFICATION

Prior to 2020, vehicles on expressways were classified into nine categories under the Vehicle Classification of the Toll for Highway (JT/T 489-2003), comprising four classes of passenger vehicles and five classes of goods vehicles (the "Original Classification Standard"). Following the nationwide implementation of non-stop toll collection at provincial boundary stations, the Vehicle Classification of the Toll for Highway (JT/T 489-2019) introduced a new classification standard (the "Current Classification Standard"), effective on 1 January 2020, under which goods vehicles are classified into six categories by axle count. The present study adopts the Current Classification Standard for traffic volume forecast. Under the Current Classification Standard, special motor vehicles are classified and tolled on the same basis as goods vehicles; accordingly, special motor vehicles are consolidated into goods vehicles for this study.

Table 2-1 Original Classification Standard of Sichuan Province

		Vehicle Classes and Specifications	
No.	**Category Name**	**Passenger Vehicle**	**Goods Vehicle**
1	Small Passenger/Goods Vehicle	≤7 seats (incl. 7)	≤2 tonnes (incl. 2)
2	Medium Passenger/Goods Vehicle	8-19 seats (incl. 19)	2-5 tonnes (incl. 5)
3	Large Passenger/Goods Vehicle	20-39 seats (incl. 39)	5-10 tonnes (incl. 10)
4	Extra-large Passenger/Goods Vehicle	>40 seats	10-15 tonnes (incl. 15), 20ft container vehicles
5	Extra-large Goods Vehicle		>15 tonnes, 40ft container vehicles

Note: Vehicle classes and specifications in the table are sourced from the Vehicle Classification of the Toll for Highway (JT/T 489-2003). Gross vehicle mass limits are based on the Limits of Dimensions, Axle Load and Masses for Motor Vehicles, Trailers and Combination Vehicles (GB 1589-2016). Vehicles exceeding these limits are classified as overloaded. In practice, the five classes of goods vehicles generally correspond to 2- to 6-axle goods vehicles.

Table 2-2 Current Classification Standard of Sichuan Province

		Vehicle Classes and Specifications	
No.	**Category Name**	**Passenger Vehicle**	**Goods Vehicle**
1	Class 1	≤9 seats (incl. 9)	2 axles, length<6,000mm and max GVW<4,500kg

		Vehicle Classes and Specifications	
No.	**Category Name**	**Passenger Vehicle**	**Goods Vehicle**
2	Class 2	10-19 seats (incl. 19)	2 axles, length≥6,000mm or max GVW≥4,500kg
3	Class 3	20-39 seats (incl. 39)	3 axles
4	Class 4	>40 seats	4 axles
5	Class 5	–	5 axles
6	Class 6	–	6 axles
7	Special Class	–	>6 axles

In calculating equivalent traffic volume, reference was made to the Technical Standard of Highway Engineering (JTG B01-2014), which specifies that passenger cars be used as the standard vehicle class for traffic volume conversion. The representative vehicle classes and corresponding conversion coefficients are set out in the table below.

Table 2-3 Representative Vehicle Classes, Conversion Coefficients and Corresponding Expressway Vehicle Classes

Representative Vehicle Classes	**Vehicle Conversion Coefficient**	**Description**	**Vehicle Classes under the Vehicle Classification of the Toll for Highway (JT/T489-2003)**	**Vehicle Classes under the Vehicle Classification of the Toll for Highway (JT/T489-2019)**
Small Vehicle	1.0	Passenger vehicles with ≤19 seats and goods vehicles with payload ≤2t	Class 1 Passenger Vehicle, Class 2 Passenger Vehicle, Class 1 Goods Vehicle	Class 1 Passenger Vehicle, Class 2 Passenger Vehicle, Class 1 Goods Vehicle
Medium Vehicle	1.5	Passenger vehicles with >19 seats and goods vehicles with 2t<payload≤7t	Class 3 Passenger Vehicle, Class 4 Passenger Vehicle, Class 2 Goods Vehicle	Class 3 Passenger Vehicle, Class 4 Passenger Vehicle, Class 2 Goods Vehicle
Large Vehicle	2.5	Goods vehicles with 7t<payload≤20t	Class 3 Goods Vehicle	Class 3 Goods Vehicle, Class 4 Goods Vehicle
Combination Vehicle	4.0	Goods vehicles with payload >20t	Class 4 Goods Vehicle, Class 5 Goods Vehicle	Class 5 Goods Vehicle, Class 6 Goods Vehicle

Note: Conversion coefficients are sourced from the Technical Standard of Highway Engineering (JTG B01-2014). The applicable coefficient is selected according to the actual vehicle condition and payload.

Chapter 3: Regional Economic Status and Planning

Having regard to the Project's position within the regional road network and its impact on the economy, transport, passenger flow and logistics of areas along the route, Chengdu City of Sichuan Province is defined as the direct impact area, and the rest of Sichuan Province as the indirect impact area.

This chapter first analyses the current socio-economic conditions of the impact area to assess the state of regional development. It then interprets the socio-economic and transport plans for the impact area to ascertain the future evolution of the regional road network, and assesses the future prospects of the Western Section in light of economic planning.

3.1 ECONOMIC AND SOCIAL STATUS

3.1.1 Sichuan Province

Geographical Location: Sichuan Province is situated in the inland of southwest China and in the upper reaches of the Yangtze River. It is adjacent to Shaanxi, Gansu and Qinghai on the north, Chongqing on the east, Yunnan and Guizhou on the south, and Xizang on the west. Sichuan is a key junction linking southwest, northwest and central China, and a strategic intersection and transport corridor connecting southern and central China, linking southwest and northwest China, and facilitating exchanges with Central, South and Southeast Asia. The Sichuan Basin in eastern Sichuan is one of China's four major basins, encompassing central and eastern Sichuan and most of Chongqing. It constitutes the core area of the Sichuan – Chongqing region, characterised by dense urban settlements, a prosperous economy, abundant resources and a strategic location.

Administrative Divisions and Population: Sichuan Province covers a total area of 486,000 km^2, ranking fifth nationwide after Xinjiang, Xizang, Inner Mongolia and Qinghai. The province administers 21 prefecture-level divisions, comprising 18 prefecture-level cities and 3 autonomous prefectures. At the end of 2025, the province's permanent resident population stood at 83.18 million, with a decrease of 460,000 from the end of the previous year. Its population included 51.06 million urban residents and 32.12 million rural residents. The urbanisation rate of the permanent resident population was 61.38%, an increase of 1.28 percentage points year-on-year.

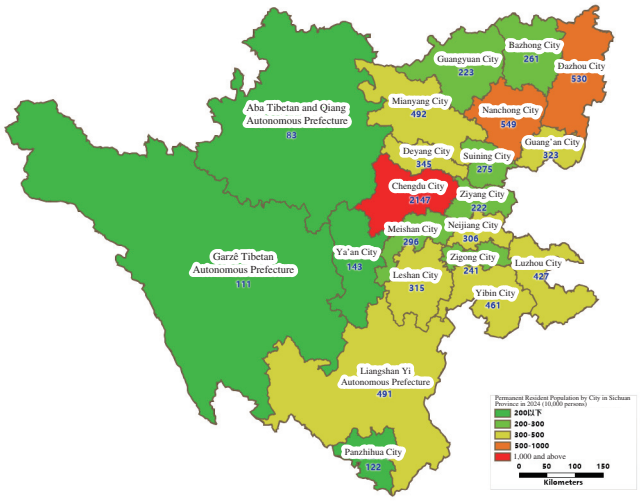


Figure 3-1 Distribution of Permanent Resident Population in Sichuan Province (2024)

Note: As Mianyang, Yibin, Guang'an, Neijiang, Guangyuan, Aba and certain other jurisdictions had not yet published the latest permanent resident population data of 2025 at the time of preparation, relevant data of 2024 were used.

Economic Development: In 2025, Sichuan Province achieved a gross domestic product (GDP) of RMB6,766.53 billion, representing an increase of 5.5% over the previous year at constant prices. The value-added of the primary industry was RMB575.14 billion (+3.7%); the secondary industry RMB2,326.02 billion (+4.9%); and the tertiary industry RMB3,865.38 billion (+6.1%). The industrial structure was 8.5:34.4:57.1, with the three industries contributing 6.7%, 31.6% and 61.7% respectively to economic growth. Per capita GDP was RMB81,124 (+5.8%). For the full year 2025, per capita disposable income of all residents was RMB36,120, an increase of 5.2% over the previous year.

Table 3-1 Historical Principal Economic Indicators of Sichuan Province

Year	Permanent Resident Population (10,000 persons)	GDP (RMB100 million, current prices)	GDP Growth Rate	Industrial Structure (%)			Per Capita GDP (RMB/person)
				Primary Industry	Secondary Industry	Tertiary Industry	
2010	8,045	17,467	15.0%	13.7	47.4	38.9	21,524
2011	8,064	21,313	14.8%	13.4	47.0	39.6	26,461
2012	8,085	24,225	11.6%	13.0	46.4	40.7	30,002
2013	8,109	26,858	10.0%	12.1	46.2	41.6	33,171
2014	8,139	29,357	8.6%	12.0	44.6	43.4	36,137
2015	8,196	30,829	7.9%	11.9	42.8	45.3	37,746
2016	8,251	33,879	7.6%	11.5	39.7	48.8	41,198
2017	8,289	38,517	7.9%	11.1	37.8	51.1	46,574

Year	Permanent Resident Population (10,000 persons)	GDP (RMB100 million, current prices)	GDP Growth Rate	Industrial Structure (%)			Per Capita GDP (RMB/ person)
				Primary Industry	Secondary Industry	Tertiary Industry	
2010	8,045	17,467	15.0%	13.7	47.4	38.9	21,524
2018	8,321	43,539	7.8%	10.2	36.9	53.0	52,425
2019	8,351	47,169	7.4%	10.2	36.5	53.3	56,584
2020	8,371	49,445	3.8%	11.3	35.1	53.6	59,138
2021	8,372	55,131	8.3%	10.7	33.4	55.9	65,856
2022	8,374	57,609	2.9%	10.4	34.9	54.7	68,804
2023	8,368	61,353	6.1%	9.1	34.0	56.9	73,293
2024	8,364	64,697	5.7%	8.8	34.3	56.9	77,333
2025	8,318	67,665	5.5%	8.6	33.9	57.5	81,124

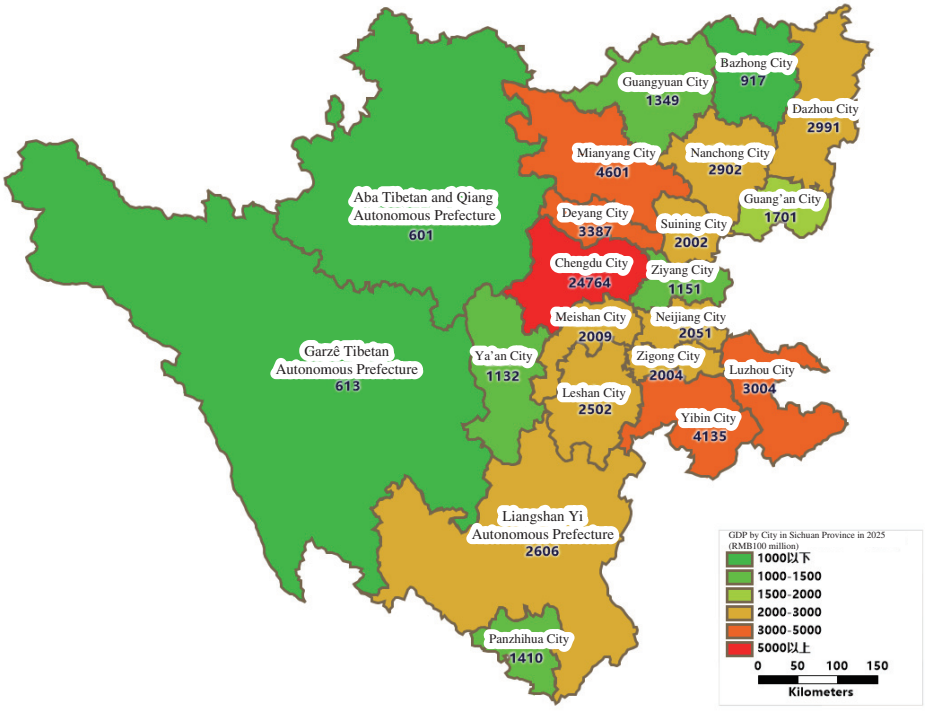


Figure 3-2 GDP Distribution by City and Prefecture in Sichuan Province (2025)

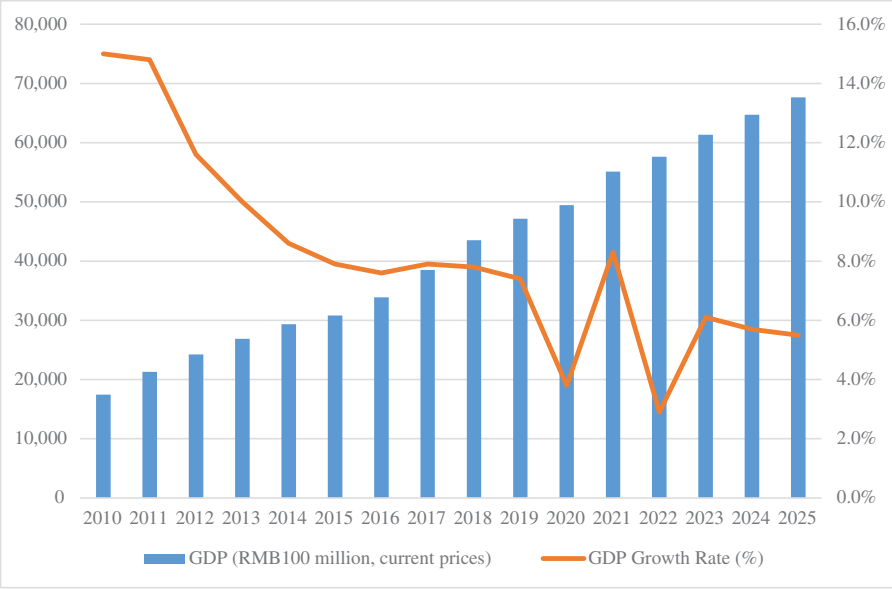


Figure 3-3 Historical GDP Trend of Sichuan Province

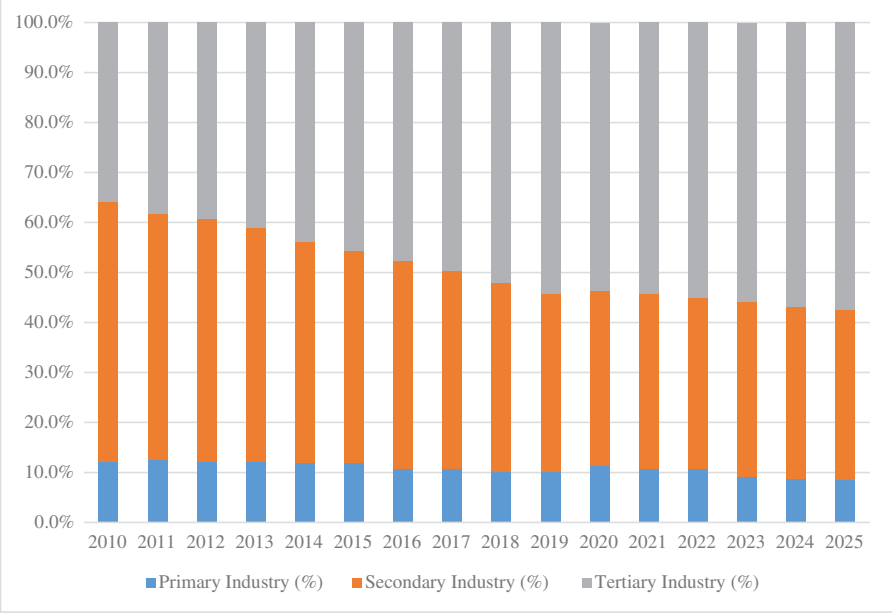


Figure 3-4 Historical Trend of the Three-Industry Structure of Sichuan Province

3.1.2 Chengdu City

Geographical Location: Chengdu City is located in central Sichuan Province, in the western part of the Sichuan Basin and at the eastern edge of the Qinghai-Xizang Plateau. It is adjacent to Deyang City on the northeast, Ziyang City on the southeast, Meishan City on the south, Ya'an City on the southwest, and Aba Tibetan and Qiang Autonomous Prefecture on the northwest. Chengdu is a major central city in southwest China and an international comprehensive transport hub. The terrain slopes from northwest to southeast. The western part is dominated by deep hills and mountains, while the eastern part comprises plains, terraces and low hills, forming the heartland of the Chengdu Plain. Chengdu has been known since antiquity as the "Land of Abundance".

Administrative Divisions and Population: Chengdu covers a total area of 14,335 km^2, administering 12 districts (Jinjiang, Qingyang, Jinniu, Wuhou, Chenghua, Longquanyi, Qingbaijiang, Xindu, Wenjiang, Shuangliu, Pidu and Xinjin), 5 county-level cities (Jianyang, Dujiangyan, Pengzhou, Qionglai and Chongzhou) and 3 counties (Jintang, Dayi and Pujiang). At the end of 2025, the city's permanent resident population was 21.535 million, an increase of 61,000 from the end of the previous year. The urban permanent resident population was 17.542 million, and the urbanisation rate was 81.46%, an increase of 0.65 percentage points from the end of the previous year.

Economic Development: In 2025, Chengdu achieved a GDP of RMB2,476.36 billion, representing an increase of 5.8% over the previous year at comparable prices. By industry, the value-added of the primary industry was RMB54.11 billion (+3.3%); the secondary industry RMB690.39 billion (+5.4%); and the tertiary industry RMB1,731.86 billion (+6.1%). The industrial structure was 2.2:27.9:69.9. Per capita GDP, based on the permanent resident population, was RMB115,155 (+5.5%).

Table 3-2 Historical Principal Economic Indicators of Chengdu City

Year	Permanent Resident Population (10,000 persons)	GDP (RMB100 million, current prices)	GDP Growth Rate	Industrial Structure (%)			Per Capita GDP (RMB/ person)
				Primary Industry	Secondary Industry	Tertiary Industry	
2010	1,405	5,889	14.8%	5.3	46.2	48.4	40,288
2011	1,458	7,345	14.8%	4.6	46.4	49.1	47,750
2012	1,511	8,620	14.7%	4.0	46.2	49.9	54,211
2013	1,564	9,451	11.4%	3.6	43.0	53.3	57,538
2014	1,620	10,368	9.9%	3.9	40.4	55.7	61,099
2015	1,685	10,662	8.7%	3.9	39.5	56.6	60,643
2016	1,858	11,874	7.9%	4.1	35.5	60.3	65,067

Year	Permanent Resident Population (10,000 persons)	GDP (RMB100 million, current prices)	GDP Growth Rate	Industrial Structure (%)			Per Capita GDP (RMB/ person)
				Primary Industry	Secondary Industry	Tertiary Industry	
2010	1,405	5,889	14.8%	5.3	46.2	48.4	40,288
2017	1,919	13,931	7.8%	4.1	32.3	63.6	73,770
2018	1,981	15,699	8.1%	3.7	30.8	65.5	80,503
2019	2,041	17,011	8.0%	3.6	30.5	65.9	84,584
2020	2,095	17,838	7.8%	3.7	29.9	66.4	86,266
2021	2,119	19,962	4.0%	2.9	30.0	67.1	94,837
2022	2,127	20,789	8.6%	2.8	30.5	66.7	97,925
2023	2,140	22,075	2.8%	2.7	28.9	68.4	103,465
2024	2,147	23,511	6.0%	2.3	28.7	69.0	109,669
2025	2,154	24,764	5.7%	2.2	27.9	69.9	115,155

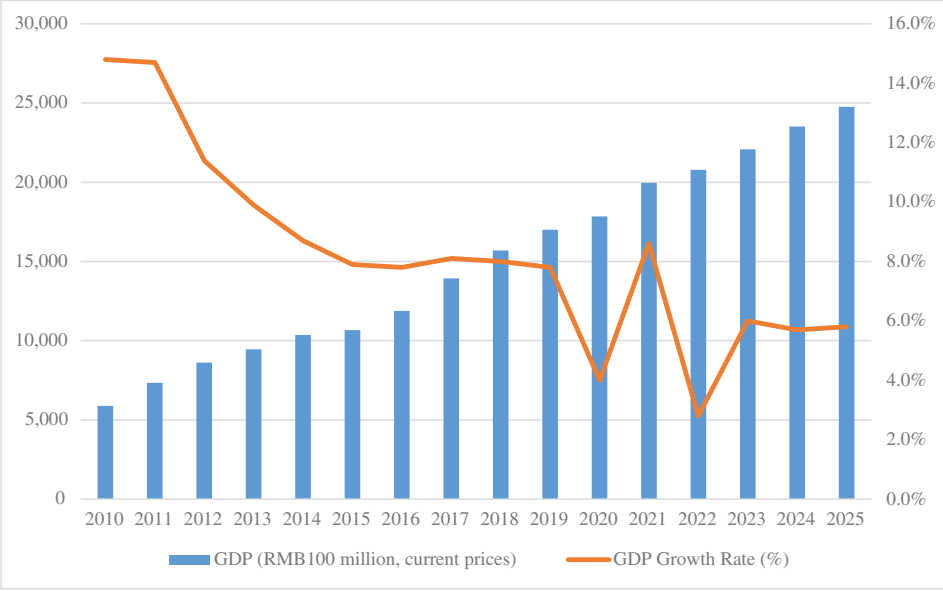


Figure 3-5 Historical GDP Trend of Chengdu City

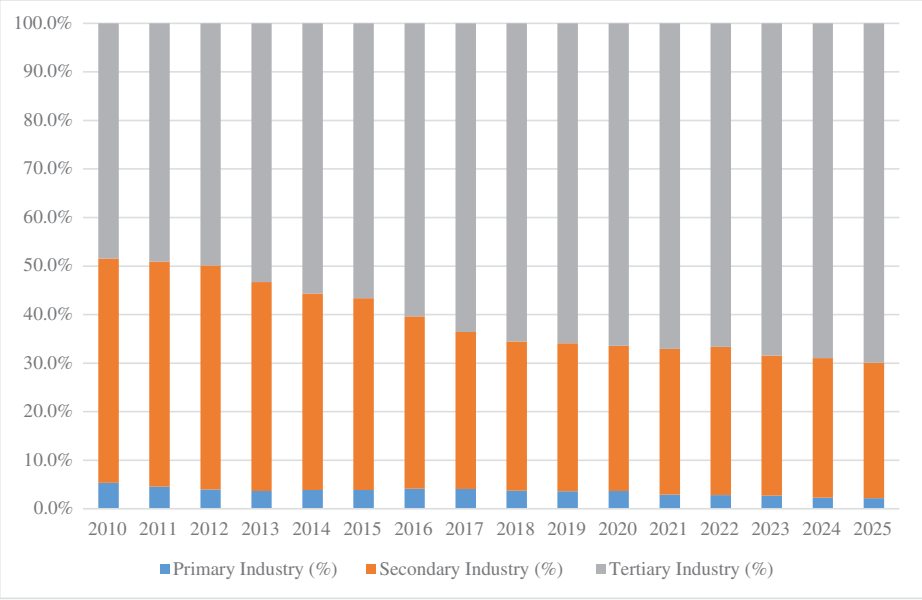


Figure 3-6 Historical Trend of the Three-Industry Structure of Chengdu City

3.2 INTERPRETATION OF ECONOMIC AND INDUSTRIAL PLANNING

◆ **Sichuan Province Territorial Spatial Planning (2021-2035)**

Development Goals: By 2035, a new pattern of territorial spatial development and protection characterised by clearly defined main functions, complementary advantages and high-quality development will be fully established; population, economy, resources and environment will be more closely coordinated; the modernisation of the territorial spatial governance system and capacity will be comprehensively improved; territorial spatial security capabilities will be comprehensively enhanced; and territorial spatial support for overall national interests will be more robust. By 2050, the Planning will fully support the building of a modern, prosperous socialist province, providing high-quality spatial guarantees for a more prosperous and peaceful Land of Abundance, more beautiful and nourishing landscapes, and a happier and more comfortable life for the people.

Territorial Spatial Pattern: Efforts are directed towards establishing an overall provincial spatial pattern of "two zones, three ecological barriers, one axis and three belts" to promote coordinated progress in time, integrated layout in space and a complementary effect in functions for the goals of new industrialisation, informatisation, urbanisation and agricultural modernisation. The two major grain and oil producing areas – the Sichuan Basin and the Anning River Basin – are strictly protected. Ecological protection and restoration are strengthened in the three major ecological barrier areas: the Qinghai – Xizang Plateau, the Qinba Mountains and the Yunnan – Guizhou Plateau. Relying on the northern, central and southern comprehensive transport corridors of the Chengdu – Chongqing region, the comprehensive carrying capacity for population and economic activity is enhanced, and the principal urban development axis of the Chengdu-Chongqing region is continuously

strengthened. Relying on the Xi'an – Chengdu – Kunming, Chengdu – Dazhou – Wanzhou and major riverside corridors, cities along the routes are encouraged to enhance service functions and promote industrial upgrading, with a view to developing the Chengdu – Deyang – Mianyang – Meishan – Leshan – Ya'an – Guangyuan – Xichang – Panzhihua urban development belt, the Chengdu – Suining – Nanchong – Dazhou urban development belt, and the Panzhihua – Yibin – Luzhou riverside urban development belt.

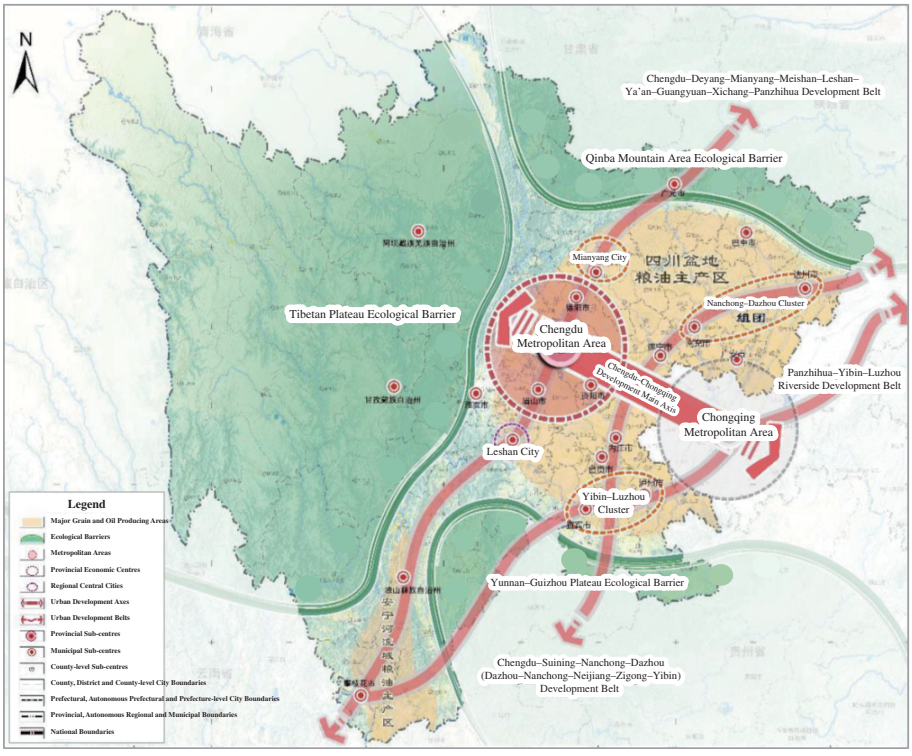


Figure 3-7 Territorial Spatial Development and Protection Pattern of Sichuan Province

◆ **Master Plan for the Construction of the Chengdu – Chongqing Economic Circle**

Development Goals: By 2035, a Chengdu – Chongqing economic circle of substantial strength and distinctive characteristics will be established; Chongqing and Chengdu will rank among modern international metropolises; the urban system supporting coordinated development of small, medium and large cities will be more complete; infrastructure interconnection will be essentially achieved; a nationally influential science and technology innovation centre will be essentially completed; the advantages of world-class advanced manufacturing clusters will be fully established; the modern industrial system will be full-fledged; an open economic system integrated into the global economy will be essentially established; the quality of life will be significantly improved; and the region's capacity to support and drive high-quality development nationwide will be notably enhanced, making it emerge as an internationally influential active growth pole and powerful engine.

Spatial Pattern: Oriented towards leveraging strengths, highlighting distinctive features and promoting coordinated development, the Plan emphasises dual-city leadership, strengthens dual-circle interaction, facilitates two-wing coordination, coordinates the development of small, medium and large cities as well as towns, and promotes a spatial pattern of appropriate density and efficient intensification. The development capacity of the two core cities is enhanced, the functional layout of Chongqing's main urban area and Chengdu is optimised, and overall development capacity and comprehensive competitiveness are improved in an all-round way, leading and driving the development of the economic circle. In accordance with the laws governing factor mobility and industrial division, modern metropolitan areas are cultivated around Chongqing's main urban area and Chengdu, driving the accelerated development of surrounding cities, districts and counties. Building on advantages in resources, personnel exchanges and industrial linkages, interaction between regional central cities and coordination with adjacent areas are strengthened to optimise the pattern of coordinated development within the economic circle.

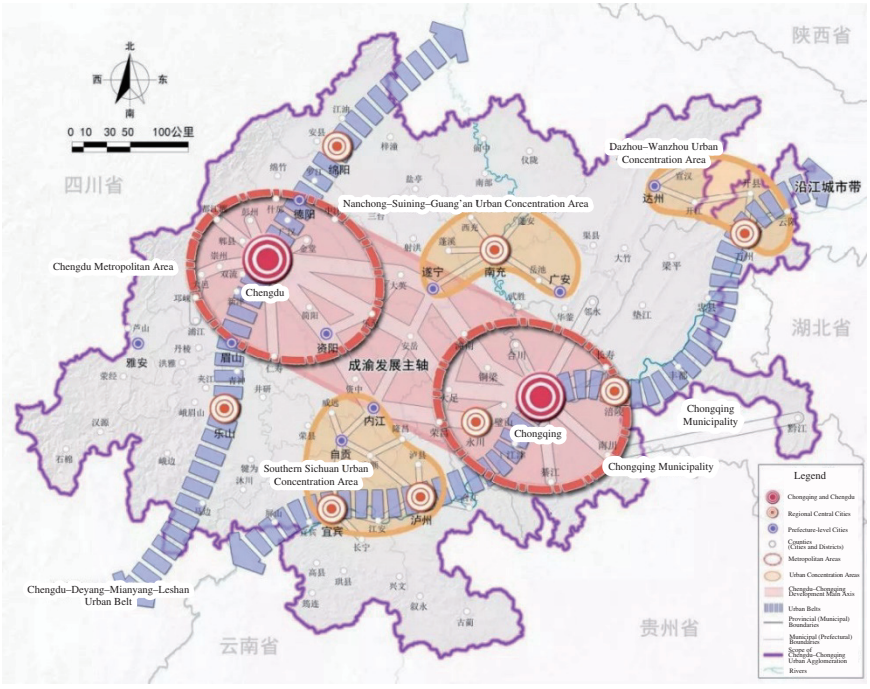


Figure 3-8 Planning for Chengdu – Chongqing Economic Circle

Industrial System Layout: Taking the new round of global scientific and technological revolution and industrial chain restructuring as an opportunity, and adhering to market leadership and government guidance, institutional innovation is strengthened, industrial chains and supply chains are optimised, stabilised and upgraded, and a modern industrial system characterised by efficient division, staggered development, orderly competition and mutual integration is accelerated. Advanced manufacturing clusters with international competitiveness are cultivated. Focusing on intelligent connected and new energy vehicles, a high-level automotive R&D and manufacturing base is jointly developed. In the fields of aviation, aerospace, rail transit, energy equipment, industrial robots, instruments and meters, CNC

machine tools and motorcycles, world-class equipment manufacturing clusters are cultivated. High-quality resources in the principal Baijiu-producing areas are integrated, and industries such as health food, boutique apparel and distinctive light industry are expanded to cultivate distinctive consumer goods industrial clusters. The national strategic emerging industry cluster development programme is further advanced, a number of forerunner industries are proactively developed, the advanced materials industry is expanded, biomedicine, medical devices and modern traditional Chinese medicine industries are developed in a coordinated manner, and a big health industry base in western China is jointly built.

Industrial Transfer Undertaking: Leveraging advantages in factor costs, market access and corridor connectivity, and with greater efforts and higher standards, the overall relocation of industrial chains from eastern regions and overseas, as well as the coordinated relocation of related industries, are undertaken to supplement and strengthen the industrial chain of the region. The database of industrial transfer projects is actively utilised; a cross-regional coordination mechanism for undertaking industrial transfer is established and policy frameworks for information alignment, benefit sharing and tax revenue allocation are improved. Concentrated undertaking zones for industrial transfer are designated, and central budgetary investment continues to be allocated to support the construction of infrastructure and public service platforms in key parks within national-level new areas and industrial transfer demonstration zones, continuously enhancing undertaking capacity. The establishment of a regional industrial coordinated development investment fund through market-oriented mechanisms is explored to support the implementation of pilot and catalytic major industrial projects.

◆ **Chengdu Metropolitan Area Development Plan**

Development Goals: Focusing on establishing a new development pattern for the Chengdu – Chongqing economic circle characterised by dual-city leadership, dual-circle interaction and two-wing coordination, the Plan comprehensively enhances the Chengdu metropolitan area's functions in modern industrial collaboration leadership, innovation resource agglomeration and transformation, reform system integration and inland gateway for opening-up, and comprehensive population carrying services, comprehensively elevates the level of integrated development, and strengthens its role as a key driver of the Chengdu–Chongqing economic circle. By 2035, efficient infrastructure will be networked across the region, high-quality public services will be equitably shared, living standards will be prosperous and comfortable, and the capacity for agglomeration and allocation of high-end factors will be substantially enhanced. A number of world-class industrial clusters, global enterprises and internationally renowned brands will emerge, and the metropolitan area will play a greater role in supporting the implementation of major national strategies and participating in global competition and cooperation, essentially becoming a future-oriented, world-facing modern metropolitan area with international competitiveness and regional driving force.

Regional Pattern for Opening-up: The Plan actively integrates into major strategies such as the Belt and Road Initiative, the development of the Yangtze River Economic Belt, and the new pattern of large-scale development of western China in the new era, proactively serves the new development paradigm, deepens opening-up and cooperation, and jointly builds a new inland reform and opening-up highland that serves as a link to the world. It deeply integrates into the development of the Yangtze River Economic Belt. Along the three development axes (north, central and south) of the Chengdu – Chongqing region, and relying on high-speed rail and expressway corridors, it deepens coordinated development with cities in the southern Sichuan economic zone and the northeastern Sichuan economic zone, and actively promotes cooperation with Chongqing's main urban area, western and northeastern Chongqing. Along the golden waterway of the Yangtze River, it engages in supply chain and industrial chain collaboration with key cities in the middle reaches of the Yangtze River, proactively undertakes industrial relocation from the Yangtze River Delta and strengthens cooperative interaction, and, through mechanisms such as the Pan-Pearl River Delta Regional Co-operation Chief Executive Joint Conference, the Sichuan – Hong Kong and Sichuan – Macao Cooperation Conference, and east – west industrial collaboration, deeply connects with the Guangdong – Hong Kong – Macao Greater Bay Area and the southeast coastal economic belt.

Spatial Development Layout: Oriented towards integrated development, the radiating and driving role of Chengdu as a central city is strengthened, the comparative advantages of Deyang, Meishan and Ziyang are leveraged, and the supporting role of small cities, counties and key towns is enhanced, to establish a networked metropolitan area spatial development pattern characterised by core leadership, axis-belt connectivity and multi-point support. The east–west urban axis of the metropolitan area is improved; the eastward expansion of Chengdu and the westward expansion of Chongqing are promoted in a coordinated manner; the pivotal role of Chengdu Eastern New Area in linkage with Chongqing is strengthened, and the principal development axis of Chengdu – Chongqing is consolidated. The radiating and driving role of Sichuan Tianfu New Area and the Chengdu International Railway Port Economic and Technological Development Zone is strengthened, and the Chengdu – Deyang – Meishan development axis is built. The Chengdu – Deyang port-adjacent economic and industrial belt is jointly developed, with high-end energy equipment clusters and a pilot zone for integrated application of "5G + Industrial Internet". The Chengdu – Meishan high-tech industrial belt is jointly developed, creating a high-tech industry agglomeration zone and a modern service industry development demonstration zone. The Chengdu – Ziyang airport-oriented economic and industrial belt is jointly developed, accelerating the formation of a specialised division of labour and collaboration system for airport-oriented industries, and jointly building a national-level airport-oriented economic demonstration zone.

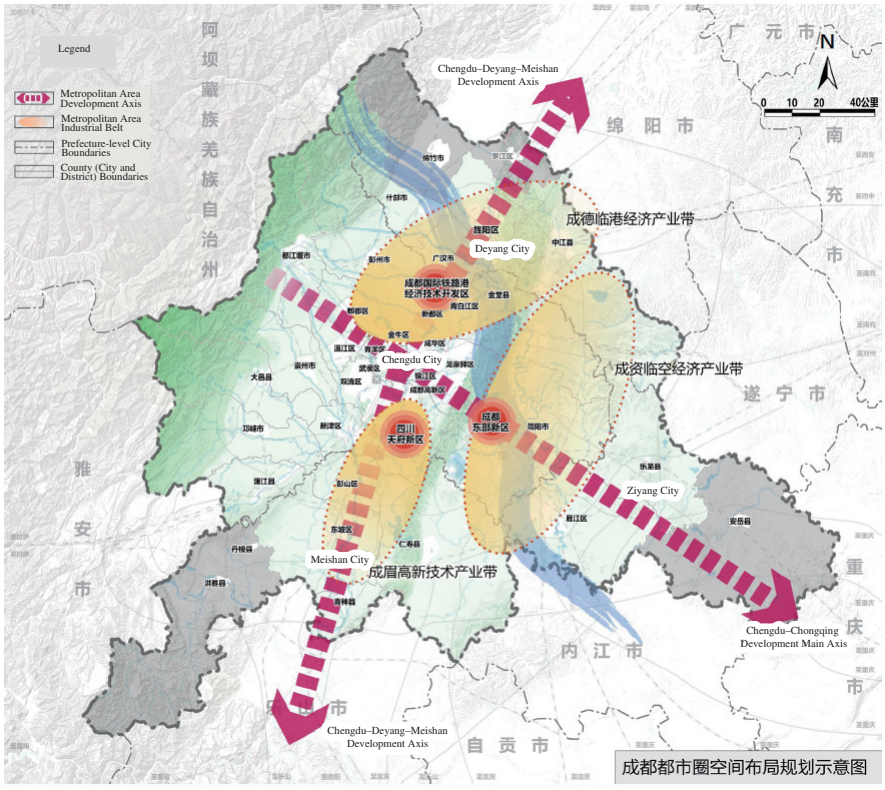


Figure 3-9 Schematic Layout Plan of Chengdu Metropolitan Area

Industrial System Layout: Under the principles of "strengthening chains, cultivating clusters and building systems", industrial innovation and integrated development are promoted; the modernisation of industrial chains and supply chains and the core competitiveness of advantageous industries are enhanced, and a modern industrial system characterised by high-end entry, staggered development and clustered chains, is established. Industrial division and collaboration are strengthened, regional industrial policies are aligned, stock adjustment and incremental optimisation are promoted, and a differentiated and coordinated manufacturing development layout is improved. With a focus on the development of the "three belts", and concentrating on fields such as next-generation electronic information, equipment manufacturing and rail transit, the role of Chengdu as the engine of manufacturing innovation and development is highlighted, the service support and industrial undertaking capacity of Deyang, Meishan and Ziyang are strengthened, chain-based linkage and gradient layout are promoted, and the industrial functional zones of the Chengdu metropolitan area are integrally developed.

Advanced manufacturing clusters are strengthened. Focusing on sub-fields such as integrated circuits, new displays, intelligent terminals and high-end software, further efforts are made for joint research on core technologies and the cultivation of new products, new business formats and models, and the establishment of world-class electronic information industry clusters. Advantageous resources in fields such as aviation and gas turbines, rail transit, energy equipment, energy conservation and environmental protection, industrial robots

and CNC machine tools are integrated; equipment design, manufacturing and integration capabilities are improved; intelligent, digital and complete-set production is achieved, and world-class equipment manufacturing clusters are jointly built. The development of the Internet of Vehicles is accelerated, focusing on intelligent (connected) and new energy vehicles. A high-level automotive industry cluster is developed. The national strategic emerging industry cluster development programme is further advanced, and industrial bases for rail transit, biomedicine and advanced materials are strengthened.

◆ **Chengdu Territorial Spatial Master Plan (2021-2035)**

City Positioning: Chengdu is the provincial capital of Sichuan Province, an important central city in western China, a national historical and cultural city, and an international comprehensive transport hub. It is functionally positioned to serve as the economic, sci-tech innovation, and international exchange center of western China, as well as a national advanced manufacturing base.

Development Goals: By 2035, socialist modernisation will be essentially achieved, the construction of an innovative city will enter the world's advanced level, and cultural influence will be significantly enhanced. The practice of common prosperity will be at the forefront nationwide, the modernisation of the mega-city governance system and capacity will be essentially achieved, and Chengdu will become a growth pole and engine with international influence, comprehensively building a park city demonstration zone that practises new development concepts, and an international hub city. By 2050, Chengdu will establish itself as an economic centre, sci-tech innovation centre, trade centre and cultural centre, and become a model park city characterised by innovation, all-age care, affluence and an ecologically liveable environment. It will build a new "Land of Abundance" of socialist modernisation, and emerge as a sustainable world city fully reflecting Chinese characteristics, era features and Chengdu qualities.

Territorial Spatial Pattern: An overall protection and development pattern for parallel and belt-shaped municipal territorial space is established, protecting the "two mountains and two zones" and developing the "two wings and three axes". The "two mountains" refer to the Longmen Mountain and the Longquan Mountain, which protect ecological barriers and form the urban green landscape. The "two zones" refer to the Chengdu Plain agricultural zone in the western part of the city and the hilly agricultural zone on the eastern side of the Longquan Mountain, where large-scale modern agriculture and hill agriculture are developed, respectively. The "two wings" refer to the east and west wing group cities: the west wing is the central urban area, where the core functions of the national central city are further strengthened; the east wing is the eastern urban area, where advanced manufacturing is clustered, and an emerging core of the national central city is developed. The "three axes" refer to three urban axes – the functional, cultural, public service and landscape axes for urban development – comprising the north–south central urban axis, the east – west urban axis, and the Tuojiang River development axis on the eastern side of Longquan Mountain.

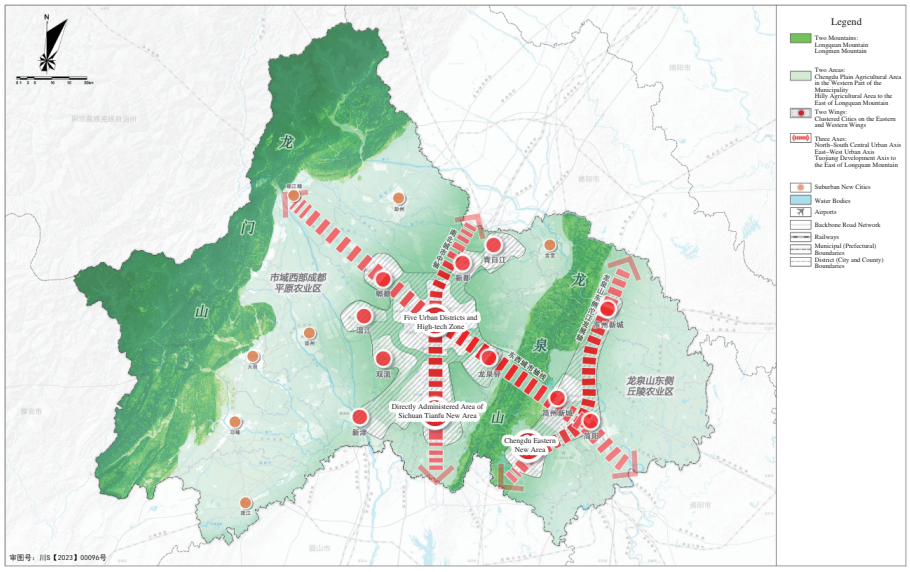


Figure 3-10 Chengdu's Overall Planning for Territorial Spatial Pattern

Industrial System Layout: The capacity for global resource allocation and overall economic efficiency is improved, spatial guarantees for the orderly undertaking of industrial gradient transfer are strengthened, industrial development methods are transformed through the concept of industrial circle and chain strengthening, and a modern industrial system supporting high-quality development is established. Priorities are given to the development of national advanced manufacturing. High-quality manufacturing development is led by new industrialisation, the in-depth integration of informatisation and industrialisation is promoted, and the digital transformation of manufacturing is accelerated. Pillar industries such as electronic information, equipment manufacturing, pharmaceutical and health, advanced materials and green food are emphasized for development, strategic emerging industries such as artificial intelligence, low-altitude economy and cutting-edge medicine are accelerated, future industries such as quantum technology, life sciences, optical chips and new energy storage are proactively laid out, producer services are developed in an integrated manner, and the competitiveness of the industrial system is enhanced. Industrial circle and chain strengthening is promoted, innovation chains are deployed around industrial chains, and supply chain stability is enhanced. The construction of advanced manufacturing clusters with international competitiveness is accelerated, and a national advanced manufacturing base is built.

Planning Interpretation: The area in which the Project is located is an important node of the Chengdu – Chongqing economic circle and a key component of the Chengdu metropolitan area, and one of the metropolitan area's important industrial agglomeration zones. An industrial system, dominated by electronic information, equipment manufacturing, new energy and advanced materials, has been formed in the region, principally undertaking manufacturing, logistics and other functions relieved from Chengdu's central urban area, while also undertaking the relocation of labour-intensive and high-end equipment manufacturing industries from the eastern coastal areas. As an important transport trunk line in the region, the

Project connects districts and county-level cities within Chengdu such as Shuangliu District, Xinjin District, Chongzhou City, Wenjiang District, Pidu District, Xindu District and Pengzhou City, enhancing convenient transport links in the core urban area, promoting factor mobility and industrial agglomeration between Chengdu and surrounding areas, providing efficient logistics and personnel mobility guarantees for industrial transfer, and facilitating the coordinated industrial development of the Chengdu – Chongqing economic circle and the integration process of the Chengdu metropolitan area.

3.3 INTERPRETATION OF TRANSPORT PLANNING

◆ **Outline of the National Comprehensive Three-dimensional Transportation Network Plan; National Highway Network Plan**

Accelerating the Construction of the Main Framework of the High-Efficiency National Comprehensive Three-dimensional Transportation Network: Based on the national regional development strategy and the territorial spatial development and protection pattern, key regions are classified into three categories – poles, groups and clusters – according to the magnitude of transport demand. According to the intensity of transport connections between poles, groups and clusters, the main framework of the national comprehensive three-dimensional transportation network is constructed, comprising principal axes, corridors and channels. The construction of six principal axes is accelerated, strengthening connections among the four poles, namely, Beijing – Tianjin–Hebei, the Yangtze River Delta, the Guangdong – Hong Kong – Macao Greater Bay Area and the Chengdu – Chongqing economic circle, and building comprehensive, multi-channel, three-dimensional, large-capacity and rapid transport principal axes. The construction of seven corridors is accelerated, strengthening the radiating role of the four poles, enhancing connections between poles and groups or clusters, and building multi-modal, multi-channel and convenient transport corridors such as Beijing – Harbin, Beijing – Xizang, the Continental Bridge, the Western Land-Sea Corridor, Shanghai – Kunming, Chengdu – Chongqing – Kunming and Guangzhou – Kunming, optimising and improving the multi-centre, networked main framework structure.



Figure 3-11 Schematic Layout of the Main Framework of the National Comprehensive Three-dimensional Transportation Network

National Highway Network Planning Scheme: Following the approach of "maintaining overall stability, achieving effective connectivity, strengthening corridor capacity and improving network efficiency", the national expressway network is supplemented and improved. The overall layout and framework of the national expressway network are maintained stable, certain route alignments are optimised, and ecologically protected areas and environmentally sensitive areas are avoided; connections to cities and counties with an urban population exceeding 100,000 and to important land border ports are supplemented; corridor capacity between urban agglomerations and key cities is strengthened; inter-city channels within urban agglomerations and border-adjacent rapid channels are reinforced, metropolitan area ring roads are added, and certain routes improving network efficiency and resilience are incorporated. The national expressway network comprises 7 radial lines from Beijing, 11 north–south longitudinal lines, 18 east–west horizontal lines, 6 regional ring roads, 12 metropolitan area ring roads, 30 city ring roads, 31 parallel lines and 163 connecting lines.



Figure 3-12 National Expressway Network Layout

Planning Interpretation: The Outline of the National Comprehensive Three-dimensional Transportation Network Plan proposes the construction of the main framework of "six axes, seven corridors and eight channels", with three-dimensional accessibility among major cities nationwide and effective coverage of county-level nodes, to build comprehensive, multi-channel, three-dimensional, large-capacity and rapid transport principal axes. As the core segment of Chengdu Second Ring Expressway, the Project improves Sichuan Province's expressway network system, strengthens connections within the Chengdu region, enhances the interconnection of expressways in the region, reinforces inter-city connections within the Chengdu – Chongqing economic circle – one of the four poles – provides important support for achieving the goal of "three-dimensional accessibility among major cities nationwide and effective coverage of county-level nodes", and promotes the transport integration process of the Chengdu – Chongqing economic circle.

◆ **Sichuan Province Expressway Network Layout Plan (2022-2035)**

Layout Scheme: Benchmarked against the requirements of the province's "one axis, two wings, three belts" layout for developing the regional economy, and based on the existing road network, the layout is developed in accordance with the approach of "strengthening the principal axis, densifying the two wings, unclogging the three belts and linking the three prefectures". The Plan establishes an expressway network comprising 20 radial lines from Chengdu, 13 longitudinal lines, 13 horizontal lines, 4 ring roads and 44 connecting lines. The total scale of the province's expressways is approximately 20,000 km (including 600 km of capacity expansion and duplicate lines), of which 8,500 km are national expressways and 11,500 km are provincial expressways. In addition, 1,700 km of long-term vision lines are planned.

Implementation Arrangement: With full consideration of the economic and social benefits of planned routes and the development of the comprehensive transport network, the construction pace is properly managed, construction timing is reasonably determined, and the construction of the province's expressways is advanced in a steady and orderly manner. During the 14th Five-Year Plan period, the construction of major outbound channels and urban agglomeration channels continues to be accelerated, the extension of expressways to ethnic minority areas is promoted, and the capacity expansion and renovation of congested sections of important channels are advanced. By 2025, it is expected that over 11,000 km of expressways will be completed and opened to traffic. By 2035, planned routes with high transport demand and complete factor guarantees will be fully implemented, effectively supporting and leading rapid economic and social development of the province. Construction conditions should be secured for long-term vision lines. Construction of such lines should be carried out at an appropriate time, based on economic, social and transport development and subject to thorough feasibility evaluations.

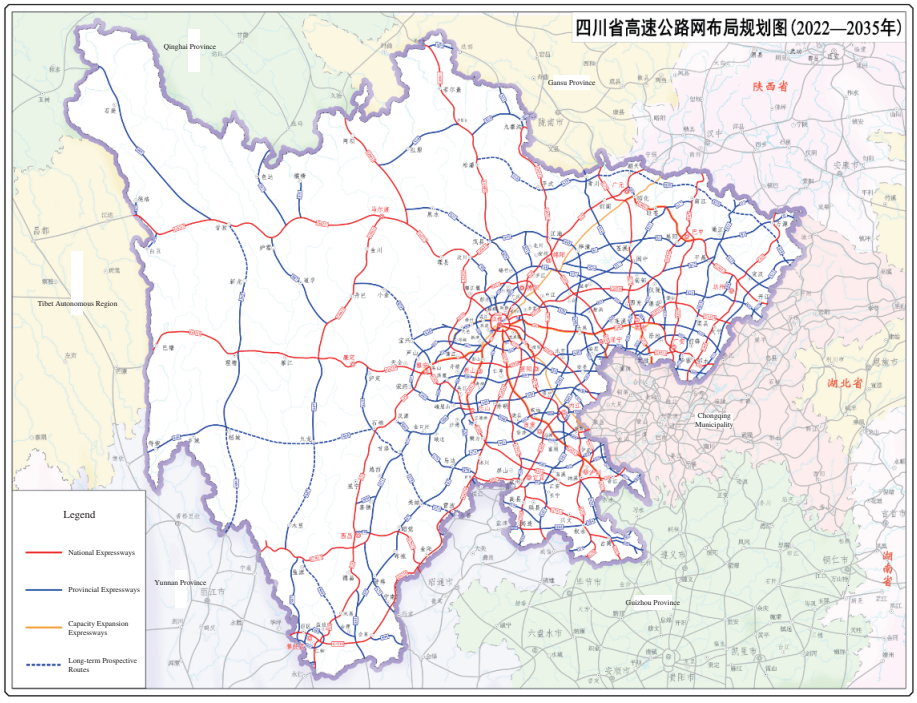


Figure 3-13 Layout Planning for Sichuan Province Expressway Network (2022-2035)

◆ **Sichuan Province's 14th Five-Year Plan for Comprehensive Transport Development**

Development Goals: By 2025, major breakthroughs will be achieved in building a strong transport province. The "four-direction and eight-corridor" strategic comprehensive transport corridor and the Chengdu–Chongqing economic circle international comprehensive transport hub cluster will be initially completed, the "123 travel circle" and "123 fast freight logistics circle" will be essentially formed, and the basic realisation of "rapid network covering districts and counties, trunk network reaching towns and townships, and basic network connecting villages and sub-villages" will lay a solid foundation for building the "fourth pole" of national transport.

Expressway Construction: The improvement of the expressway network is accelerated, with a focus on major corridors in and out of Sichuan as well as inter-city interconnection, and a goal of county-level coverage. Sichuan–Guizhou, Sichuan – Yunnan, Sichuan – Shaanxi and Sichuan – Chongqing inter-provincial corridors are densified to achieve 37 major expressway corridors in and out of Sichuan. Efforts are made to extend expressways to ethnic minority areas and to accelerate the construction of expressway sections such as Jiuzhi – Maerkang, Jiuzhaigou – Mianyang, Yibin – Panzhihua and Xichang – Zhaotong that are to be connected to the national expressway network. The capacity expansion and renovation of congested sections such as Chengdu – Chongqing, Chengdu – Mianyang – Guangyuan, Chengdu – Leshan, Chengdu – Nanchong and Suining – Chongqing are advanced. The construction of inter-city expressways is promoted, essentially achieving direct connections between the five major regions and between cities within each region. Centred on the development needs of the Chengdu – Chongqing economic circle, a number of expressway projects are planned and studied, supporting projects with suitable conditions to commence construction at an appropriate time.

Corridor Upgrading: The renovation of sections to be connected and low-grade sections of ordinary national and provincial highways is accelerated, the proportion of towns and townships connected to third-class highways is improved, and the inter-provincial connectivity of trunk highways in areas adjacent to Sichuan and Chongqing is enhanced, essentially achieving the goal that ordinary national highways reach the level of second-class or above in inland areas and third-class or above in the three prefectures, and the proportion of ordinary provincial highways with a level of third-class or above reaches 65%. The inter-city rapid highway network is improved, and the opening of "dead-end roads" in the Chengdu metropolitan area – such as the North Extension of Tianfu Avenue, the South Extension of Zizhou Avenue, the Meishan Section of Tianfu Avenue and the Chengdu – Ziyang Avenue – is accelerated, and the construction of the Neijiang – Zigong inter-city rapid highway network is advanced. The upgrading and renovation of urban transit sections and city entrance/exit sections of trunk highways are advanced, eliminating "bottlenecks" in the connection between urban and suburban areas. A number of long-span bridges and tunnels crossing rivers and mountains are constructed, projects such as the G351 Jiajinshan Tunnel are implemented, and

maintenance of existing mountain-crossing routes is strengthened. The development model of high-grade highways in plateau and mountainous areas is innovated, and the extension of high-grade services to mountainous areas is promoted.

◆ **Chengdu's 14th Five-Year Plan for Comprehensive Transport and Logistics Industry Development**

Development Goals: By 2025, the pilot tasks for building a transport powerhouse will be completed with high quality, and solid progress will be made in building a strong transport city; the role as one of the "four poles" in the national comprehensive three-dimensional transportation network will be further demonstrated, and the capacity of the "dual hub" for pan-European and pan-Asian airports and land ports will be significantly enhanced. The four-direction comprehensive transport corridor will essentially reach rivers, seas and border areas, and an international comprehensive transport hub city will be essentially completed; a regional integrated comprehensive transport network with rail transit as the backbone and the highway network as the foundation will connect cities and core areas, achieving one-hour accessibility between Chengdu and Chongqing and one-hour commuting within the metropolitan area.

Expressway Construction: The Chengdu metropolitan area ring expressway, the south line of Tianfu International Airport Expressway and the Chengdu (Tianfu New Area) – Qionglai Expressway will be fully completed; construction of the Chengdu (Tianfu New Area) – Meishan – Leshan Expressway, Chengdu – Wenchuan Expressway and Qionglai – Ya'an Expressway will commence; and the Chengdu – Deyang Expressway and Dayi – Baoxing Expressway will be planned and studied, further improving the municipal and inter-city expressway network and enhancing outward expressway radiation capacity. Capacity expansion, renovation and diversion route construction of expressways characterised by early construction years, low technical standards and severe congestion are advanced. Capacity expansion and renovation of the Chengdu – Leshan, Chengdu – Mianyang and Chengdu – Nanchong expressways will be completed, and capacity expansion of the Chengdu – Chongqing, Chengdu – Mingshan and Chengdu – Zigong – Luzhou expressways will commence, further enhancing the traffic capacity of existing expressways in the city area.

Municipal Rapid Road Construction: The Jinjianren (Jintang – Jianyang – Renshou), Chengzi (Chengdu – Ziyang), Chenglongjian (Chengdu – Longquanyi – Jianyang) and Chengluojian (Chengdu – Luodai – Jianyang) rapid roads will be completed; the construction of projects such as the Fifth Ring Road, Chengjinjian (Chengdu – Jintang – Jianyang), Jinjianhuang (Jintang – Jianyang – Huanglongxi), Pengguangqinghuai (Pengzhou – Guanghan – Qingbaijiang – Huaizhou), Tianxinqiong (Chengdu – Xinjin – Qionglai), Puming (Pujiang – Mingshan), Tianxinda (Chengdu – Xinjin – Dayi) rapid roads, the Jinfenghuang Overpass Xindu Section of Huoyun Avenue, and the extension of the Chengdu – Wenjiang – Qionglai Rapid Road will be accelerated; and construction of the Shaxi Line rapid transformation, Chengdu – Pengzhou Rapid Road and Chengdu – Jianyang Rapid Road will commence, achieving convenient interconnection between municipal towns, effectively covering industrial

functional zones, improving the interconnection service level between east – west and north – south directions, promoting the outward relocation of central urban population, and supporting the agglomeration and development of high-end industries. Efficient conversion between rapid roads and expressways is strengthened, and organic connections between rapid roads and urban roads are ensured.

Local Trunk Construction: The upgrading and pavement renovation of ordinary national and provincial highways continues to be implemented. For sections with low technical grades and poor traffic conditions, upgrading and renovation work is gradually initiated, essentially achieving that ordinary national highways reach second-class or above and ordinary provincial highways reach third-class or above (standards may be appropriately relaxed in mountainous areas). The construction of 34 key projects of ordinary national and provincial highways is accelerated, with the total mileage of newly or rebuilt ordinary national and provincial highways at approximately 440 km. In light of the transport development needs of the municipal eastern new area, suburban new cities, characteristic towns, industrial functional zones and important tourist scenic areas, the planning and construction of local trunk highways are strengthened, effectively connecting the municipal high-grade and rapid road network, and further improving the municipal trunk highway network.

Planning Interpretation: The Project is a key component of the Chengdu metropolitan area expressway network. The route commences in Shuangliu District, connects Xinjin District, Chongzhou City, Wenjiang District, Pidu District and Xindu District, and terminates at Mengyang Town, Pengzhou City, closely linking 7 districts (cities) and counties along the route. It provides rapid connections with multiple urban arterial roads such as Zizhou Avenue, the South Extension of Tianfu Avenue and the Chengdu – Qingbaijiang Rapid Road, and simultaneously achieves efficient interchange with multiple outward radial expressways such as the Chengdu – Wenjiang – Qionglai, Chengdu – Dujiangyan and Chengdu – Ya'an expressways through hub interchanges. It serves as a high-speed transport link connecting the satellite cities in western Chengdu. As an important support for Chengdu's "centre + radiation + ring road" network system, the Western Section – through the coordinated layout of two pairs of service areas (Huayuan and Qingliu), two pairs of parking areas (Hesheng and Dahua) and multiple overpass interchanges – significantly diverts transit goods traffic from the central urban area, preventing large volumes of transit vehicles from entering the ring expressway and urban roads. This not only optimises the road network layout in western Chengdu and improves the traffic environment of districts and counties along the route, but also further improves the inter-city transport network of the Chengdu Plain urban agglomeration, enhances the overall operational efficiency of the province's expressway network, and provides robust western road network support for Chengdu to build a national-level western comprehensive transport hub.

Chapter 4: Analysis of Current Travel Patterns

4.1 MODEL CALIBRATION

1. Traffic Volume Calibration

Based on the 2025 vehicle-class-specific OD data of Sichuan Province's expressway network, model simulation analysis was conducted. The discrepancy between the OD-assigned traffic volume and the gantry traffic volume is -1.20%, which is broadly consistent with actual conditions, thereby indirectly verifying the accuracy and reliability of the model assignment results.

Table 4-1 Model Traffic Volume Calibration

Model Traffic (pcu/d)	Gantry Traffic (pcu/d)	Data Discrepancies
35,278	34,855	-1.20%

2. Revenue Calibration

To further calibrate the accuracy of the model assignment results, the model is verified from a revenue perspective.

Revenue is calculated by applying the toll rates to the OD assignment results, and the discrepancy compared with actual revenue is -2.12%, which falls within an acceptable range. The OD-assigned cross-section traffic volume data is accurate and reliable, and the model may be used to simulate and analyse changes in the road network.

Table 4-2 Model-Calculated Revenue Calibration

Model-Calculated Revenue (RMB10,000)	Actual Revenue (RMB10,000)	Data Discrepancies
83,039	81,283	-2.12%

4.2 OD CHARACTERISTIC ANALYSIS

4.2.1 Sichuan Province OD Distribution Characteristics

In 2025, the OD distribution across Sichuan Province exhibits a radial pattern centred on Chengdu. Influenced by the Chengdu – Chongqing economic circle, Sichuan and Chongqing maintain close connections; the Chengdu Plain economic zone has a high urbanisation rate, rapid economic development and close transport connections; in northwestern Sichuan, constrained by terrain, the expressway network is limited and traffic flow connections are sparse.

Table 4-3 Travel Distribution in Sichuan Province (2025) (pcu/d)

No.	Direction	Connection Volume	Proportion
1	Within Chengdu City	1,018,585	38.06%
2	Chengdu–Deyang	98,090	3.67%
3	Within Yibin City	75,465	2.82%
4	Within Luzhou City	25,975	2.55%
5	Within Liangshan Prefecture	56,443	2.11%
6	Within Leshan City	50,375	1.88%
7	Within Neijiang City	42,994	1.61%

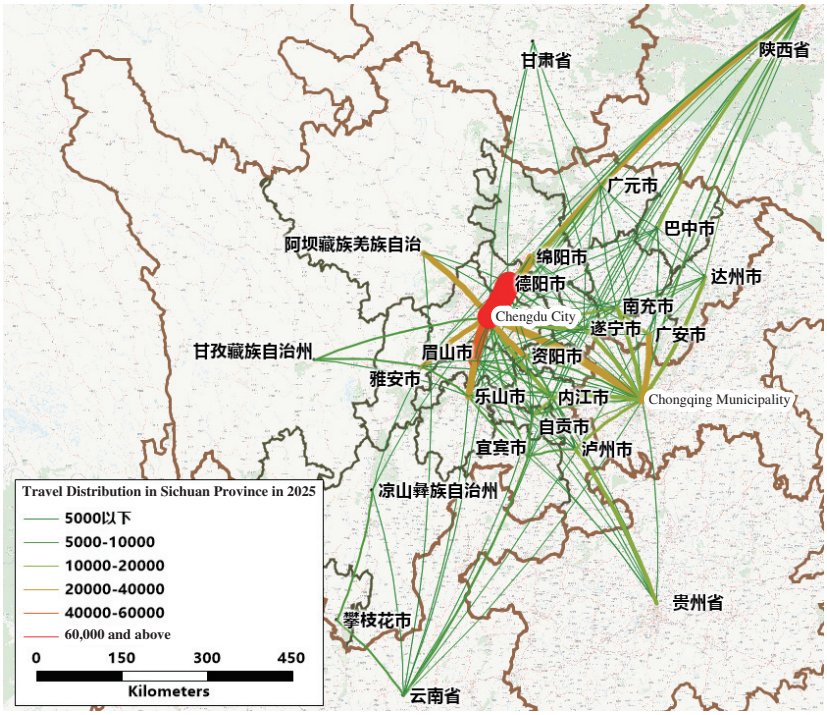


Figure 4-1 Travel Distribution of Sichuan Province (2025) (pcu/d)

4.2.2 Project OD Distribution Characteristics

The Western Section of Chengdu Second Ring Expressway principally undertakes transport connections within Chengdu and to/from Chengdu. Internal traffic within Chengdu accounts for 60.2%, principally serving travel demand between the central urban area and peripheral districts and counties along the Project; inbound/outbound traffic accounts for 35.3%, principally traffic diverted from Chengdu to surrounding cities such as Deyang, Meishan, Leshan, Chongqing, Mianyang, Ya'an and Aba Prefecture; the overall transit volume of the Project is relatively low, accounting for 4.5%.

Table 4-4 Traffic Composition of the Project (2025) (Equivalent Total, pcu/d)

	Direction	Connection Volume	Proportion
	Within Chengdu City	76,446	60.2%
	Chengdu In/Out	44,861	35.3%
	Chengdu City – Deyang City	12,985	10.2%
	Chengdu City – Meishan City	6,207	4.9%
	Chengdu City – Leshan City	4,741	3.7%
	Chengdu City – Chongqing City	2,702	2.1%
of which	Chengdu City – Mianyang City	2,669	2.1%
	Chengdu City – Ya'an City	2,160	1.7%
	Chengdu City – Aba Prefecture	1,797	1.4%
	Chengdu City – Shaanxi Province	1,522	1.2%
	Chengdu City – Others	10,079	7.9%
	Chengdu Transit	5,733	4.5%

Table 4-5 Traffic Composition of the Project (2025) (Passenger Vehicle Total, veh/d)

	Direction	Connection Volume	Proportion
	Within Chengdu City	53,709	66.5%
	Chengdu In/Out	25,315	31.3%
	Chengdu City – Deyang City	8,548	10.6%
	Chengdu City – Meishan City	4,200	5.2%
	Chengdu City – Leshan City	2,463	3.0%
of which	Chengdu City – Mianyang City	1,898	2.3%
	Chengdu City – Ya'an City	1,528	1.9%
	Chengdu City – Aba Prefecture	975	1.2%
	Chengdu City – Others	5,704	7.1%
	Chengdu Transit	1,786	2.2%

Table 4-6 Traffic Composition of the Project (2025) (Goods Vehicle Total, veh/d)

	Direction	Connection Volume	Proportion
	Within Chengdu City	14,422	54.3%
	Chengdu In/Out	10,611	39.9%
of which	Chengdu City – Deyang City	3,144	11.8%
	Chengdu City – Meishan City	1,401	5.3%
	Chengdu City – Leshan City	990	3.7%
	Chengdu City – Chongqing City	839	3.2%
	Chengdu City – Mianyang City	511	1.9%
	Chengdu City – Shaanxi Province	464	1.7%
	Chengdu City – Guizhou Province	360	1.4%
	Chengdu City – Ya'an City	355	1.3%
	Chengdu City – Aba Prefecture	336	1.3%
	Chengdu City – Others	2,211	8.3%
	Chengdu Transit	1,537	5.8%

4.3 REGIONAL TRAFFIC VOLUME DISTRIBUTION

In recent years, Sichuan Province has undertaken large-scale expressway construction, and the expressway network has essentially taken shape, presenting a ring-radial pattern centred on Chengdu.

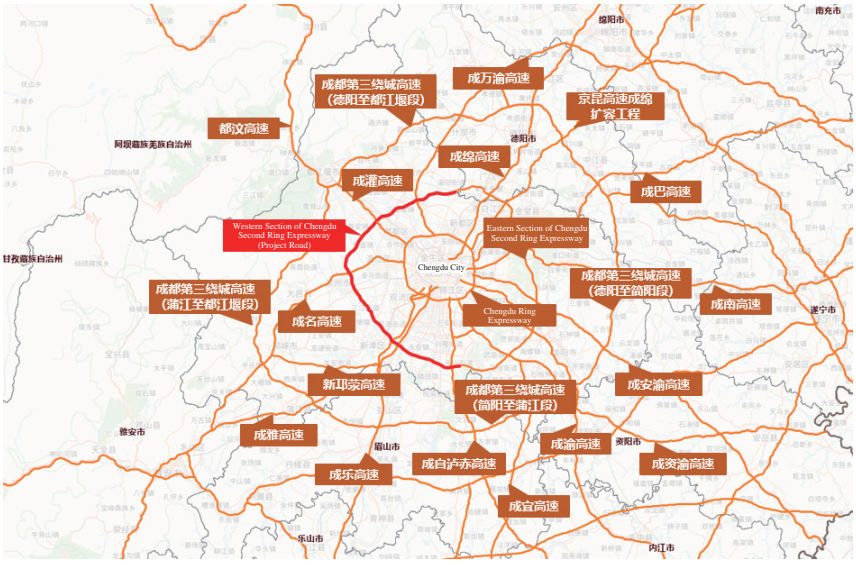


Figure 4-2 Layout of Current Regional Road Network

Currently, the ring expressways in the region comprise the Chengdu Ring Expressway, Chengdu Second Ring Expressway and Chengdu Third Ring Expressway. The radial expressways principally include the Chengdu – Mianyang Expressway, the Beijing – Kunming Expressway Capacity Expansion, the Chengdu – Wanzhou – Chongqing Expressway, the Chengdu – Ya'an Expressway, the Chengdu–Leshan Expressway, the Chengdu – Zigong – Luzhou – Chishui Expressway, the Chengdu – Dujiangyan Expressway, the Dujiangyan – Wenchuan Expressway and the Chengdu – Mingshan Expressway.

Chengdu Ring Expressway: In 2025, the cross-section traffic volume of its western section (Airport Interchange to Dajian Toll Station) ranged from 130,000 to 170,000 pcu/d, with an average of approximately 151,000 pcu/d and a passenger-to-goods-vehicle ratio of approximately 79:21; the cross-section traffic volume of its eastern section (Dajian Toll Station to Airport Interchange) ranged from 130,000 to 200,000 pcu/d, with an average of approximately 147,000 pcu/d and a passenger-to-goods-vehicle ratio of approximately 77:23.

Chengdu Second Ring Expressway: In 2025, the cross-section traffic volume of its western section ranged from 11,000 to 41,000 pcu/d, with an average of approximately 27,000 pcu/d and a passenger-to-goods-vehicle ratio of approximately 71:29; the cross-section traffic volume of its eastern section ranged from 10,000 to 20,000 pcu/d, with an average of approximately 16,000 pcu/d and a passenger-to-goods-vehicle ratio of approximately 71:29.

Chengdu Third Ring Expressway: In 2025, the cross-section traffic volume of its Jianyang – Pujiang section ranged from 6,000 to 15,000 pcu/d, with an average of approximately 8,000 pcu/d and a passenger-to-goods-vehicle ratio of approximately 77:23; that of its Deyang – Jianyang section ranged from 4,000 to 10,000 pcu/d, with a passenger-to-goods-vehicle ratio of approximately 76:24; that of its Deyang – Dujiangyan section ranged from 2,000 to 9,000 pcu/d, with a passenger-to-goods-vehicle ratio of approximately 82:18; that of the eastern section of Chengdu Second Ring Expressway ranged from 1,000 to 3,000 pcu/d, with a passenger-to-goods-vehicle ratio of approximately 83:17.

Chengdu – Mianyang Expressway: In 2025, the cross-section traffic volume of its section from Baihelin Interchange (Ring Expressway) to Zhangjiaping Hub (Mianyang) ranged from 50,000 to 104,000 pcu/d, with an average of approximately 69,000 pcu/d and a passenger-to-goods-vehicle ratio of approximately 72:28; the section from the Ring Expressway to the Second Ring Expressway recorded an average cross-section traffic volume of approximately 77,000 pcu/d, with traffic volume increasing towards the urban area.

Chengdu – Wanzhou – Chongqing Expressway: In 2025, the cross-section traffic volume of its section from Dafeng Interchange (Ring Expressway) to Mojia Hub (Mianyang) ranged from 21,000 to 81,000 pcu/d, with an average of approximately 33,000 pcu/d and a passenger-to-goods-vehicle ratio of approximately 76:24; the section from the Ring Expressway to Pengzhou Toll Station recorded the highest traffic volume, with cross-section traffic volume between 60,000 and 80,000 pcu/d.

Chengdu – Changdu Expressway: In 2025, the cross-section traffic volume of its Chengdu – Dujiangyan section ranged from 30,000 to 80,000 pcu/d, with an average of approximately 61,000 pcu/d and a passenger-to-goods-vehicle ratio of approximately 76:24; that of its Dujiangyan – Wenchuan section ranged from 10,000 to 32,000 pcu/d, with an average of approximately 19,000 pcu/d and a passenger-to-goods-vehicle ratio of approximately 87:13.

Chengdu – Mingshan Expressway: In 2025, the cross-section traffic volume of its Chengdu – Wenjiang – Qionglai section ranged from 31,000 to 108,000 pcu/d, with an average of approximately 65,000 pcu/d and a passenger-to-goods-vehicle ratio of approximately 88:12; that of its Qionglai – Mingshan section ranged from 16,000 to 23,000 pcu/d, with an average of approximately 19,000 pcu/d and a passenger-to-goods-vehicle ratio of approximately 78:22.

Chengdu – Ya'an Expressway: In 2025, the cross-section traffic volume of its section from Baijia Interchange (Ring Expressway) to Duiyan Hub (Ya'an) ranged from 21,000 to 113,000 pcu/d, with an average of approximately 44,000 pcu/d and a passenger-to-goods-vehicle ratio of approximately 83:17; the section from Baijia Interchange (Ring Expressway) to the Second Ring Expressway recorded cross-section traffic volume all above 80,000 pcu/d.

Chengdu – Ya'an Expressway: In 2025, the cross-section traffic volume of its section from Baijia Interchange (Ring Expressway) to Duiyan Hub (Ya'an) ranged from 21,000 to 113,000 pcu/d, with an average of approximately 44,000 pcu/d and a passenger-to-goods-vehicle ratio of approximately 83:17; the section from the Ring Expressway to the Second Ring Expressway recorded cross-section traffic volume all above 80,000 pcu/d.

Chengdu – Leshan Expressway: In 2025, its section from the Ring Expressway to the Second Ring Expressway (shared with the Chengdu–Ya'an Expressway) recorded cross-section traffic volume ranging from 87,000 to 113,000 pcu/d; the cross-section traffic volume of its section from Qinglongchang Hub to Mianzhu Hub (Leshan) ranged from 41,000 to 75,000 pcu/d, with an average of approximately 54,000 pcu/d and a passenger-to-goods-vehicle ratio of approximately 77:23.

Chengdu – Zigong – Luzhou – Chishui Expressway: In 2025, the cross-section traffic volume of its section from Jiangjia Interchange (Ring Expressway) to Baofei Hub (Meishan) ranged from 26,000 to 71,000 pcu/d, with an average of approximately 42,000 pcu/d and a passenger-to-goods-vehicle ratio of approximately 81:19, with the highest traffic volume near the Ring Expressway.

Table 4-7 Average Cross-section Traffic Volume of Expressways in the Project Region (2025)

Expressway Name	Section Name	Total Passenger Vehicles	Total Goods Vehicles	Natural Total	Passenger-to-Goods Vehicle Ratio	Equivalent Total
Chengdu Ring Expressway	Western Section	102,767	26,947	129,714	79:21	151,038
	Eastern Section	93,706	28,457	122,164	77:23	146,787
Chengdu Second Ring Expressway	Western Section	15,450	6,173	21,622	71:29	26,561
	Eastern Section	8,792	3,641	12,433	71:29	15,696
Chengdu Third Ring Expressway	Jianyang – Pujiang Section	4,974	1,489	6,463	77:23	7,855
	Deyang – Jianyang Section	3,453	1,115	4,568	76:24	5,504
	Deyang – Dujiangyan Section	3,102	665	3,767	82:18	4,429
	Pujiang – Dujiangyan Section	1,390	281	1,671	83:17	1,857
Chengdu–Mianyang Expressway	Baihelin Interchange (Ring Expressway) to Zhangjiaping Hub (Mianyang)	34,969	13,504	48,473	72:28	69,349
Chengdu – Wanzhou – Chongqing Expressway	Dafeng Interchange (Ring Expressway) to Mojia Hub (Mianyang)	19,646	6,251	25,897	76:24	32,808
Chengdu – Dujiangyan Expressway	Xipu Interchange (Ring Expressway) to Dujiangyan Interchange	48,119	5,749	53,868	89:11	60,836
Dujiangyan – Wenchuan Expressway	Dujiangyan Interchange to Wenchuan Station	13,617	1,973	15,590	87:13	18,525
Chengdu – Mingshan Expressway	Chengdu – Wenjiang – Qionglai Section	52,332	7,440	59,772	88:12	65,429
	Qionglai – Mingshan Section	12,198	3,387	15,584	78:22	19,005
Chengdu–Ya'an Expressway	Baijia Interchange (Ring Expressway) to Duiyan Hub (Ya'an)	31,031	6,570	37,600	83:17	43,502

Expressway Name	Section Name	Total Passenger Vehicles	Total Goods Vehicles	Natural Total	Passenger-to-Goods Vehicle Ratio	Equivalent Total
Chengdu – Leshan Expressway	Qinglongchang Hub (Meishan) to Mianzhu Hub (Leshan)	33,158	9,722	42,879	77:23	54,194
Chengdu – Zigong – Luzhou – Chishui Expressway	Jiangjia Interchange (Ring Expressway) to Baofei Hub (Meishan)	28,265	6,602	34,867	81:19	42,117

Note: The equivalent total is expressed in pcu/d; all other figures are in veh/d.

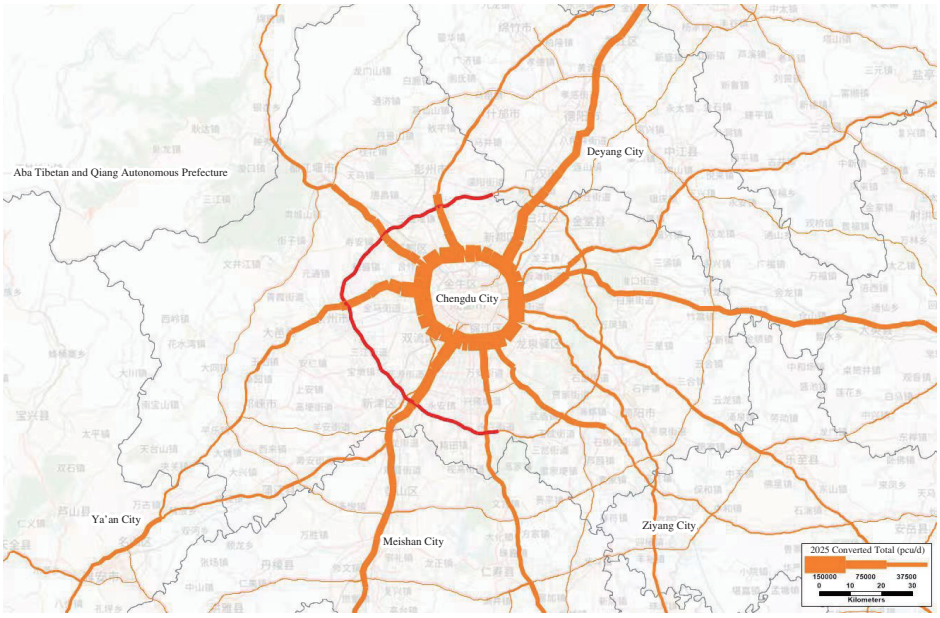


Figure 4-3 Schematic Expressway Traffic Volume in the Project Region (2025) (pcu/d)

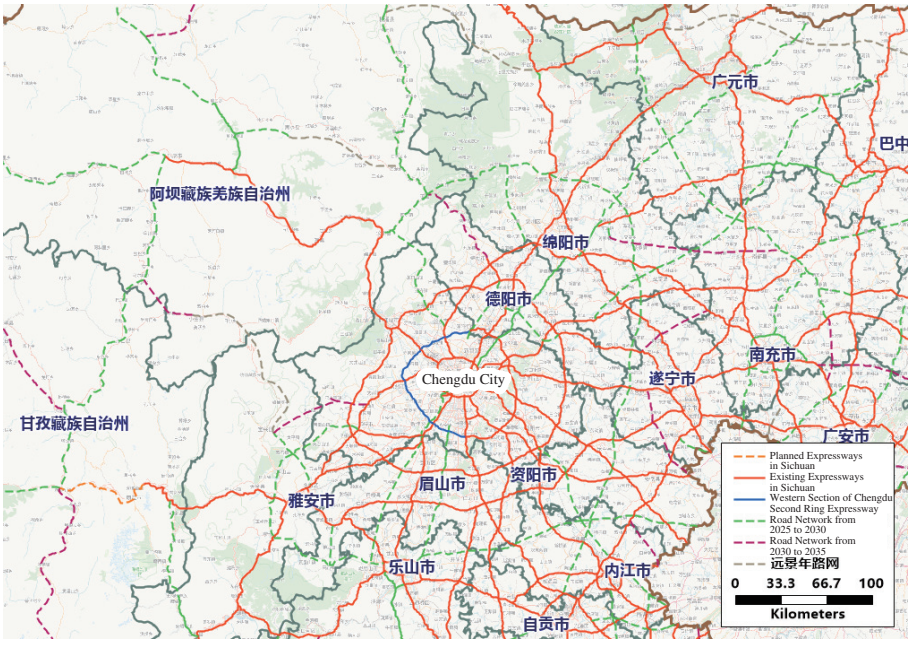


Figure 4-4 Layout of Current and Planned Regional Road Network

4.4 HISTORICAL GROWTH TREND OF THE PROJECT

1. Historical Traffic Volume Analysis

(1) Toll Station Entry/Exit Volume

The Western Section of Chengdu Second Ring Expressway currently has 15 toll stations, of which Chongzhou Dahua Toll Station commenced operation on 23 July 2020 and Shuangliu Huanglongxi Toll Station commenced operation on 1 November 2023.

Based on the toll station entry/exit volume data (from 2016 to June 2026) provided by the operating company, the data analysis is set out below.

From 2016 to the first half of 2026, the passenger and goods vehicle traffic volume at each toll station on the Western Section exhibited an overall upward trend. The principal reasons for the changes are as follows:

(1) Phased Impact of Public Health Events (2020-2022)

In early 2020, affected by public health events, public transport travel was restricted and private cars became the principal mode of travel, resulting in a contrarian increase in passenger vehicle traffic volume at most stations; goods vehicle traffic volume generally declined that year due to factory shutdowns and supply chain disruptions. In 2022, with the recurrence of public health events and the implementation of static management in multiple locations, both passenger and goods vehicle traffic volume declined significantly.

(2) Economic Recovery Following Public Health Events (from 2023)

Following the optimisation and adjustment of public health prevention and control policies in 2023, economic activities recovered rapidly, personnel mobility and logistics demand were released in a concentrated manner, and passenger and goods vehicle traffic volume at various stations generally rebounded by double digits, marking an important inflection point for growth.

(3) Regional Economy and Urban Development Drivers

The Western Section connects key areas such as Tianfu New Area, Xinjin, Chongzhou, Wenjiang, Pidu and Xindu. With the advancement of Chengdu metropolitan area construction, industrial agglomeration in Tianfu New Area and accelerated urbanisation of districts and counties along the route, commuting, business and logistics demand continues to grow, providing long-term support for traffic volume.

(4) Road Network Improvement and Traffic Attraction Effect of New Toll Stations

New toll stations such as Chongzhou Dahua Station (opened July 2020) and Shuangliu Huanglongxi Station (opened November 2023) have improved regional road network coverage, better served industrial parks and towns along the route, and recorded rapid traffic growth following opening, further driving the overall increase in traffic volume across the entire route.

Table 4-8 Toll Station Traffic Volume (2016 to June 2026)

Toll Station	Period	Passenger Vehicles (veh/d)	Growth Rate of Passenger Vehicles	Goods Vehicles (veh/d)	Growth Rate of Goods Vehicles
	2016	81	–	18	–
	2017	674	732.10%	128	611.10%
	2018	877	30.10%	169	32.00%
	2019	1,111	26.70%	158	-6.5%
	2020	1,920	72.80%	172	8.90%
Chengdu Science City	2021	1,529	-20.4%	188	9.30%
Station	2022	1,087	-28.9%	162	-13.8%
	2023	1,325	21.90%	170	4.90%
	2024	1,239	-6.5%	147	-13.5%
	2025	1,196	-3.5%	128	-12.9%
	January-June 2026	1,304	9.00%	125	-2.0%
	2016	458	–	157	–
	2017	2,606	469.00%	805	412.70%
	2018	4,534	74.00%	1,377	71.10%
	2019	6,982	54.00%	1,716	24.60%
	2020	9,369	34.20%	1,137	-33.7%
Tianfu New Area	2021	9,832	4.90%	1,434	26.10%
Station	2022	6,809	-30.7%	1,114	-22.3%
	2023	9,394	38.00%	1,193	7.10%
	2024	8,830	-6.0%	1,048	-12.2%
	2025	8,040	-9.0%	874	-16.6%
	January-June 2026	8,412	5.00%	806	-8.0%
	2016	1,936	–	568	–
	2017	1,055	-45.5%	414	-27.1%
	2018	1,143	8.30%	417	0.70%
	2019	1,721	50.60%	438	5.00%
	2020	2,521	46.50%	374	-14.6%
Tianfu New Area	2021	2,375	-5.8%	533	42.50%
Jiancha Station	2022	1,663	-29.9%	424	-20.5%
	2023	2,291	37.80%	482	13.70%
	2024	1,549	-32.4%	398	-17.4%
	2025	1,447	-6.6%	347	-12.8%
	January-June 2026	1,565	8.00%	305	-12.0%

Toll Station	Period	Passenger Vehicles (veh/d)	Growth Rate of Passenger Vehicles	Goods Vehicles (veh/d)	Growth Rate of Goods Vehicles
	November-December 2023	4,735	–	570	–
Shuangliu Huanglongxi Station	2024	7,663	61.80%	596	4.60%
	2025	8,006	4.50%	635	6.50%
	January-June 2026	8,900	11.00%	685	8.00%
Xinjin Huayuan Station	2016	3,544	–	1,093	–
	2017	2,544	-28.2%	1,104	1.00%
	2018	2,386	-6.2%	1,171	6.10%
	2019	2,792	17.00%	1,232	5.20%
	2020	4,801	72.00%	1,099	-10.8%
	2021	6,307	31.40%	1,885	71.50%
	2022	5,301	-16.0%	1,621	-14.0%
	2023	6,206	17.10%	1,825	12.60%
	2024	5,870	-5.4%	1,619	-11.3%
	2025	5,803	-1.1%	1,385	-14.5%
	January-June 2026	6,330	9.00%	1,320	-5.0%
Xinjin Xingyi Station	2016	3,169	–	1,438	–
	2017	3,144	-0.8%	1,734	20.60%
	2018	4,274	36.00%	2,554	47.30%
	2019	4,888	14.40%	2,374	-7.0%
	2020	6,454	32.00%	2,033	-14.4%
	2021	5,018	-22.2%	2,017	-0.8%
	2022	4,956	-1.2%	2,256	11.90%
	2023	6,031	21.70%	2,662	18.00%
	2024	5,988	-0.7%	2,400	-9.8%
	2025	5,866	-2.0%	2,081	-13.3%
	January-June 2026	7,293	24.00%	2,163	4.00%

Toll Station	Period	Passenger Vehicles (veh/d)	Growth Rate of Passenger Vehicles	Goods Vehicles (veh/d)	Growth Rate of Goods Vehicles
Chongzhou Sanjiang Station	2016	2,833	–	1,347	–
	2017	2,472	-12.7%	1,478	9.70%
	2018	2,927	18.40%	1,786	20.80%
	2019	3,401	16.20%	1,831	2.50%
	2020	3,932	15.60%	1,465	-20.0%
	2021	4,039	2.70%	1,955	33.40%
	2022	2,858	-29.2%	1,512	-22.7%
	2023	3,211	12.40%	1,571	3.90%
	2024	2,946	-8.3%	1,456	-7.3%
	2025	2,863	-2.8%	1,390	-4.5%
	January-June 2026	2,826	-1.0%	1,190	-14.0%
	July-December 2020	6,638	–	2,106	–
Chongzhou Dahua Station	2021	7,168	8.00%	2,489	18.20%
	2022	5,337	-25.5%	2,367	-4.9%
	2023	6,961	30.40%	3,034	28.20%
	2024	8,039	15.50%	3,041	0.20%
	2025	4,058	-49.5%	1,440	-52.6%
	January–June 2026	8,182	102.00%	2,904	102.00%
Chongzhou Station	2016	4,599	–	1,848	–
	2017	3,460	-24.8%	1,638	-11.4%
	2018	4,434	28.10%	2,116	29.20%
	2019	5,419	22.20%	2,210	4.40%
	2020	7,287	34.50%	1,794	-18.8%
	2021	6,174	-15.3%	2,080	15.90%
	2022	4,541	-26.4%	1,748	-15.9%
	2023	5,849	28.80%	2,032	16.20%
	2024	5,961	1.90%	1,920	-5.5%
	2025	6,235	4.60%	1,848	-3.7%
	January-June 2026	6,113	-2.0%	1,674	-9.0%

Toll Station	Period	Passenger Vehicles (veh/d)	Growth Rate of Passenger Vehicles	Goods Vehicles (veh/d)	Growth Rate of Goods Vehicles
Chongzhou Liaojia Station	2016	2,365	–	600	–
	2017	2,137	-9.6%	521	-13.2%
	2018	2,480	16.10%	649	24.60%
	2019	2,814	13.50%	625	-3.7%
	2020	4,584	62.90%	389	-37.8%
	2021	3,300	-28.0%	680	74.80%
	2022	2,996	-9.2%	634	-6.8%
	2023	4,199	40.20%	733	15.60%
	2024	9,601	128.60%	1,117	52.40%
	2025	11,339	18.10%	1,259	12.70%
	January-June 2026	12,052	6.00%	1,283	2.00%
Wenjiang Wanchun Station	2016	3,340	–	951	–
	2017	3,147	-5.8%	1,180	24.10%
	2018	3,731	18.60%	1,556	31.90%
	2019	3,780	1.30%	1,586	1.90%
	2020	5,586	47.80%	1,446	-8.8%
	2021	5,922	6.00%	1,618	11.90%
	2022	4,461	-24.7%	1,378	-14.8%
	2023	5,674	27.20%	1,683	22.10%
	2024	5,061	-10.8%	1,650	-2.0%
	2025	4,896	-3.3%	1,684	2.10%
	January-June 2026	4,895	0.00%	1,611	-4.0%
Pidu You'ai Station	2016	1,639	–	378	–
	2017	1,336	-18.5%	298	-21.2%
	2018	1,497	12.10%	346	16.10%
	2019	1,731	15.60%	334	-3.5%
	2020	2,552	47.40%	315	-5.7%
	2021	3,049	19.50%	462	46.70%
	2022	2,719	-10.8%	504	9.10%
	2023	2,929	7.70%	469	-7.0%
	2024	2,736	-6.6%	392	-16.4%
	2025	2,964	8.30%	376	-4.1%
	January-June 2026	3,118	5.00%	375	0.00%

Toll Station	Period	Passenger Vehicles (veh/d)	Growth Rate of Passenger Vehicles	Goods Vehicles (veh/d)	Growth Rate of Goods Vehicles
Pidu Station	2016	2,098	–	684	–
	2017	1,833	-12.6%	727	6.30%
	2018	2,178	18.80%	830	14.20%
	2019	2,419	11.10%	863	4.00%
	2020	3,049	26.00%	762	-11.7%
	2021	3,567	17.00%	1,034	35.70%
	2022	3,003	-15.8%	970	-6.2%
	2023	3,834	27.70%	1,163	19.90%
	2024	3,766	-1.8%	1,109	-4.6%
	2025	3,873	2.80%	1,109	0.00%
	January-June 2026	4,189	8.00%	1,098	-1.0%
Pidu Gucheng Station	2016	4,910	–	1,781	–
	2017	4,641	-5.5%	1,978	11.10%
	2018	5,600	20.70%	2,359	19.30%
	2019	5,347	-4.5%	2,154	-8.7%
	2020	6,625	23.90%	1,658	-23.0%
	2021	6,859	3.50%	2,335	40.80%
	2022	5,652	-17.6%	2,178	-6.7%
	2023	6,739	19.20%	2,379	9.20%
	2024	6,325	-6.1%	2,136	-10.2%
	2025	6,194	-2.1%	2,097	-1.8%
	January-June 2026	6,138	-1.0%	1,924	-8.0%
Xindu Qingliu Station	2016	1,579	–	519	–
	2017	1,323	-16.2%	521	0.40%
	2018	1,653	24.90%	719	38.00%
	2019	1,347	-18.5%	588	-18.2%
	2020	2,063	53.20%	587	-0.2%
	2021	2,229	8.00%	863	47.00%
	2022	2,003	-10.1%	853	-1.2%
	2023	2,409	20.30%	910	6.70%
	2024	2,574	6.80%	951	4.50%
	2025	2,539	-1.4%	889	-6.5%
	January-June 2026	2,602	2.00%	792	-11.0%

(2) Entire Route Traffic Volume

Pursuant to the Notice of the General Office of the State Council on Printing and Distributing the Implementation Plan for Deepening the Reform of the Toll Road System and Cancelling Provincial Boundary Toll Stations on Expressways (GBF [2019] No. 23), provincial boundary toll stations on expressways were cancelled by the end of 2019. From 2020, gantry data has been adopted to refine traffic volume data for each road section, enabling accurate billing of passing vehicles (previously principally based on the shortest path between stations, and now based on the actual path travelled), while also providing more accurate data for traffic volume surveys.

The Project operating company holds gantry traffic volume data from 2020 onwards. Traffic volume data from 2020 is compiled based on the Statistics of Gantry Traffic Volume of the Western Section of Chengdu Second Ring Expressway, and the traffic volume from 2020 to June 2026 is analysed as follows.

In 2022, affected by public health events, the year-on-year growth of equivalent traffic volume was -19.1%, of which the year-on-year growth of passenger and goods vehicles was -15.4% and -11.7% respectively, indicating that public health events had a material impact on both passenger and goods vehicles.

In 2023, with the gradual lifting of control measures, the number of travellers with pent-up demand grew rapidly, and combined with the impact of free passage during the Chengdu FISU World University Games, traffic volume increased significantly.

For Chengdu – Mianyang Expressway and Chengbei Exit Expressway, their toll concession expired on 4 September and 17 September 2025 respectively. In accordance with laws and regulations such as the Regulations on the Administration of Toll Roads, vehicle tolls are thereafter exempted. The Project undertakes traffic volume from Mianyang to Chengdu, Ya'an and Leshan directions. Affected by the free toll of the Chengdu – Mianyang Expressway, certain vehicles detour via the Chengdu – Mianyang Expressway and Chengdu Ring Expressway, resulting in a reduction in traffic volume on the Project route, with an impact ratio of approximately -5.5%. Combined with the natural growth rate, the overall decrease across the entire route during this period is approximately -0.5%.

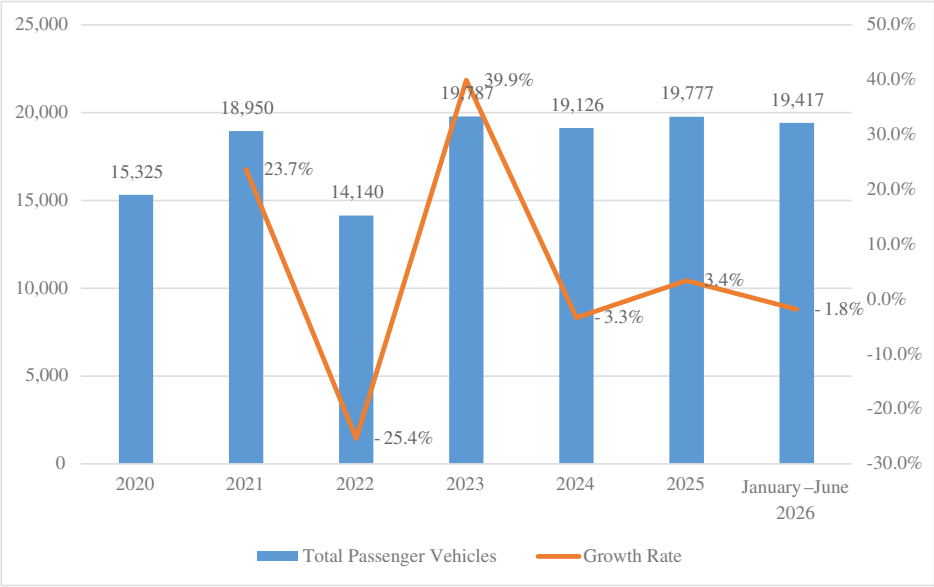


Figure 4-5 Trend of Total Passenger Vehicle Traffic Volume on the Entire Route (2020 to June 2026) (veh/d)

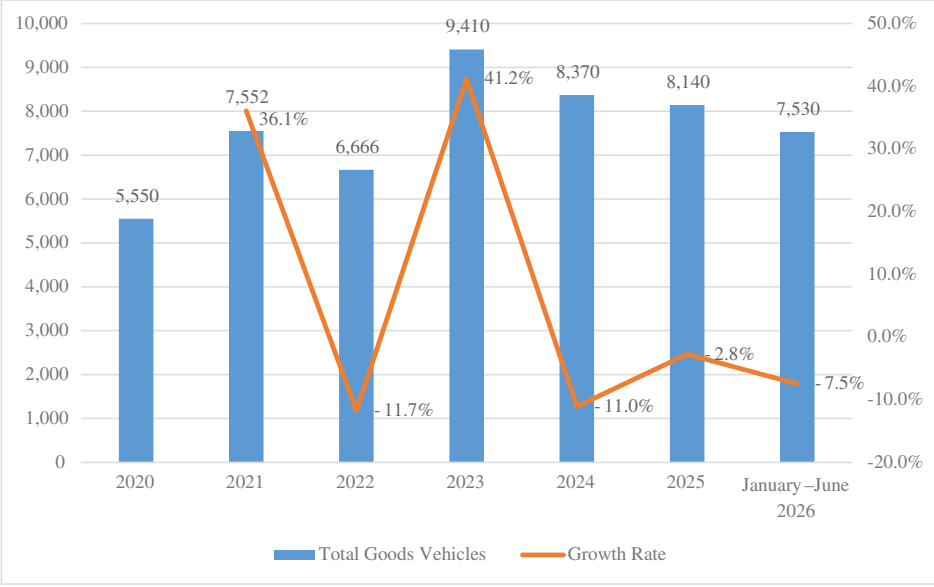


Figure 4-6 Trend of Total Goods Vehicle Traffic Volume on the Entire Route (2020 to June 2026) (veh/d)

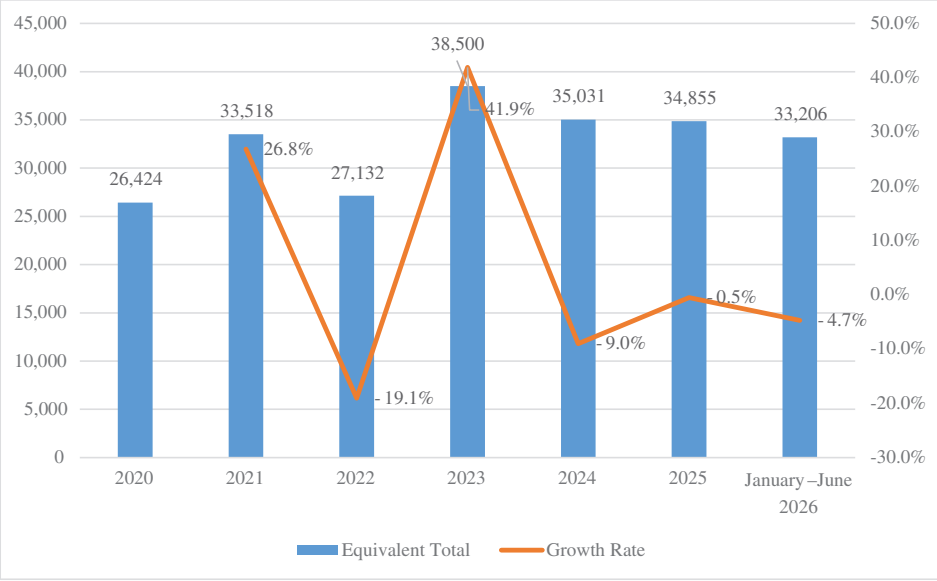


Figure 4-7 Trend of Total Equivalent Traffic Volume on the Entire Route (2020 to June 2026) (pcu/d)

Table 4-9 Statistics of Entire Route Traffic Volume (2020 to June 2026) (veh/d)

Year	Class 1 Passenger Vehicle	Class 2 Passenger Vehicle	Class 3 Passenger Vehicle	Class 4 Passenger Vehicle	Class 1 Goods Vehicle	Class 2 Goods Vehicle	Class 3 Goods Vehicle	Class 4 Goods Vehicle	Class 5 Goods Vehicle	Class 6 Goods Vehicle	Total Passenger Vehicles	Total Goods Vehicles	Natural Total	Passenger-to-Goods Vehicle Ratio	Equivalent Total
2020	15,192	27	73	33	2,432	1,214	286	261	130	1,227	15,325	5,550	20,875	73:27	26,424
2021	18,797	29	87	38	3,424	1,766	355	321	161	1,525	18,950	7,552	26,502	72:28	33,518
2022	14,055	17	49	19	2,825	1,744	319	261	145	1,371	14,140	6,666	20,807	68:32	27,132
2023	19,620	25	96	46	3,907	2,444	454	323	213	2,069	19,787	9,410	29,197	68:32	38,500
2024	18,963	24	93	46	3,725	2,218	360	256	169	1,642	19,126	8,370	27,496	70:30	35,031
2025	19,624	25	85	44	3,760	2,152	345	247	156	1,480	19,777	8,140	27,917	71:29	34,855
January-June 2026	19,278	23	75	41	3,526	1,997	313	233	141	1,320	19,417	7,530	26,947	72:28	33,206

(3) Monthly Traffic Volume Distribution

Based on the monthly gantry data for 2025, the monthly traffic volume distribution is analysed. Traffic volume is highest in April-May throughout the year, reaching 38,558 pcu/day; in September, affected by the free toll of the Chengdu – Mianyang Expressway, the monthly traffic volume is the lowest of the year, as detailed below.

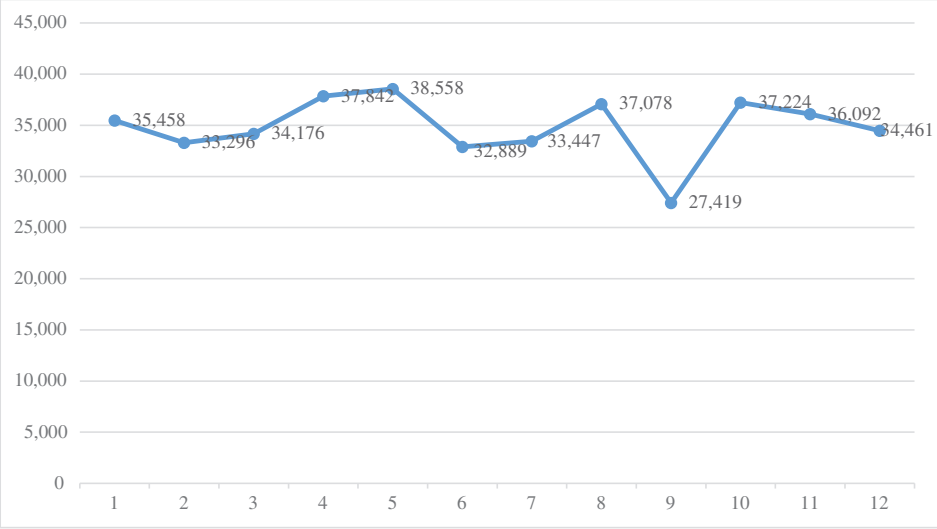


Figure 4-8 Monthly Trend of Entire Route Traffic Volume (2025) (pcu/d)

Table 4-10 Statistics of Monthly Entire Route Traffic Volume (2025)

Period	Passenger Vehicle	Goods Vehicle	Natural Total	Equivalent Total
January 2025	21,034	7,667	28,701	35,458
February 2025	20,608	6,688	27,295	33,296
March 2025	17,100	8,870	25,969	34,176
April 2025	20,178	9,213	29,391	37,842
May 2025	23,104	8,360	31,464	38,558
June 2025	18,272	7,956	26,228	32,889
July 2025	19,140	7,807	26,947	33,447
August 2025	22,481	7,960	30,442	37,078
September 2025	13,967	7,999	21,966	27,419
October 2025	23,323	7,680	31,003	37,224
November 2025	20,071	8,594	28,665	36,092
December 2025	17,919	8,782	26,701	34,461

Note: The equivalent total is expressed in pcu/d; all other figures are in veh/d.

2. Historical Revenue Analysis

(1) Toll Income

The Western Section of Chengdu Second Ring Expressway was completed and opened to traffic in 2016, and its historical revenue growth can be broadly divided into four stages:

Stage 1: Initial Operation and Cultivation Period (2016-2018)

The Project was in the initial stage of road network cultivation following opening. The value of route interconnection was progressively released. With the advancement of development in the peripheral areas of Chengdu, commuting and goods vehicle traffic along the route kept flowing into this route, toll income achieved rapid growth, and the basis for travel demand of the road section was fully validated.

Stage 2: Stable Maturity Period (2019-2021)

Following the preceding cultivation period, the traffic volume base of the road section had been substantially expanded. In 2019, the Project's growth progressively converged to the endogenous natural growth rate, entering a stable platform-based operation phase. In 2020, affected by public health events, traffic volume was temporarily suppressed and revenue experienced a brief decline; in 2021, with the full recovery of socio-economic activities, road network travel demand rapidly recovered and rebounded, toll income significantly rebounded to a phased high, fully demonstrating that the travel demand of this road section possesses strong resilience.

Stage 3: Fluctuation Adjustment Period (2022-2024)

During this stage, the Project's revenue entered a fluctuating operating range, with actual performance materially deviating from the endogenous natural growth rate. The revenue decline principally originated from the impact of multiple external events, rather than a fundamental deterioration of the endogenous travel demand of the road section. In 2022, affected by the macro environment, traffic activity declined and revenue experienced a correction; in 2023, the overall market recovered, travel demand along the route was fully released, and toll income rebounded to a historical peak. In 2024, multiple external revenue-reducing factors emerged simultaneously: first, extreme ice and snow weather at the beginning of the year and statutory free-toll days for expressways compressed the effective toll period, resulting in a -1.7% negative revenue impact; second, the continued implementation of existing toll concessionary policies had a combined revenue-reducing effect, causing a -1.8% impact; third, the opening of the Tianqiong (Chengdu Tianfu New Area – Qionglai) Expressway and its free-toll policy directly diverted transit traffic from this road section, resulting in a -1.8% diversion impact. These three external factors caused a -5.3% comprehensive impact in total. Under

external diversion pressure, annual revenue declined slightly. Excluding the above external disturbances, the road section itself retains endogenous natural growth capacity, and average daily revenue remains within the historical high range.

Stage 4: Accumulation and Observation Period (2025 to first half of 2026)

The persistent diversion effect arising from the restructuring of the surrounding road network pattern is the principal factor suppressing actual revenue growth. Multiple surrounding expressways have adjusted their policies and new routes have opened to traffic, continuously attracting traffic away from this road section. In 2025, three principal adverse factors combined: the free toll of the Tianqiong Expressway continued to release the diversion effect, causing a -3.2% revenue reduction; upon the expiration of the toll concession in September, Chengdu – Mianyang Expressway and Chengbei Exit Expressway converted to free passage, thus resulting in a shift of travel paths on the northbound corridor, bringing a -4.3% negative impact; multiple factors combined brought a -7.5% comprehensive external negative impact. Entering the first half of 2026, the free-toll policies of the Chengdu – Mianyang Expressway and Chengbei Exit Expressway continued, bringing a sustained -2.2% diversion pressure.

Notwithstanding the objective pressure exerted by multiple road network diversions, the average daily revenue of the road section remains at a relatively high operating level. The decline in the actual growth rate is attributable to the suppression of external road network diversion, and the endogenous natural growth momentum of the road section itself has not dissipated. The adverse impact arising from road network diversion has already materialised, and the endogenous growth potential may be released thereafter.

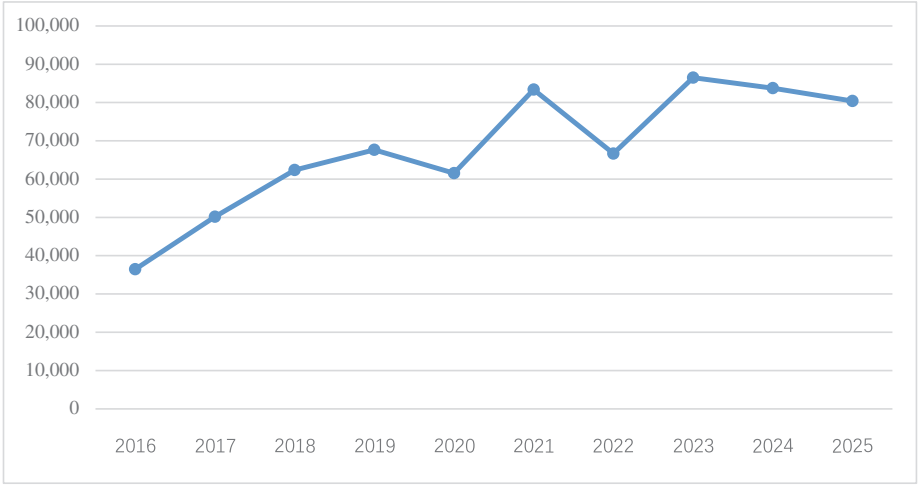


Figure 4-9 Historical Toll Income Trend (RMB10,000)

Table 4-11 Historical Annual Toll Income (RMB10,000, tax inclusive)

Year	Toll Income (RMB10,000)	Growth Rate
2016	36,476.25	
2017	50,169.20	37.54%
2018	62,363.43	24.31%
2019	67,652.29	8.48%
2020	61,543.90	-9.03%
2021	83,379.05	35.48%
2022	68,668.01	-17.64%
2023	88,345.49	28.66%
2024	86,084.83	-2.56%
2025	81,282.51	-5.58%
January-June 2026	38,377.07	

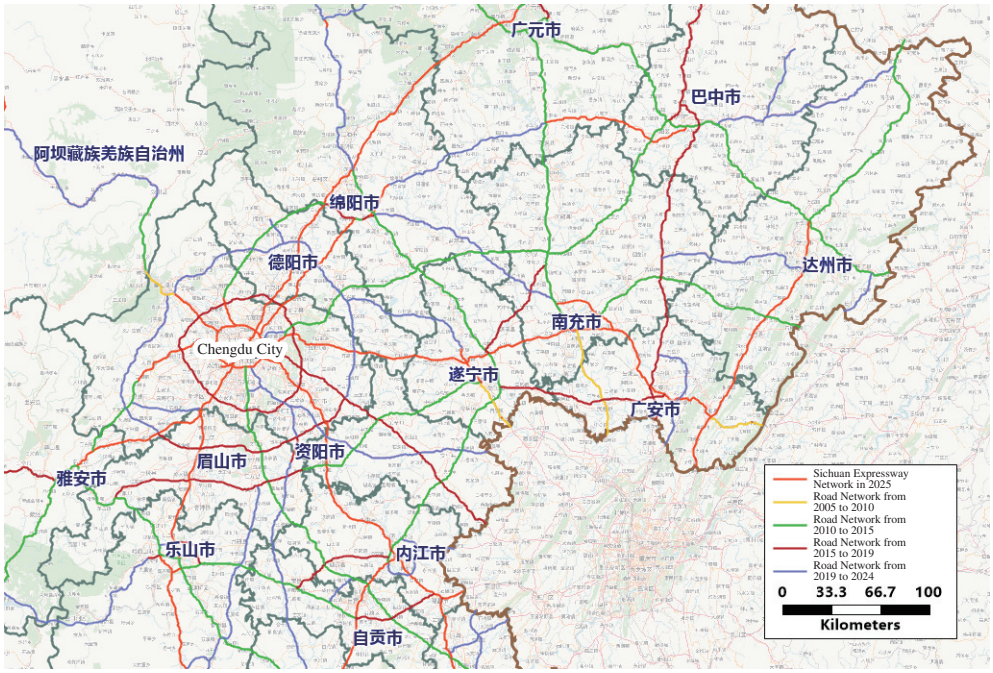


Figure 4-10 Years of Road Networks Opening to Traffic in the Project Region

(2) Toll Exemptions

Pursuant to relevant regulations such as the Regulations on the Administration of Toll Roads and the Sichuan Province Expressway Regulations, military vehicles, armed police vehicles, uniformly marked official vehicles of public security organs and expressway management agencies handling traffic accidents, performing patrol duties, conducting supervision and inspection, and responding to emergencies on expressways within their jurisdiction, national comprehensive fire and rescue vehicles bearing special licence plates,

vehicles approved by the competent transport department of the State Council or the People's Government of Sichuan Province to perform disaster relief duties, combine-harvesters performing cross-regional operations and vehicles transporting combine-harvesters (including rice transplanters), and vehicles legitimately loaded with fresh agricultural products only are exempted from tolls.

The Project also offers a series of concessionary policies for goods vehicles, such as night-time discounts, new energy truck discounts and container transport vehicle discounts. From 2016 to 2025, the proportion of exemption progressively stabilised at 15%-17%.

Table 4-12 Exemption Revenue (2016-2025) (RMB10,000, tax inclusive)

Year	Toll Exemption (RMB10,000)	Toll Income (RMB10,000)	Percentage of Exemption
2016	2,059	36,476.25	5%
2017	2,221	50,169.20	4%
2018	15,058	62,363.43	19%
2019	12,320	67,652.29	15%
2020	25,245	61,543.90	29%
2021	5,723	83,379.05	6%
2022	15,800	68,668.01	17%
2023	17,880	88,345.49	17%
2024	17,446	86,084.83	17%
2025	14,859	81,282.51	15%

Chapter 5: Traffic Volume Forecast

Based on the analysis and assessment of the regional economy, current transport development and future trends, and having regard to the influencing factors such as traffic volume growth rate, planned road network diversion and attraction, and OD assignment, the internationally accepted four-stage method is adopted to forecast the traffic volume of the Project.

5.1 FORECAST METHODOLOGY

1. General Approach to Traffic Volume Forecast

Highway traffic volume reflects the demand for highway transport arising from economic and social development, and its occurrence and evolution are closely related to the economic and social conditions along the route. Future traffic volume should therefore be estimated on the basis of the future economic development objectives of the study area. The specific approach is as follows: collect and sort out the current socio-economic and transport data, analyse the correlation between socio-economic development and transport development, and on the basis of forecasting the future level of economic development in the region, study the future traffic generation and distribution in the region, estimate the normal growth trend traffic volume, consider the impacts of induced, diverted and attracted traffic volume on the Project traffic volume following the completion of regional highways, and the traffic volume transferred between the Project and other transport modes such as water transport and railways, and ultimately determine the future traffic volume of the Project. This provides a basis for the determination on the construction scale and implementation schedule of the Project, as well as for economic evaluation and investment decision-making.

2. Methods and Procedures of Traffic Volume Forecast

The present study is conducted in accordance with the Measures for the Compilation of Feasibility Study Reports of Highway Construction Projects issued by the Ministry of Transport, and the traffic volume forecast adopts the four-stage estimation method based on motor vehicle origin-destination surveys. In accordance with the general law governing the generation of highway traffic volume, the long-term traffic volume of the Project is principally composed of the portion of normal trend traffic volume from existing highways within the corridor that is assigned to the Project, the induced traffic volume and the diverted traffic volume.

(1) Trend Traffic Volume

Trend traffic volume principally refers to traffic volume that grows naturally in tandem with economic and social development. The opening of the Project also facilitates the external travel for towns and townships along the route, and will accordingly bring about a redistribution of travel within the region. The Project will obtain the assignment of normal trend traffic volume on the Project through the regional full-network traffic assignment technique, thereby deriving the normal trend traffic volume of the proposed project.

(2) Induced Traffic Volume

Induced traffic volume refers to traffic volume newly generated as a result of the completion of the Project. Induced traffic volume principally comprises travel, which was previously not undertaken due to poor road conditions, low capacity and low level of service, induced following the completion of the Project due to the improvement of road conditions; and traffic volume newly generated due to the emergence of new economic points and the adjustment of the layout of production enterprises in areas along the route following the improvement of road conditions.

(3) Diverted Traffic Volume

Diverted traffic volume refers to traffic volume mutually transferred between other transport modes and the highway project as a result of changes in regional transport conditions caused by the implementation of the project.

3. Principal Parameters in the Forecast

The principal input parameters in travel generation forecast include socio-economic indicators and transport elasticity coefficients; prior to travel distribution forecast, the base OD is calibrated and verified, and the input parameters principally include road capacity and the current road network. Where the growth rate method is adopted for distribution forecast, no additional parameters are input; the input parameters in travel assignment forecast principally include the planned road network, road capacity and travel impedance.

5.2 DETERMINATION OF BASE-YEAR TRAFFIC VOLUME

In recent years, the principal factors affecting the Project's revenue have been road network openings and public health events. Excluding the impact ratios of various factors, no special event-related factors affected the Project in 2025, and revenue has stabilised. At the same time, the revenue calculated from the 2025 gantry traffic volume, after excluding the toll exemptions for green-channel vehicles, is broadly consistent with actual revenue. Accordingly, the present traffic volume forecast adopts the 2025 traffic volume as the base-year traffic volume to forecast traffic volume data for the remaining concession period.

5.3 PLANNED ROAD NETWORK

The traffic volume forecast for the Project is principally carried out based on the regional road network, while focusing on refining the highway network within the project study area to better reflect the traffic flow distribution in the project region. Accordingly, the planned road network follows the following principles:

1) The same coverage scope as the base-year road network;

2) Conformity with the national highway network planning scheme;

3) National Highway Network Plan (2022 Edition);

4) Sichuan Province's 14th Five-Year Plan for Comprehensive Transport Development;

5) Sichuan Province Expressway Network Plan (2022-2035);

6) Chengdu's 14th Five-Year Plan for Comprehensive Transport Development;

Pursuant to the Sichuan Province Expressway Network Layout Plan (2022-2035), the province will establish an expressway network comprising 20 Chengdu radiation lines, 13 longitudinal lines, 13 horizontal lines, 4 ring roads and 44 connecting lines.

The present study refers to documents such as the Sichuan Province Expressway Network Plan (2022-2035) and the Sichuan Province's 14th Five-Year Plan for Comprehensive Transport Development, coordinates the road network planning maps, determines the long-term expressway assignment road network sequence, simulates long-term road network traffic volume assignment, and forecasts the long-term traffic volume of the Project.

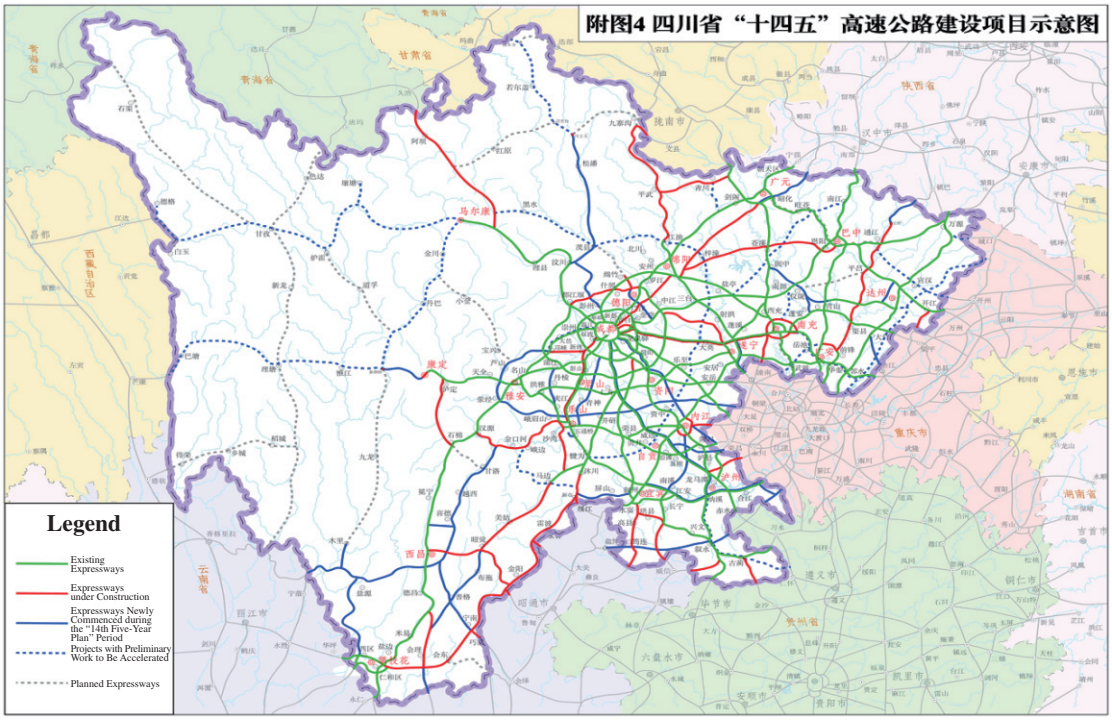


Figure 5-2 Sichuan Province's Planned Expressway Projects During the 14th Five-Year Plan Period

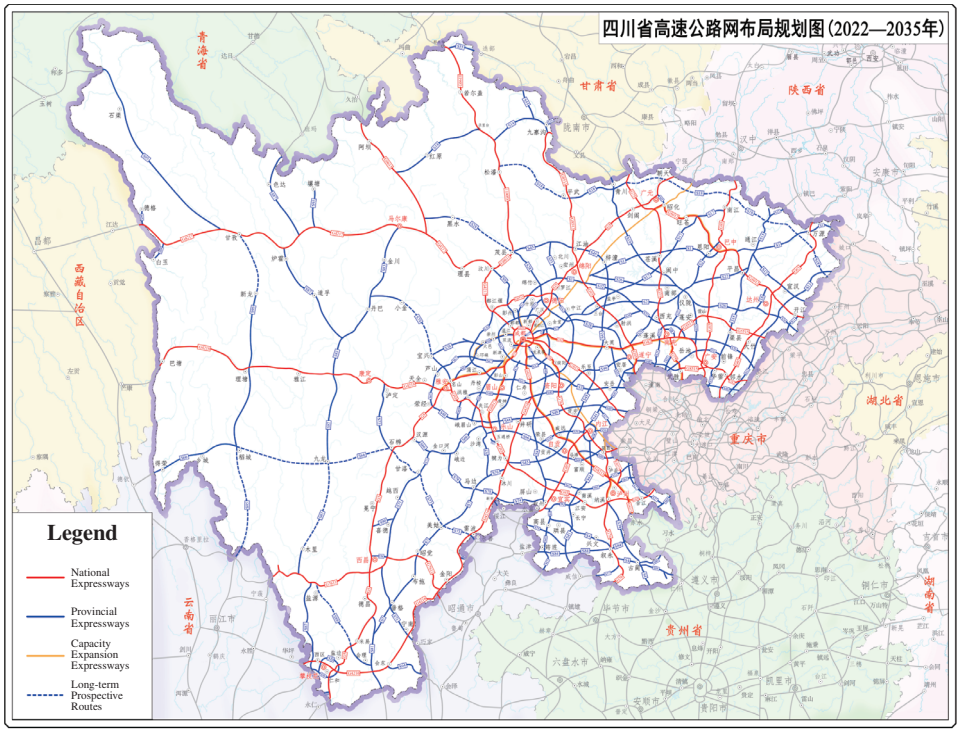


Figure 5-3 Sichuan Province Expressway Network Layout Plan (2022-2035)

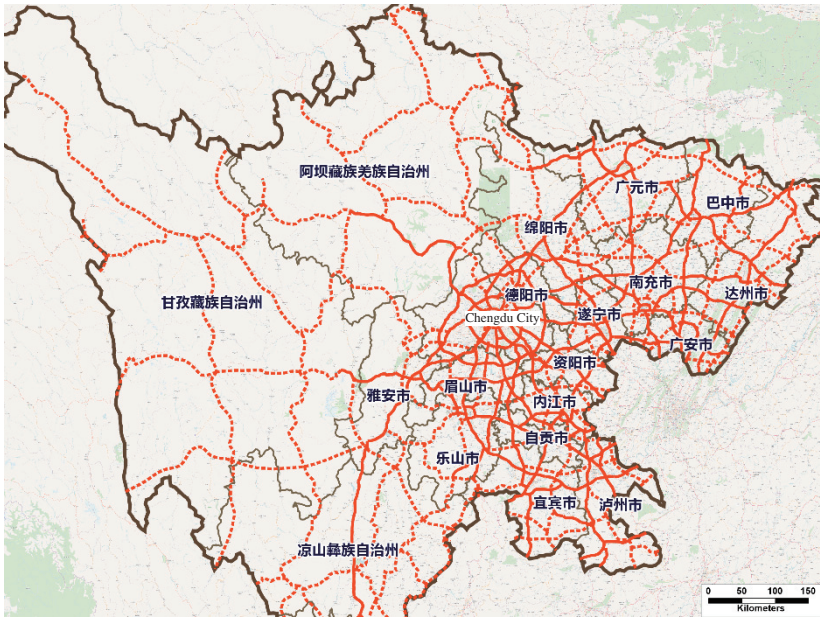


Figure 5-4 Sichuan Province's Planned Expressway Network Model

5.4 TRAFFIC GENERATION

5.4.1 Traffic Volume Forecast by Elasticity Coefficient Method

1. Selection of Forecast Model

The generated regional traffic volume (generated and attracted traffic volume) is a concrete reflection of the demand for transport arising from economic and social development. The forecast of generated and attracted traffic volume is based on the trend of economic and social development, and commonly adopted methods include the growth rate method, correlation analysis method and intensity analysis method. The present report has adopted the growth rate method for forecast analysis.

The elasticity coefficient method grasps the correlation between economic development and transport from an overall perspective, and is a comprehensive traffic volume analysis and forecast method combining qualitative and quantitative approaches. It determines the elasticity coefficient by establishing the proportional relationship between the growth rate of traffic volume and the growth rate of national economic development.

Commonly used traffic indicators principally include road network traffic volume and transport volume, while economic indicators principally include gross domestic product (GDP) and industrial and agricultural output value. Empirically, there exists the most direct and sensitive correlation between traffic volume/transport volume and GDP, and the economic development objectives of various regions in the future are measured by GDP. Among economic indicators, the gross industrial and agricultural output value cannot fully reflect actual economic development due to double counting; accordingly, GDP is selected as the economic indicator for elasticity coefficient calculation. As statistical yearbooks currently principally provide transport volume data from specialised transport departments, it is difficult to obtain accurate data on the society-wide transport volume, and the current transport volume data therefore has a certain degree of one-sidedness. At the same time, when back-calculating traffic volume from transport volume, it is necessary to determine indicators such as actual load conditions and operational characteristics, which will introduce certain deviations. Road network traffic volume directly reflects the development of highway travel demand, and the data possesses the characteristics of continuity and comprehensiveness; accordingly, road network traffic volume is adopted as the traffic indicator in elasticity coefficient calculation.

(1) Elasticity Coefficient Calculation Formula

The elasticity coefficient calculation formula is as follows:

$$\text{elasticity coefficient “e”} = \frac{\text{Percentage change in transport indicator}}{\text{Percentage change in economic indicator}}$$

(2) Historical Elasticity Coefficient Analysis

Based on the analysis of relevant indicators, toll station entry/exit volume, passenger and goods transport volume and gross domestic product (GDP) are generally selected for regression analysis to estimate their elasticity coefficients. By reference to these coefficients, the elasticity coefficients of future automobile travel volume in each traffic zone may be determined.

Table 5-1 Toll Station Entry/Exit Volume of the Project (vehicles)

Year	Passenger Vehicle	Goods Vehicle
2016	10,416,314	3,642,752
2017	11,086,147	4,572,143
2018	13,766,049	5,858,497
2019	15,970,028	5,880,193
2020	38,667,133	8,986,830
2021	49,178,362	14,288,222
2022	38,971,740	12,935,604
2023	49,526,918	14,892,890
2024	56,911,624	14,625,746
2025	57,904,240	14,031,252

Table 5-2 Historical Elasticity Coefficient Analysis

Elasticity Coefficient	Passenger Vehicle	Goods Vehicle
The Project	1.56	1.73

2. Determination of Future Elasticity Coefficients

The future elasticity coefficients is determined by curve fitting method. First, the elasticity development trend of regional passenger and goods transport volume, traffic volume and economic indicators is analysed; the change law of elasticity coefficients is identified from a macro perspective in line with regional economic development plans; at the same time, reference is made to the development trajectories of countries and regions with similar economic and transport development; and finally, the model parameters of future passenger and goods vehicle elasticity coefficient changes are determined, and the future passenger and goods vehicle elasticity coefficients are forecast.

For goods transport, based on domestic and overseas development experience, in the early stage of economic development, due to the rapid development of industry and basic industries, a large volume of raw materials and primary products requires transportation, resulting in greater highway goods transport demand and a higher elasticity coefficient of highway goods transport. With the development of industrialisation and the adjustment of the industrial

structure, the industrial structure shifts towards technology-intensive one, product transport develops towards lighter, smaller and higher value-added goods, goods transport volume decreases, and the goods transport elasticity coefficient exhibits a downward trend. For passenger transport, with the economic development of each affected area and the improvement of living standards, business travel and new tourism travel will definitely increase substantially, and the absolute volume of future travel will accordingly increase rapidly. It is expected that the passenger transport volume elasticity coefficient will continue to decline, but at a slower rate compared with goods transport.

The growth rates of highway passenger and goods transport also differ across periods. In the early stage of economic development, goods transport grows faster than passenger transport, and the goods transport elasticity coefficient is higher than the passenger transport elasticity coefficient. However, in the course of economic development, with the increase of national income and the improvement of living standards, people's demand for travel will also continue to increase, and the goods transport elasticity coefficient will necessarily be lower than the passenger transport elasticity coefficient.

As the current road network traffic volume in the area through which the Project passes is composed of internal regional traffic and transit traffic from other areas, to further determine the elasticity relationship between future highway transport and socio-economic development in each affected area of the Project, reference is made to the World Bank PPK report's analysis of the elasticity relationship between highway passenger and goods transport indicators and economic indicators, together with the interrelationship between transport and socio-economic development at different stages of economic development in developed countries. The elasticity coefficient sequences of passenger and goods traffic volume are fitted using functional relationships, and corrected with reference to regional macroeconomic laws, to calculate the future elasticity coefficients of passenger and goods transport relative to the national economy for the region.

Based on historical passenger and goods vehicle elasticity coefficients, combined with the interrelationship between regional transport and socio-economic development, the future passenger and goods vehicle elasticity coefficients are determined.

5-3 Elasticity Coefficient Forecast Results

Year	**2026-2030**	**2031-2035**	**2036-2040**	**2041-2045**	**2046-2050**
Elasticity Coefficient of Passenger Vehicle	1.17	1.11	1.05	1.00	0.90
Elasticity Coefficient of Goods Vehicle	1.12	1.07	1.01	0.96	0.87

3. Economic Growth Rate

(1) Basis of the 15th Five-Year Plan

Pursuant to **the Outline of the 15th Five-Year Plan for National Economic and Social Development of Sichuan Province**, during the 15th Five-Year Plan period (2026-2030), Sichuan will strive to make important progress in building a modern and powerful economic province. **The average annual GDP growth rate will be approximately 5.5%**, maintaining an economic growth rate higher than the national average; total factor productivity will steadily improve, and the proportion of high-tech manufacturing, strategic emerging industries and digital economy core industries will continue to increase. Major breakthroughs will be made in developing new quality productive forces and building a modern industrial system. Important progress will be made in coordinated regional and urban-rural development. The Chengdu – Chongqing economic circle will accelerate the construction of an important growth pole for high-quality development nationwide. The "Five-Zone Co-Prosperity" strategy will be fully implemented, the level of urban-rural integrated development will be comprehensively improved, and the urbanisation rate of the permanent resident population will steadily increase. The construction of a strong transport province will be accelerated, a multi-level integrated comprehensive hub system will be built, the digital transformation of expressways will be promoted, the Chengdu – Chongqing principal axis will be strengthened, the Chengdu metropolitan area integration mechanism will be improved, and the construction of a metropolitan area on rails will be promoted; the coordinated development of highway, railway and water transport will be advanced to support industrial goods transport and metropolitan area commuting demand, and to promote cost reduction and efficiency improvement in logistics. The green and low-carbon transition will be accelerated, the carbon peak goal will be implemented, the intelligent and green upgrading of the transport sector will be promoted, and the promotion and application of new energy transport equipment will be encouraged.

Pursuant to **the Outline of the 15th Five-Year Plan for National Economic and Social Development of Chengdu**, during the 15th Five-Year Plan period (2026-2030), Chengdu will adhere to the development strategies including innovation-driven growth, opening-up-led development, science-industry integration, and revitalisation of counties and districts. By 2030, GDP will exceed RMB3.2 trillion, **corresponding to an average annual actual growth rate of approximately 5.3% during the 15th Five-Year Plan period (estimated value)**; the urbanisation rate of the permanent resident population will be ≥82%, overall labour productivity will grow in sync with GDP, the modern industrial system will take shape, the proportion of advanced manufacturing and strategic emerging industries will steadily increase, and major breakthroughs will be made in developing new quality productive forces. The core function of the Chengdu – Chongqing economic circle will be continuously strengthened, the functional standing of the international comprehensive transport and communication hub will be elevated, the integrated construction of the Chengdu metropolitan area will be promoted, the construction of expressways, municipal/suburban railways and major hub projects will be coordinated, the functions of ring and radial expressway corridors will be optimised, the traffic

efficiency of the road network will be improved, serving metropolitan area commuting, industrial goods transport and transit circulation demands, and reducing comprehensive logistics costs. The green and low-carbon transition of transport will be accelerated, the application scenarios of new energy vehicles will be expanded, the construction of charging and swapping infrastructure in expressway service areas will be promoted, the construction of smart expressways will be promoted, and the digital operation level of the road network will be enhanced.

(2) Report on the Work of The Government

Pursuant to the **Report on the Work of Sichuan Provincial People's Government in 2026**, the principal expected target for economic and social development in Sichuan Province in 2026 is **GDP growth of approximately 5.5%**.

Pursuant to the **Report on the Work of Chengdu Municipal People's Government in 2026**, the principal expected target for economic and social development in Chengdu in 2026 is **GDP growth of approximately 5.5%**.

(3) GDP Growth Rate of the Project Region

The average annual GDP growth rate of the Project region over the past five years is approximately 5.5%, and the target growth rate for the 15th Five-Year Plan is approximately 5.5%. The Project region possesses considerable potential for future economic development.

Table 5-4 Economic (GDP) Growth Rate of the Project Region

Region	Average Annual GDP Growth Rate (2020-2025)	14th Five-Year Plan Target GDP Growth Rate	GDP Growth Rate in Report on the Work of the Government in 2026	15th Five-Year Plan Forecast GDP Growth Rate
Sichuan Province	5.7%	6%	Approx. 5.5%	Approx. 5.5%
Chengdu City	5.4%	6%-8%	Approx. 5.5%	Approx. 5.3%

(4) Research Findings of the Chinese Academy of Social Sciences

Li Ping from the Institute of Quantitative & Technological Economics, CASS stated in his work The Two Centenary Goals and Economic Structure Forecast that from 2016 to 2020, China's average GDP growth rate would remain at approximately 6.5%; by 2020, China's total GDP would reach RMB82.8 trillion, 2.0 times that of 2010; from 2021 to 2035, China's average GDP growth rate would remain at approximately 5%, of which the average from 2021 to 2025 would be 5.6%, from 2026 to 2030 would be 4.9%, and from

2031 to 2035 would be 4.5%. From 2036 to 2050, China's average GDP growth rate is likely to remain only at approximately 3.6% (of which the average from 2036 to 2040 is 4%, from 2041 to 2045 is 3.6%, and from 2045 to 2050 is 3.2%).

Table 5-5 China's GDP Growth Rate Forecast

Item	High Scenario	Low Scenario
Average Annual GDP Growth Rate 2015-2020	7.0%	6.5%
Average Annual GDP Growth Rate 2020-2030	6.0%	5.0%
Average Annual GDP Growth Rate 2030-2045	4.5%	4.0%

In addition, as statistical data of the United States is relatively complete, the present report also refers to the historical GDP growth rate of the United States to comprehensively assess the future economic development of the Project region.

Table 5-6 US GDP Growth Rate

Year	GDP Growth Rate (%)
1931-1935	1.10%
1936-1940	4.60%
1941-1945	10.23%
1946-1950	2.72%
1951-1955	3.86%
1956-1960	2.65%
1961-1965	5.65%
1966-1970	2.74%
1971-1975	2.50%
1976-1980	3.19%
1981-1985	3.48%
1986-1990	3.31%
1991-1995	3.28%
1996-2000	4.66%
2001-2005	2.87%
2006-2010	0.29%
2011-2015	2.51%
2016-2020	1.42%
2021-2024	2.51%

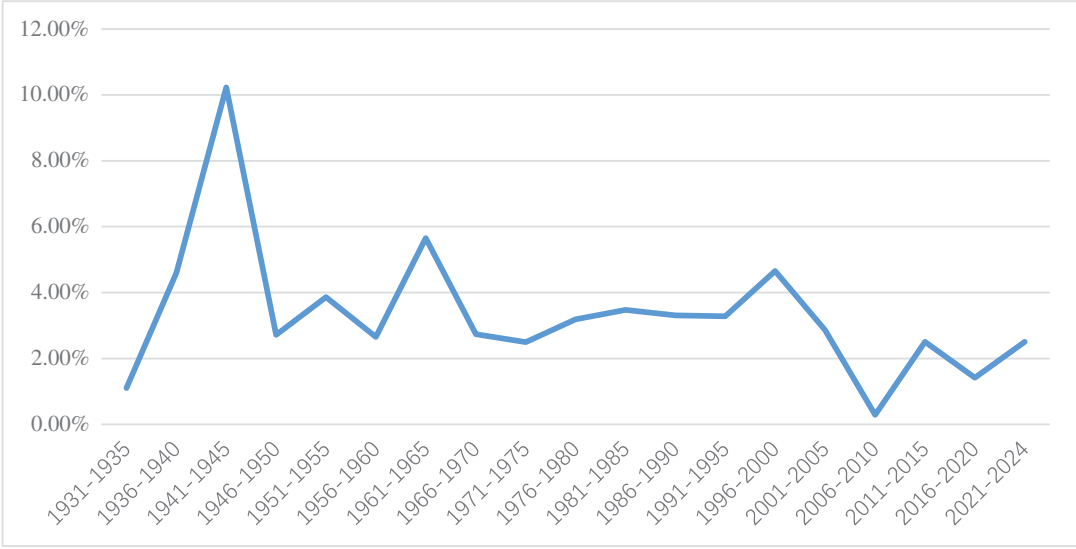


Figure 5-5 US GDP Growth Rate

Based on the GDP forecast in the 14th Five-Year Plan for National Economic and Social Development applicable to the Project region, and with reference to other relevant research findings, the future GDP growth rate of the Project region is forecast.

Table 5-7 GDP Forecast Results

Region	2026-2030	2031-2035	2036-2040	2041-2045	2046-2050
Sichuan Province	5.4%	5.1%	4.6%	3.9%	3.3%
Chengdu City	5.1%	4.9%	4.4%	3.7%	3.2%

4. Calculation of Traffic Volume Growth Rate

(1) Regional Traffic Volume Growth Rate

Changes in expressway toll income most directly reflect changes in expressway traffic volume. Historical statistical bulletins of toll roads in Sichuan Province are collected, and the toll income per kilometre of expressways is extracted and calculated, to analyse the regional traffic volume growth rate.

In 2016, the province's expressway mileage increased significantly, and comprehensive overload control for goods vehicles on expressways was implemented in the second half of the year, resulting in a decline in toll income per kilometre of expressways within Sichuan; an average annual high growth rate of 10% was recorded for 2016-2019. In 2021, the number of connecting lines in the regional road network increased, toll mileage increased significantly, and combined with the impact of public health events, the growth rate of toll income per kilometre slowed, but from 2019 to 2021, the overall toll income per kilometre grew steadily.

Table 5-8 Statistics of Expressway Toll Income in Sichuan Province

Year	Toll Mileage *(km)*	Expressway Toll Income (RMB100 million)	Toll per km (RMB10,000/km)	Toll Income per km Growth Rate
2015	5,251	175	333	
2016	6,142	181	295	-11.5%
2017	6,216	213	343	16.5%
2018	6,508	243	373	8.7%
2019	6,962	276	396	6.2%
2020	6,958	225	323	-18.5%
2021	7,703	311	404	25.0%
Growth Rate, 2016-2021	4.6%	11.4%	6.5%	
Growth Rate, 2016-2019	4.3%	15.1%	10.4%	
Growth Rate, 2019-2021	5.2%	6.2%	0.9%	

(2) Traffic Volume Growth Rate

To forecast the traffic volume growth rate in future characteristic years, vehicles are divided into goods vehicles and passenger vehicles as required. The traffic volume growth rate of the Project is calculated using the following formula:

Traffic volume growth rate in the characteristic year = Economic growth rate in the characteristic year × Elasticity coefficient for the characteristic year

Table 5-9 Traffic Volume Growth Rate Calculated by the Elasticity Coefficient Method

Year	2026-2030	2031-2035	2036-2040	2041-2045	2046-2050
Passenger Vehicle	6.22%	5.61%	4.80%	3.87%	2.96%
Goods Vehicle	6.43%	5.80%	4.96%	4.01%	3.06%

5.4.2 Toll Income Growth Rate Calculation

Traffic volume is the core fundamental variable determining toll income, and the income level generally changes proportionally with the increase or decrease of traffic volume. There exists a positive correlation between toll income and traffic volume. As the Chengdu Second Ring Expressway has been in operation for a relatively long time, the elasticity coefficient method alone cannot accurately simulate the future traffic volume growth rate. Accordingly, it is necessary to analyse the historical toll income data to derive the actual current traffic volume growth rate.

Based on the historical toll income analysis in Section 4.4, the annual revenue over the years has been affected by factors such as ice and snow weather, free-toll days, combined concessionary policies, and the opening or free-toll operation of related expressways. Having excluded the influencing factors, the average annual revenue growth rate is 3.11% for 2019-2025. The traffic volume growth rate of the Project derived from toll income data is set out below.

Table 5-10 Traffic Volume Growth Rate Derived from Toll Income Data

Year	2026-2030	2031-2035	2036-2040	2041-2045	2046-2050
Derived Growth Rate	3.11%	2.95%	2.66%	2.39%	2.03%

5.4.3 Selection of Traffic Volume Growth Rate for Calculation

To ensure the accuracy of the traffic volume growth rate forecast results, the current traffic volume growth rates derived from both the elasticity coefficient method and the toll income growth rate calculation are combined to determine the base-year traffic volume growth rate. At the same time, having regard to future economic development, the future growth rates are appropriately adjusted downward, and the traffic volume growth rate forecast results are selected as set out below.

Table 5-11 Comprehensively Selected Traffic Volume Growth Rate Forecast Results

Year	2026-2030	2031-2035	2036-2040	2041-2045	2046-2050
Passenger Vehicle	6.22%	5.61%	4.80%	3.87%	2.96%
Goods Vehicle	6.43%	5.80%	4.96%	4.01%	3.06%

5.5 TRAFFIC VOLUME DISTRIBUTION

The future traffic volume between two traffic zones is related not only to the traffic generation growth coefficients of the two traffic zones, but also to the traffic generation growth coefficients of all traffic zones in the entire planning area. Based on the current travel characteristics of each zone and the forecast values of future generated and attracted traffic volume, the Fratar method is adopted for traffic distribution forecast to derive the trend-growth OD matrices for each forecast year.

The calculation formula of the Fratar method is as follows:

$$T_{ij}=\frac{1}{2}(T_{iji}+T_{ijj})$$

$$T_{iji}=t_{ij}.\alpha_i.\beta_j\frac{\sum_j t_{ij}}{\sum_j t_{ij}.\beta_j} \qquad T_{ijj}=t_{ij}.\alpha_i.\beta_j\frac{\sum_i t_{ij}}{\sum_i t_{ij}.\alpha_i} \quad \ldots\ldots(1)$$

$$\alpha'_i=\frac{\sum_j T'_{ij}}{\sum_j T_{ij}} \quad \ldots\ldots(2) \qquad \beta'_i=\frac{\sum_i T'_{ij}}{\sum_i T_{ij}} \quad \ldots\ldots(3)$$

Where: T_{ij} – future distributed traffic volume between traffic zone i and traffic zone j (pcu/d);

t_{ij} – current distributed traffic volume (pcu/d);

α_i – growth coefficient of generated traffic volume of traffic zone i;

β_j – growth coefficient of attracted traffic volume of traffic zone j.

During the calculation, iterative computation is required, i.e., Formulas (2) and (3) are used to calculate α'_i and β'_j, which are then substituted as α_i and β_j into Formula (1) for the second round of calculation, and so on, until α'_i and β'_j converge to a value close to 1.

Following traffic distribution forecast, OD matrices reflecting the normal growth trend for future characteristic years are obtained. The impacts of induced and diverted traffic volume are then respectively considered to adjust the matrices for each characteristic year.

5.6 INDUCED TRAFFIC VOLUME FORECAST

Induced traffic volume refers to traffic volume induced by the new construction or renovation of a highway. Two main factors are generally considered in the forecast of induced traffic volume:

1) The construction of the Project improves regional transport conditions, inducing travels from those who intended to travel but were restrained by poor transport conditions.

2) The improvement of transport conditions raises travel frequency, thereby generating new traffic volume.

The induced traffic volume of the Project is calculated using an unconstrained gravity model, principally taking the travel time between traffic zones as impedance. In accordance with the principle of the with-and-without-project comparison method, the induced traffic volume is calculated based on the reduction in road network travel time before and after the completion of the Project. Specifically, the calculation is conducted separately for two scenarios: zero and non-zero current inter-zone travel volumes.

The basic formulation of the unconstrained gravity model is as follows:

$$X_{ij} = k \times \frac{T_i^{\alpha} \times U_j^{\beta}}{t_{ij}^{\gamma}}$$

Where: Xij – distributed traffic volume between traffic zone i and traffic zone j (pcu/d);

Ti – generated traffic volume of traffic zone i (pcu/d);

Ui – attracted traffic volume of traffic zone j (pcu/d);

tij – travel impedance parameter between traffic zone i and traffic zone j;

k, α, β, γ – undetermined coefficients.

Multiple regression analysis is carried out to solve for the undetermined coefficients of the gravity model, using distributed traffic volume derived from the OD survey and the current time distance between OD zones.

(1) Where the current inter-zone travel volume is non-zero, the induced traffic volume is forecast using the formula below:

$$Q'_{ij} = Q_{ij} \times \left[\left(\frac{t_{ij}^N}{t_{ij}^F} \right)^{\gamma} - 1 \right]$$

Where: Q'_{ij} – future induced traffic volume from traffic zone i to traffic zone j (pcu/d);

Q_{ij} – future trend traffic volume from traffic zone i to traffic zone j (pcu/d);

t_{ij}^N – current travel time from traffic zone i to traffic zone j (min);

t_{ij}^F – future travel time from traffic zone i to traffic zone j (min).

(2) Where the current inter-zone travel volume is zero, the formula for induced traffic volume forecast is as follows:

$$Q'_{ij} = k \times P_i^{\alpha} \times A_j^{\beta} \times \left[\left(\frac{1}{t_{ij}^{F}} \right)^{\gamma} - \left(\frac{1}{t_{ij}^{N}} \right)^{\gamma} \right]$$

Where: P_i – future induced traffic volume from traffic zone i to traffic zone j (pcu/d);

A_j – future trend traffic volume from traffic zone i to traffic zone j (pcu/d);

k, α, β, γ – gravity model regression parameters; other parameters carry the same meanings as defined above.

The entire Western Section of Chengdu Second Ring Expressway was completed and opened to traffic on 16 February 2016, and its opening has had induced impact on Chengdu's travel traffic volume. The completion and opening of other expressways in the region in future years will form new expressway corridors, which will induce a certain regional traffic volume. The present study considers the induced traffic volume from related road networks when analysing the impact of road network diversion and attraction. As the Project is not a newly constructed expressway, its inherent induced traffic volume will not be considered separately.

5.7 DIVERTED TRAFFIC VOLUME FORECAST

5.7.1 Overview of Diverted Traffic

Travel can be categorised by major transport modes: railway, highway, water transport, air transport and pipeline. Diverted traffic refers to the competitiveness arising from the advantages and disadvantages of these transport modes. From the current development perspective, bulk cargo transport is progressively shifting to railway and water transport. With the development of high-speed railways, passenger travel is also shifting to railway. Coupled with the rapid development of aviation, the role of highway transport has been declining year by year. Accordingly, traffic shifts between highway and other transport modes may be summarised in the following two aspects:

First, highway traffic volume shifts to other transport modes, principally due to the construction of other transport modes and their growing competitive advantages; second, traffic volume from other transport modes shifts to highway, principally due to the construction of new highways and the improvement of highway travel conditions.

5.7.2 Shifts to and from Other Modes

1. Railway

Pursuant to the Sichuan Province's 14th Five-Year Plan for Comprehensive Transport Development, the "four-direction and eight-corridor" strategic comprehensive transport corridors and the international comprehensive transport hub cluster of the Chengdu – Chongqing economic circle will be fully built. A developed rapid network, a

complete trunk network and an extensive basic network will take shape, forming a convenient, smooth, efficient and economical passenger and goods transport circle, and essentially achieving the modernisation of the transport governance system and capacity.

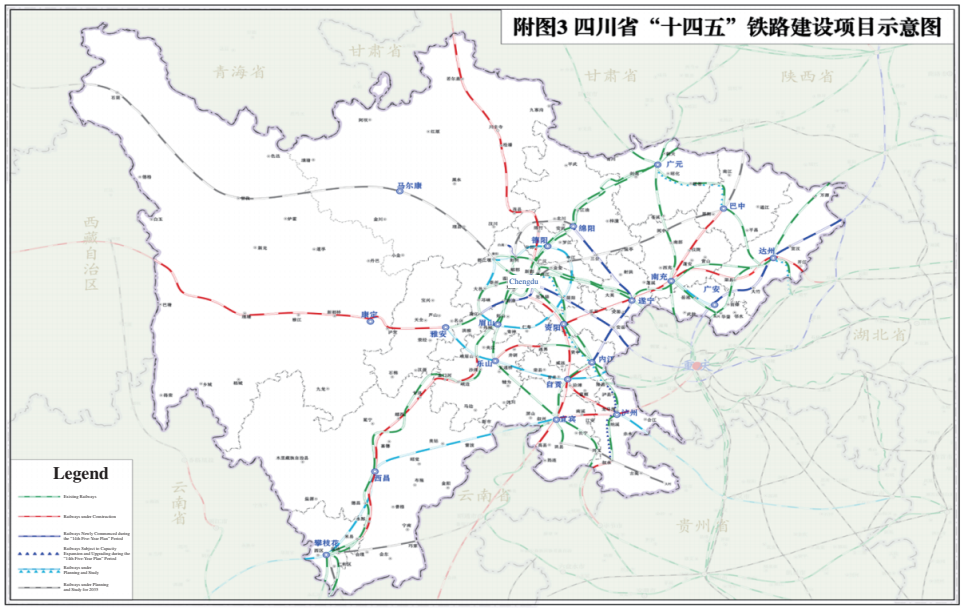
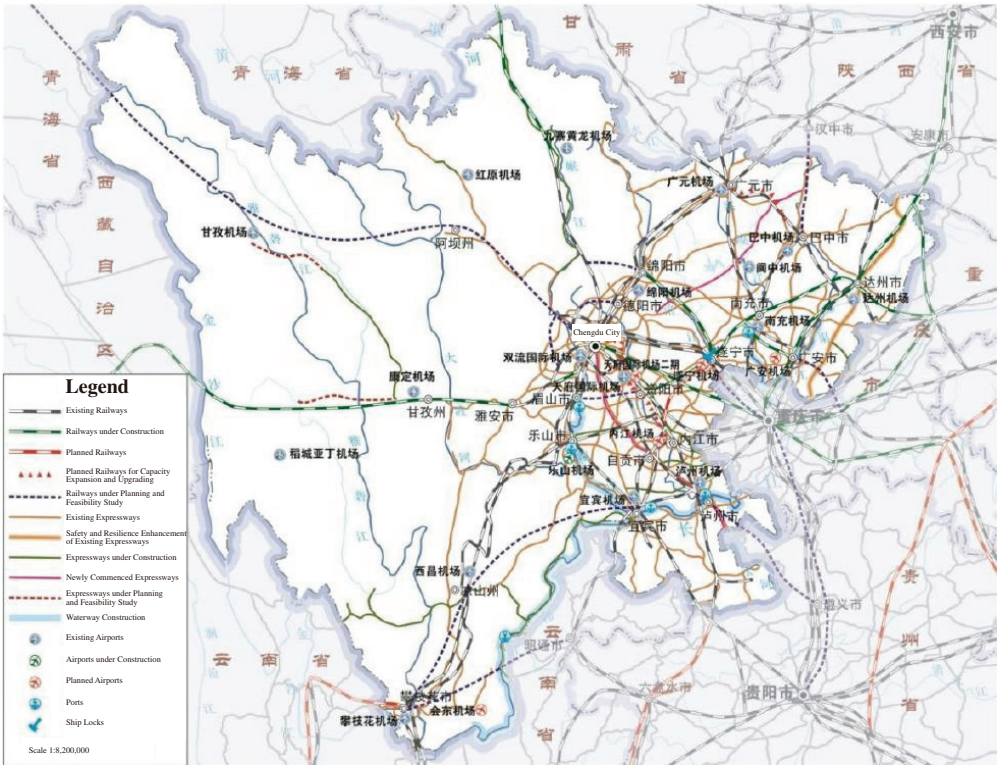


Figure 5-7 Sichuan Province's Railway Network Plan During the 14th Five-Year Plan Period

The Column "Building a National Comprehensive Three-dimensional Transport Pole" in the **Outline of the 15th Five-Year Plan for National Economic and Social Development of Sichuan Province** specifies as follows: The international railway corridor projects. Sichuan will complete the Chengdu – Chongqing Central Line High-Speed Railway and Chengdu – Dazhou – Wanzhou High-Speed Railway, accelerate the construction of the Sichuan – Xizang Railway, Sichuan – Qinghai Railway and Xi'an – Chongqing High-Speed Railway, promote the capacity expansion for the Chengdu – Longchang section of the Chengdu – Chongqing Railway and the Dali – Lijiang – Panzhihua Railway, and study and demonstrate the Yibin – Xichang – Panzhihua High-Speed Railway, Luzhou – Zunyi High-Speed Railway, Hanzhong – Bazhong Section of the Hanzhong – Bazhong – Nanchong Railway, Chengdu – Golmud Railway and Panzhihua – Zhaotong Railway.

The interconnected railway projects. Sichuan will accelerate the construction of the Nanchong – Guang'an Railway and Mianyang – Suining – Ziyang – Neijiang Railway, promoted the capacity expansion for the Guangyuan – Bazhong Railway, and study and demonstrate the Mianyang – Anzhou Railway, Chengdu Outer Ring Railway, Guang'an – Fuling Railway and Suining – Chongqing Intercity Railway.


Legend
Existing Railways
Railways under Construction
Planned Railways
Planned Railways for Capacity Expansion and Upgrading
Railways under Planning and Feasibility Study
Existing Expressways
Safety and Resilience Enhancement of Existing Expressways
Expressways under Construction
Newly Commenced Expressways
Expressways under Planning and Feasibility Study
Waterway Construction
Existing Airports
Airports under Construction
Planned Airports
Ports
Ship Locks
Scale 1:8,200,000
Chengdu City
双流国际机场
成都天府国际机场
成都东客站机场
成都天府机场
成都天府机场二期
成都双流机场
成都双流机场二期
成都天府国际机场
成都东客站机场
成都天府机场

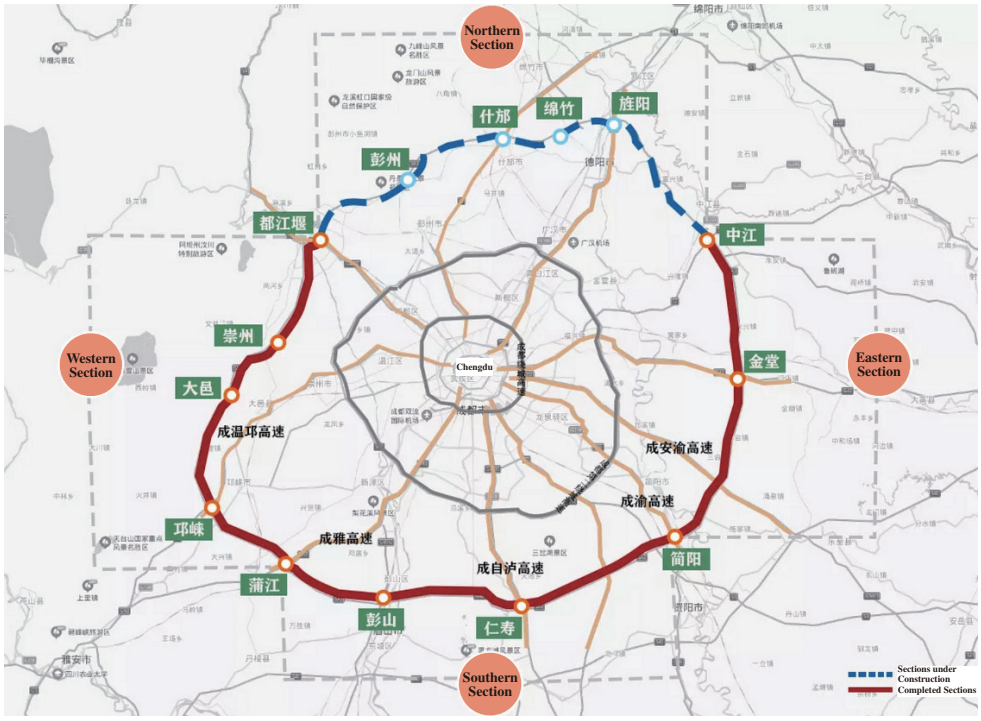
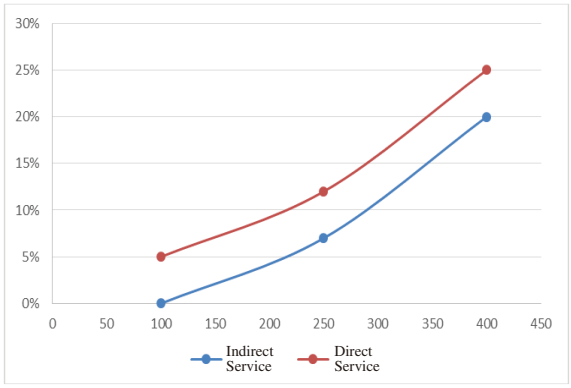


Figure 5-9 Schematic Alignment of the Chengdu Metropolitan Area Ring Railway

Based on the research findings from China Academy of Railway Sciences (formerly the Academy of Sciences under the Ministry of Railways), the nationwide railway speed upgrade has expanded the advantageous transport distance for rail services from the original 500-1,000 km to 400-1,200 km. Railway competitiveness drops significantly for travels shorter than 100 km.

Accordingly, the competitive transport distances of railways versus highways may be classified as follows: ① Short-distance transport: origin-destination distance less than 100 km; ② Medium-distance transport: origin-destination distance between 100 km and 400 km; ③ Long-distance transport: origin-destination distance above 400 km.

Based on the Academy's research on highway-to-railway shifting rates, the rules governing the shift of highway OD to railway are specified in the figure below: No traffic will shift to railways for unserved areas and short-distance travels. For indirect service scope, no short-distance traffic shift to railways; at a transport distance of 400 km, 20% of passenger traffic and 27% of freight traffic will shift to railways. For direct service scope, at 100 km, 5% of passenger traffic and 7% of freight traffic will shift to railways; at 400 km, 25% of passenger traffic and 35% of freight traffic will transfer to railways. The OD matrix is analysed and calculated in accordance with the above criteria to obtain the volume of regional road network traffic shifting to railways in future years.



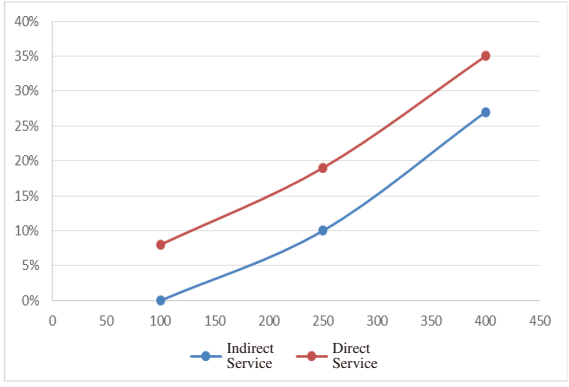


Figure 5-10 Shifting Rate of Highway Passenger and Freight Transport to Railway

Table 5-12 Detailed Highway-Railway Shifting Rates

Transport Type	Service Category	Proportion	<100km Shifting Rate	>400km Shifting Rate
Passenger	Direct Services	80%	5%	25%
	Indirect Services	20%	0	20%
	Weighted Average Shifting	100%	4%	24%
Freight	Direct Services	70%	7%	35%
	Indirect Services	30%	0	27%
	Weighted Average Shifting	100%	4.9%	32.6%

Reference is also made to the experience of Jiangsu Province and Shanxi Province. In Jiangsu, the opening of the Shanghai – Nanjing Intercity Railway impacted the Shanghai – Nanjing Expressway: following the opening of the Shanghai – Nanjing Intercity Railway, the passenger car traffic volume on the Shanghai – Nanjing Expressway decreased by approximately 1.8%. In Shanxi, passenger vehicle toll income on the Taiyuan – Changzhi Expressway fell by 1.5% before (1-11 December 2020) and after (12-15 December 2020) the Zhengzhou – Taiyuan High-Speed Railway opening to traffic.

The Chengdu Metropolitan Area Ring Railway does not overlap with the Project corridor and will have limited impacts on the Project. Scheduled for completion in 2030 and running parallel to the Project corridor, it is expected to divert approximately 1.5% of passenger vehicle traffic on the Project upon opening.

Table 5-13 Summary of Diverted Traffic Impact

Planned Railway	**Impact Year**	**Related Traffic Volume** *(veh/d)*	**Impact Ratio**	**Proportion of Comprehensive Impact from Passenger Vehicle**
Chengdu Metropolitan Area Ring Railway	2030	795	100%	-1.5%

2. Water Transport

The principal waterway in the Project impact area is the Yangtze River waterway. Water transport is principally for bulk cargo such as coal, steel and ore, which has low sensitivity to delivery time but high sensitivity to freight rates, making it difficult to shift to highway on a large scale. The traffic volume of the Western Section is dominated by passenger vehicles, which are highly time-sensitive and unlikely to shift to water transport. Accordingly, **diverted traffic volume from water transport is not considered.**



Figure 5-11 Key Projects in Sichuan Province Water Transport Development During the 14th Five-Year Plan Period

3. Air Transport

There are no plans for the construction of civil airports in the area along the Project. The modal split between current expressways and air transport has essentially stabilised. Based on the analysis of the current comprehensive transport situation and future development, air transport will have a relatively limited impact on the Project in the future. Accordingly, **diverted traffic volume from air transport is not considered.**

5.8 TRAFFIC VOLUME ASSIGNMENT

By assigning the OD matrices for each planning year to the corresponding road network of the same year, the diversion impact of the future expressway network on the traffic volume of the Project can be determined.

5.8.1 Assignment Method

Based on the Sichuan Province's 14th Five-Year Plan for Comprehensive Transport Development and the Sichuan Province Expressway Network Plan (2022-2035), combined with the planning scheme for ordinary national and provincial trunk highways in Sichuan Province, a GIS information database of the road network is established. The database contains information such as road grade, road type, number of lanes, capacity and tolls.

The User Equilibrium (UE) assignment model built in TransCAD is adopted in this traffic assignment to predict traffic flows on relevant road segments. The UE model assumes that users fully understand road network operation information, and that all users select their driving routes based on the principle of minimising their own operating costs, which vary with the traffic volume on the respective road segment. The operating costs principally include travel time costs, road tolls and vehicle operating costs.

Among them, the speed-flow curve is defined using the US Bureau of Public Roads (BPR) flow-delay model documented in the Traffic Assignment Manual. The capacity input for the model adopts the upper limit of practical capacity for highways of each grade specified in the Technical Standard of Highway Engineering (JTG B01-2014) issued by the Ministry of Transport. Highway toll standards are converted into operating time and included in the operating costs to derive generalised operating costs. The objective function is the integral of the generalised operating costs of all road segments.

$$t = t_f[1 + \alpha(\frac{V}{c})^{i\theta}]$$

Where: t – travel time of routes carrying traffic flow;

t_f – free-flow travel time;

v – traffic volume on the route;

c – route capacity;

α, β – calibrated parameters; conventionally, $\alpha = 0.15$, $\beta = 4.0$.

Transport operating cost is the principal consideration for route selection. It may reflect the services provided by transport facilities, as well as the priority and intensity of user demand for such services. For example, passenger vehicles are highly time-sensitive, goods vehicles are more sensitive to direct costs, and official travels are also sensitive to time. The transport operating cost model integrates direct and indirect costs into a composite metric, mainly covering travel time cost, highway tolls and vehicle operating costs.

$$T = L/V + [FT + (TPK + VOC) \times L]/VOT$$

Where: T – comprehensive cost of the road segment (h);

L – length of the road segment (km);

V – design speed (km/h);

FT – fixed toll amount (RMB);

TPK – mileage-based toll rate (RMB/km);

VOC – vehicle operating cost (RMB/km);

VOT – value of time (RMB/h).

5.8.2 Traffic Volume Assignment

The study first assigns the 2025 OD data to the planned road network for each year (without major maintenance, and the Project retains the existing traffic organisation) for traffic volume assignment, thereby better analysing and demonstrating the diversion and attraction effects of regional road network changes on the traffic volume of the Project.

Table 5-14 Impact of Road Network on Traffic Volume of the Project

Year	Influencing Factors
2026	Continued impact of free toll on Chengdu – Mianyang and Chengbei Exit Expressways
2027	Official toll operation of Tianqiong Expressway
2032	Opening of Chengdu – Wenchuan Expressway
2035	Opening of Maerkang – Ya'an, Maoxian – Heishui, and Shaanxi section of Hanrong (Hanzhong – Chengdu) Expressways

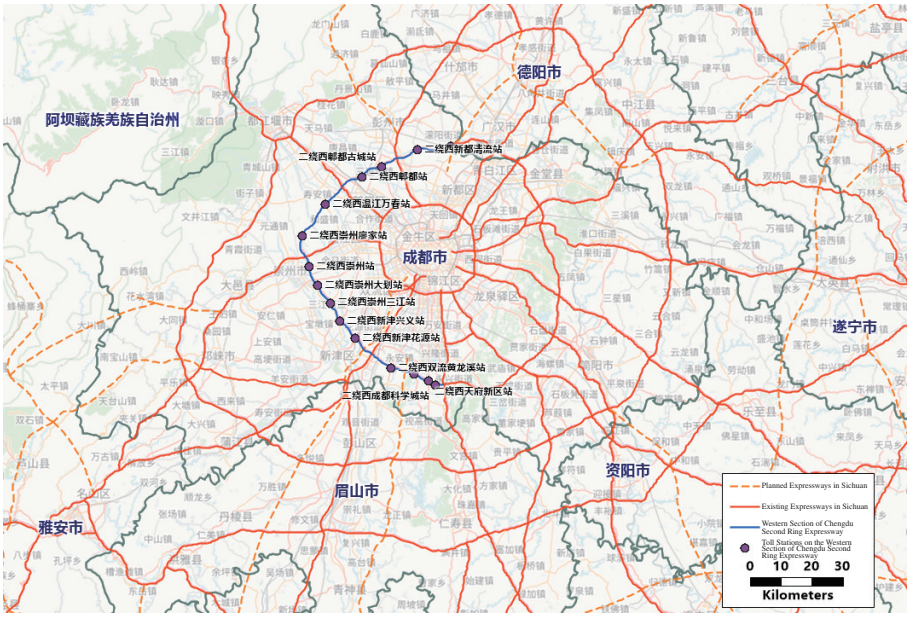


Figure 5-12 Schematic Alignment of the Regional Road Network

The road network analysis for years with material changes in future Project traffic volume is as follows:

1. 2026 Road Network Analysis: Free Toll of Chengdu – Mianyang Expressway and Chengbei Exit Expressway

The toll concessions of the Chengdu – Mianyang Expressway and Chengbei Exit Expressway expired on 4 September and 17 September 2025, respectively, and full free toll access was subsequently rolled out for both routes, which will exert a diversion effect on the Project

The gantry traffic volume before and after the free toll of the Chengdu – Mianyang Expressway and Chengbei Exit Expressway is respectively selected to compare the average cross-section traffic volume of the Project before and after the free toll. The traffic volume decreased by 4.62%. Compared with 2025, the impact of the free toll will persist but weaken in the first half of 2026, and the full-year diversion ratio is estimated at 4.5%.

Table 5-15 Comparison of Cross-section Traffic Volume Before and After Free Toll of Chengdu – Mianyang Expressway and Chengbei Exit Expressway

Equivalent Total	Before Free Toll	After Free Toll	Impact Ratio
Avg Cross-section (pcu/d)	37,842	36,092	-4.62%

Taking the section from Mojia Hub to the Chengdu – Wenjiang – Qionglai Interchange of the Second Ring Expressway as an example, a route comparison analysis is conducted for trips from Mianyang and Guangyuan to Chongzhou and Ya'an.

The Chengdu – Wanzhou Expressway + Chengdu Second Ring Expressway is comparable in mileage to the Chengdu – Mianyang Expressway + Chengdu Ring Expressway, but the toll and comprehensive costs are materially lower than the Project corridor, which has a diversion impact on the Project.

Table 5-16 Comprehensive Cost Comparison Analysis for Trips from Mianyang and Guangyuan to Chongzhou and Ya'an

Type	Vehicle Class	Route 1: Chengdu – Wanzhou + 2nd Ring	Route 2: Chengdu – Mianyang + Ring
Mileage (km)	/	143	150
Toll (RMB)	**Passenger Vehicle 1**	92	48
	Goods Vehicle 6	418	219

Type	Vehicle Class	Route 1: Chengdu – Wanzhou + 2nd Ring	Route 2: Chengdu – Mianyang + Ring
Time (min)	Passenger Vehicle 1	95	100
	Goods Vehicle 6	119	125
Comprehensive Cost (RMB)	Passenger Vehicle 1	156	116
	Goods Vehicle 6	818	639

Notes:

(1) Except for free expressways, toll standards are calculated in accordance with the comprehensive toll rate of the Project.

(2) Travel cost = fuel consumption cost + toll; travel time is compared separately.

(3) Fuel consumption cost = mileage × average fuel consumption (RMB0.54/km for Class 1 passenger vehicles and RMB2.52/km for Class 6 goods vehicles on expressways)

(4) For competitive route analysis, travel time is calculated based on a speed of 90 km/h for Class 1 passenger vehicles and 60 km/h for Class 6 goods vehicles on expressways. **The same applies hereinafter.**



Figure 5-13 Schematic Route Comparison for Trips from Mianyang and Guangyuan to Chongzhou and Ya'an

2. 2027 Road Network Analysis: Official Toll Operation of Tianqiong (Chengdu Tianfu New Area – Qionglai) Expressway

The Tianqiong Expressway commences at Wenshan Village, Yongshang Town, Xinjin District, connecting to the Company's under-construction Chengle (Chengdu – Leshan) Expressway capacity expansion project, and terminates at Kongming Subdistrict, Qionglai City. The entire expressway is built to the standard for six-lane dual-carriageway expressways, with a total length of approximately 42 km. Serving as a direct corridor connecting Tianfu New Area and Qionglai, the Tianqiong Expressway connects industrial parks and tourist scenic areas along the route, effectively improves the transport and travel speed between the two areas. It is not only an important component of Chengdu's comprehensive transport system, but also an important supplement to Sichuan Province's expressway network.

The Tianqiong Expressway was opened for trial operation at a "zero toll rate" from 13 September 2024. This is a temporary arrangement rather than a permanent toll-free policy, and official toll collection is scheduled to start in 2027.

The expressway modelling results show that the current average daily traffic volume from Jintang to Qionglai is 2,478 vehicles. The present analysis sets Datong Toll Station in Qingbaijiang as the origin and Kongming Hub as the destination. Scenario-based comparative analysis is carried out for the two major travel routes from Jintang to Qionglai to quantitatively evaluate the traffic impact of the Tianqiong Expressway under the zero-toll operation phase and the subsequent official toll phase on the Western Section of the Second Ring Expressway.

At the current zero-toll operation stage, Route 1 (Second Ring Expressway + Chengming (Chengdu – Mingshan) Expressway) totals 136 km, while Route 2 (Ring Expressway + Jingkun (Beijing – Kunming) Expressway + Chengle Expressway + Tianqiong Expressway) totals 143 km. Though 7 km longer, Route 2 enjoys remarkable cost benefits thanks to the zero-toll policy on the Tianqiong Expressway. When only tolls are considered, Route 2 saves RMB21 for Class 1 Passenger Vehicles and RMB96 for Class 6 Goods Vehicles compared with Route 1. When full comprehensive travel costs including fuel consumption and travel time are factored in, Route 2 saves RMB18 for Class 1 Passenger Vehicles and RMB77 for Class 6 Goods Vehicles. Driven by cost advantages, the Tianqiong Expressway corridor creates a notable diversion effect on the main corridor of the Western Section of Second Ring Expressway.

After the official toll operation of the Tianqiong Expressway in 2027, the toll cost of Route 2 will increase significantly, reversing the cost advantage. If only tolls are compared, Route 1 (Second Ring Expressway + Chengming Expressway) charges a toll of RMB87 for Class 1 Passenger Vehicles, saving RMB5 compared with RMB92 for Route 2 and RMB397 for Class 6 Goods Vehicles is RMB397, saving RMB21 compared with RMB418 for Route 2. When comprehensive travel costs are taken into account, the total cost of Route 1 is RMB148 for Class 1 Passenger Vehicles, saving RMB8 compared with Route 2 and RMB778 for Class 6 Goods Vehicles, saving RMB40 compared with Route 2. At that time, the Western Section

will regain its competitiveness in tolls and comprehensive travel costs. Traffic previously diverted to the Tianqiong Expressway will gradually flow back, generating a positive traffic attraction effect on the Western Section.

Table 5-17 Route Comparison Analysis for Trips from Jintang to Qionglai

Type	Vehicle Class	Route 1: 2nd Ring + Chengming	Route 2: Ring + Jingkun + Chengle + Tianqiong Tianqiong under Zero-Toll	Route 2: Ring + Jingkun + Chengle + Tianqiong Tianqiong under Toll
Mileage (km)	/	136	143	143
Toll (RMB)	Passenger Vehicle 1	87	66	92
	Goods Vehicle 6	397	301	418
Time (min)	Passenger Vehicle 1	91	95	95
	Goods Vehicle 6	113	119	119
Comprehensive Cost (RMB)	Passenger Vehicle 1	148	130	156
	Goods Vehicle 6	778	701	818

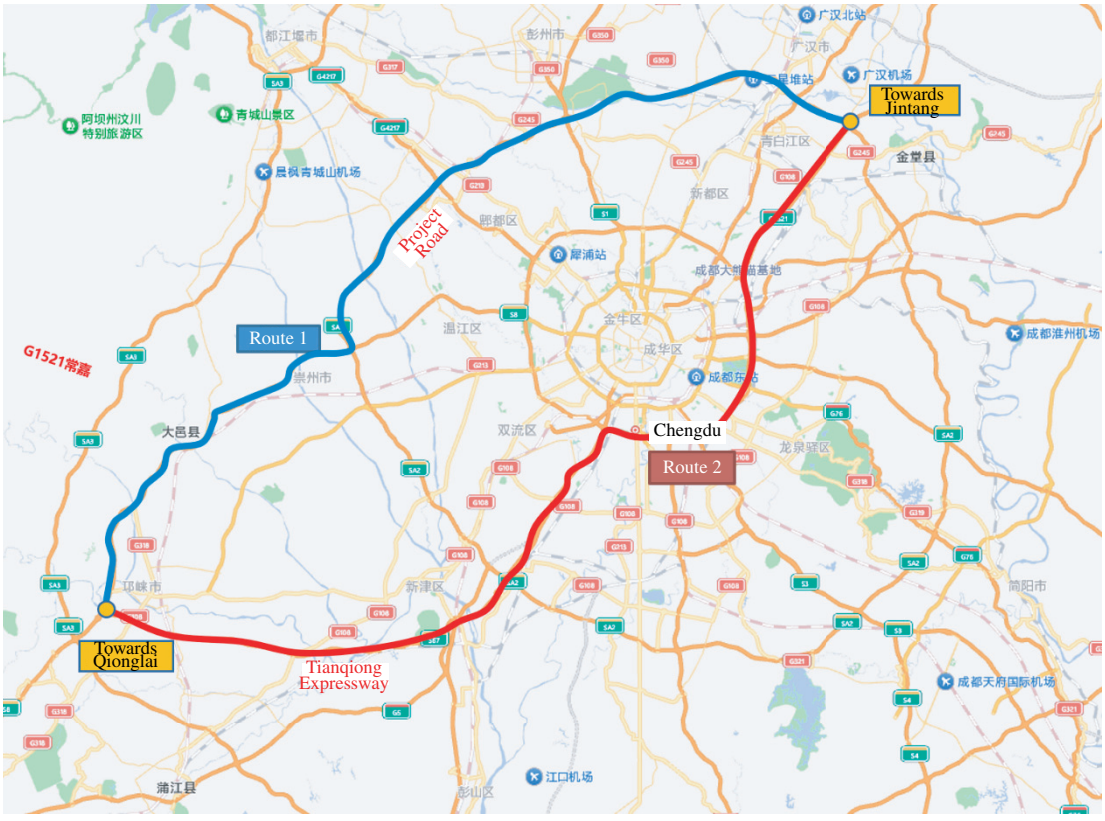


Figure 5-14 Schematic Route Comparison for Trips from Jintang to Qionglai

Through the expressway model, and considering comprehensive cost simulation, the official toll operation of the Tianqiong Expressway will attract 3.5% of the overall traffic volume to the Project.

3. 2030 Road Network Analysis: Traffic Saturation and Spillover from Chengdu Ring Expressway to Chengdu Second Ring Expressway

The main standard section of the Chengdu Ring Expressway adopts a six-lane dual-carriageway configuration with a design speed of 120 km/h. Pursuant to the Technical Standard of Highway Engineering (JTG B01-2014), for a six-lane dual-carriageway expressway with a design speed of 120 km/h, the corresponding annual average daily traffic threshold under Level of Service C is approximately 100,000 pcu/d. In 2025, the full-ring traffic volume of the Ring Expressway has significantly exceeded the saturation threshold, and the expressway operated in an overall oversaturated state with recurrent frequent congestion. In 2026, the Chengdu Ring Expressway will undergo full-route smart upgrading. Going forward, the pilot scope for flexible opening of emergency lanes will be further expanded, raising the maximum service traffic volume of the Ring Expressway to a certain extent.

Combined with core driving factors such as Chengdu's 15th Five-Year Plan economic development objectives, growth in motor vehicle ownership, expansion of the Chengdu metropolitan area commuting circle and rising freight demand in the Chengdu – Chongqing economic circle, and with reference to the historical traffic volume growth pattern of the Ring Expressway, it is calculated that the average annual natural growth rate of the cross-section traffic volume of the Ring Expressway during the 15th Five-Year Plan period is approximately 3.0%. Using the 2025 full-ring average of 150,000 pcu/d as the baseline, the average cross-section traffic volume of the Ring Expressway will reach 173,000 pcu/d by 2030. Peak-hour congestion will be prolonged, and travel speeds at core nodes will drop markedly. Although detouring via the Second Ring Expressway adds slight mileage, the benefits of time savings and reduced fuel consumption from congestion avoidance will outweigh the extra mileage cost. Therefore, new travel demand and part of the existing time-sensitive traffic will systematically shift to the peripheral Second Ring Expressway, forming deterministic spillover traffic increments.

Reference Case 1: Hangzhou Ring Expressway → Western Section of Hangzhou Second Ring Expressway

The Hangzhou Ring Expressway is a six-lane dual-carriageway with a design speed of 100 km/h. With urban expansion, its west section has long operated under oversaturated conditions. The degree of saturation at core nodes such as Xiasha and Nanzhuangdou exceeds 1.5, and the average section speed once fell to 57.3 km/h, roughly half the design speed. Following the opening of the Western Section of the Second Ring Expressway, approximately 8%-10% of transit traffic on the west section of the Ring Expressway shifted to the periphery. The diversion rate stood at approximately 11% for goods vehicles and 7% for passenger vehicles, indicating markedly stronger spillover for freight traffic.

Reference Case 2: Taiyuan Ring Expressway → Taiyuan Second Ring Expressway

After the Taiyuan Ring Expressway opened to traffic, overlapping transit and urban commuter traffic drove a year-on-year deterioration in service level and recurrent congestion. In 2019, local authorities officially clarified that following the full completion of the Taiyuan Second Ring Expressway, the current Ring Expressway would be reclassified as an urban expressway, and the diversion of transit goods vehicles to the peripheral Second Ring Expressway would be initiated first. In the first year of the freight diversion policy, goods vehicle traffic volume on the Ring Expressway decreased by approximately 12%, and freight traffic increment on the Second Ring Expressway accounted for more than 10%. Commuter passenger vehicles, constrained by high path dependence, showed a voluntary spillover ratio of approximately 5%-6%, significantly lower than that of goods vehicles.

Referring to the corresponding cases, through the expressway model and considering comprehensive cost simulation, the oversaturation of the Chengdu Ring Expressway in 2030 will generate a 7% passenger vehicle and 9% goods vehicle traffic inflow to the Project, providing structural traffic support for the Western Section.

From 2031 to 2035, as traffic volumes on the Western Section rise, the travel efficiency during peak hours will decline moderately. The time-saving advantage of detouring will narrow marginally, and the spillover attraction effect will follow a year-on-year marginal diminishing trend.

4. 2032 Road Network Analysis: Opening of Chengdu – Wenchuan Expressway

The Chengdu – Wenchuan Expressway comprises the Chengpeng (Chengdu – Pengzhou) section and the Pengwen (Pengzhou – Wenchuan) section. The full alignment is scheduled for completion and opening to traffic in 2032. The Chengdu – Wenchuan Expressway is the second major expressway corridor in the northwest direction of Chengdu. Its Chengdu – Pengzhou section commences directly at the Gucheng Interchange of the Second Ring Expressway, heading north through Pengzhou and crossing Longmen Mountain to Wenchuan. Following the completion of the project, new travel demand from the Longmen Mountain cultural tourism belt in western Aba and industrial parks along the route will be released intensively. Most of such traffic will complete external connections through the Second Ring Expressway, forming induced traffic increments.

Expressway model simulation indicates that following the opening of the Chengdu – Wenchuan Expressway in 2032, the newly generated traffic will deliver a 4.5% passenger vehicle traffic inflow to the Project.

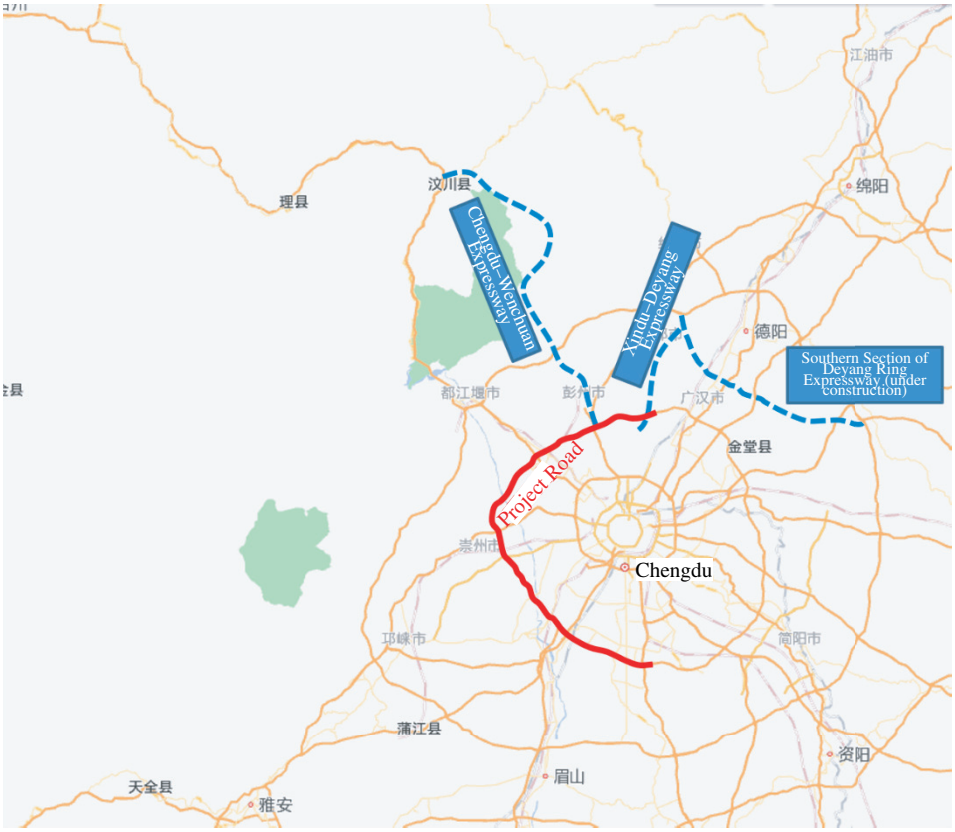


Figure 5-15 Schematic Diagram of Chengdu – Wenchuan Expressway, Xindu – Deyang Expressway and the Southern Section of Deyang Ring Expressway

5. 2035 Road Network Analysis

(1) Opening of the Shaanxi Section of the Hanrong Expressway

The Shaanxi section of the Hanrong Expressway (G0521) has not yet commenced construction. Currently, only the Sichuan section (Chengdu – Mianyang capacity expansion project) has been opened to traffic. The capacity expansion project in Shaanxi is still in the preliminary stage. Construction may only commence after Shaanxi Province completes the approval of the feasibility study, preliminary design and bidding procedures. Based on a standard 4-year construction cycle for expressways, the section is expected to open to traffic around 2035.

As a vital transport artery connecting Southwest China with Northwest and North China, the Sichuan Section of the Beijing – Kunming Expressway sees a marked upward trend in traffic volume. Traffic surges year by year on several core corridors of the Sichuan Section, far exceeding the original design standards. The current average daily traffic volume on the Guangyuan – Mianyang section has exceeded 70,000 pcu, compared with the original design capacity of merely 30,000 pcu. This section has long operated under overload. Upon the opening of the Shaanxi Section of the Hanrong Expressway, a direct expressway corridor will be established between Hanzhong in Shaanxi and

northeastern Sichuan, forming Sichuan's second northbound outbound expressway trunk after the Jingkun Expressway, and achieving road network connection with the Western Section of Chengdu Second Ring Expressway. It will unlock new travel demand previously constrained by poor travel efficiency, i.e., road network induced traffic.

Referring to the current traffic volume of the Jingkun Expressway, through the expressway model and considering comprehensive cost simulation, the opening of the Shaanxi section of the Hanrong Expressway will deliver a 6.5% overall traffic inflow to the Project.

(2) Opening of the Maerkang – Leshan Expressway

Calculated through the expressway model, the current transit traffic volume for trips from Maerkang to Leshan via the Western Section of the Second Ring Expressway remains stable. Taking Maerkang as the origin and Leshan as the destination, a comparative analysis is conducted for the two major travel routes from Maerkang to Leshan. Route 1 (Second Ring Expressway + Chengdu – Meishan – Leshan Expressway) totals 440 km, and Route 2 (Maerkang – Leshan Expressway) totals 420 km. Being roughly 20 km shorter, Route 2 boasts prominent advantages in toll cost and travel efficiency. Calculated against the prevailing expressway toll standards of Sichuan Province: when only toll charges are considered, Route 2 saves RMB13 for Class 1 Passenger Vehicles and RMB26 for Class 6 Goods Vehicles relative to Route 1. When comprehensive travel costs including fuel consumption and travel time are factored in, Route 2 saves RMB22 for Class 1 Passenger Vehicles and RMB82 for Class 6 Goods Vehicles. Overall, the Maerkang – Leshan Expressway has clear competitive advantages in terms of mileage, tolls and comprehensive costs. **Expressway model simulation shows that following the opening of the Maerkang – Leshan Expressway, it will divert approximately 0.5% of traffic away from the Project.**

Table 5-18 Route Comparison Analysis for Trips from Maerkang to Leshan

Type	Vehicle Class	Route 1: 2nd Ring + Chengdu – Meishan – Leshan Expressway	Route 2: Maerkang – Leshan Expressway
Mileage (km)	/	440	420
Toll (RMB)	Passenger Vehicle 1	282	269
	Goods Vehicle 6	578	552
Time (min)	Passenger Vehicle 1	293	280
	Goods Vehicle 6	367	350
Comprehensive Cost (RMB)	Passenger Vehicle 1	480	458
	Goods Vehicle 6	1,810	1,728



Figure 5-16 Schematic Route Comparison for Trips from Maerkang to Leshan

(3) Opening of the Maoxian – Heishui Expressway and the Shaanxi Section of the Hanrong Expressway

Calculated through the expressway model, the current transit traffic volume for trips from Aba to Chongqing via the Western Section of the Second Ring Expressway remains stable. Taking the Aba region as the origin and Chongqing as the destination, a comparative analysis of two major travel routes is carried out considering the updated road network after the Maoxian – Heishui Expressway opens. Route 1 (Second Ring Expressway + Hurong (Shanghai – Chengdu) Expressway) totals 622 km, and Route 2 (Maoxian – Heishui Expressway) totals 550 km. Being approximately 72 km shorter, Route 2 has significant advantages in toll costs and travel efficiency. Calculated against the prevailing expressway toll standards of Sichuan Province: when only toll charges are considered, Route 2 saves RMB46 for Class 1 Passenger Vehicles and RMB94 for Class 6 Goods Vehicles relative to Route 1. When comprehensive travel costs including fuel consumption and travel time are factored in, Route 2 saves RMB78 for Class 1 Passenger Vehicles and RMB296 for Class 6 Goods Vehicles. Overall, following the opening of the Maoxian – Heishui Expressway, traffic travelling from Aba to Chongqing can directly access the eastern Sichuan road network via the new corridor without detouring via the Western Section of Second Ring Expressway. The new corridor has clear competitive advantages in terms of mileage, tolls and comprehensive costs. Expressway model simulation shows that following the opening of the Maoxian – Heishui Expressway, it will divert approximately 0.5% of traffic from the Project.

Table 5-19 Route Comparison Analysis for Trips from Aba to Chongqing

Type	Vehicle Class	Route 1: 2nd Ring + Hurong Expressway	Route 2: Maoxian – Heishui Expressway
Mileage (km)	/	622	550
Toll (RMB)	Passenger Vehicle 1	398	352
	Goods Vehicle 6	817	723
Time (min)	Passenger Vehicle 1	415	367
	Goods Vehicle 6	518	458
Comprehensive Cost (RMB)	Passenger Vehicle 1	678	600
	Goods Vehicle 6	2,559	2,263



Figure 5-17 Schematic Route Comparison for Trips from Aba to Chongqing

See the figure below for the long-term road network assignment results of Sichuan Province.

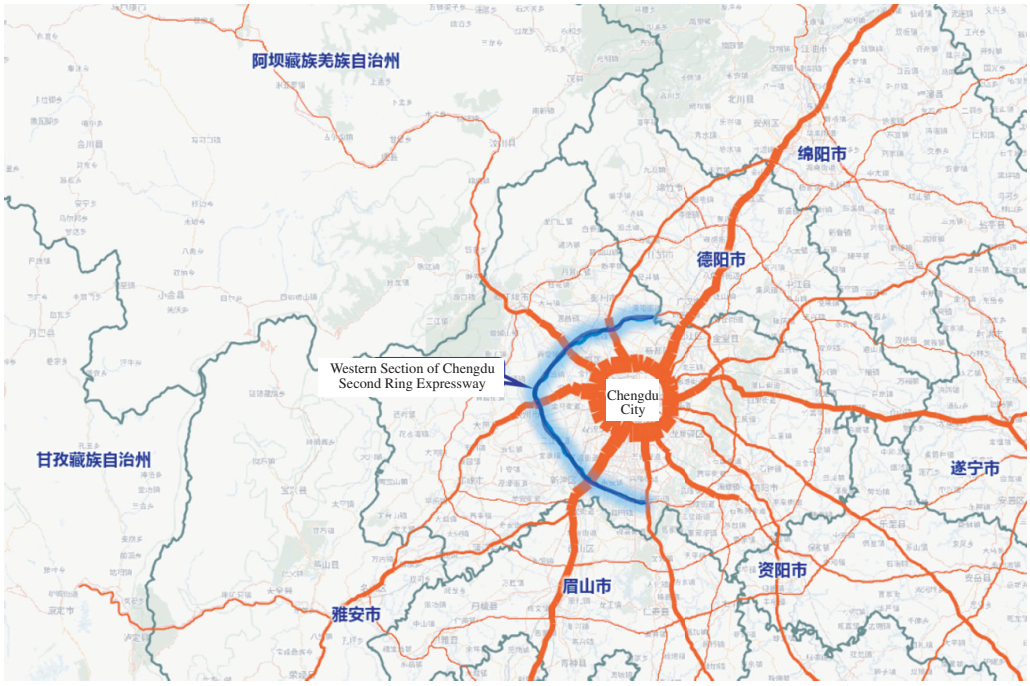


Figure 5-18 Long-term Road Network Assignment Results of Sichuan Province (pcu/d)

5.8.3 Summary of Influencing Factors

The traffic impact ratios of the foregoing road network factors are summarised as follows:

In 2026, the free toll of the Chengdu – Mianyang Expressway and Chengbei Exit Expressway will divert 4.5% of the overall traffic away from the Project.

In 2027, the official toll operation of the Tianqiong Expressway will deliver a 3.5% overall traffic inflow to the Project.

In 2030, the Chengdu Ring Expressway will operate in an oversaturated state, and new demand will spill over to the Chengdu Second Ring Expressway, with an attraction ratio of 7% for passenger vehicles and 9% for goods vehicles. From 2031 to 2035, the impact ratio will decrease by 10% year-on-year against the prior year's baseline.

In 2030, the opening of the Chengdu Metropolitan Area Ring Railway will divert 1.5% of passenger vehicles away from the Project.

In 2032, the opening of the Chengdu – Wenchuan Expressway will deliver a 4.5% overall traffic inflow to the Project.

In 2035, the Maerkang – Ya'an Expressway and Maoxian – Heishui Expressway will each divert 0.5% of traffic away from the Project; the opening of the Shaanxi section of the Hanrong Expressway will deliver a 6.5% overall traffic inflow to the Project.

5.9 TRAFFIC VOLUME FORECAST RESULTS

Based on the 2025 gantry traffic volume, combined with the analysis results of various influencing factors, trend traffic volume forecast results and traffic volume changes of characteristic years derived from the assignment results for characteristic years, the traffic volume forecast results are obtained as below.

In 2026, the Project records a monthly 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 reaches 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 over the period 2026-2046 is 7.43%.

Table 5-20 Traffic Volume Forecast Results of the Project (veh/d)

Year	Class 1 Passenger Vehicle	Class 2 Passenger Vehicle	Class 3 Passenger Vehicle	Class 4 Passenger Vehicle	Class 1 Goods Vehicle	Class 2 Goods Vehicle	Class 3 Goods Vehicle	Class 4 Goods Vehicle	Class 5 Goods Vehicle	Class 6 Goods Vehicle	Total Passenger Vehicles	Total Goods Vehicles	Natural Total	Passenger-to-Goods Vehicle Ratio	Equivalent Total
2026	19,960	25	87	45	3,832	2,194	351	252	159	1,509	20,117	8,297	28,414	71:29	35,485
2027	21,900	28	95	49	4,213	2,411	386	277	175	1,658	22,071	9,121	31,192	71:29	38,965
2028	23,261	29	101	52	4,483	2,566	411	295	186	1,765	23,444	9,707	33,150	71:29	41,423
2029	24,707	31	108	55	4,772	2,731	438	314	198	1,879	24,901	10,331	35,232	71:29	44,036
2030	27,602	35	120	62	5,508	3,153	505	362	229	2,168	27,818	11,925	39,743	70:30	49,903
2031	30,890	39	134	69	6,273	3,591	575	412	261	2,470	31,132	13,583	44,714	70:30	56,285
2032	35,764	45	156	80	7,377	4,223	676	485	307	2,904	36,044	15,972	52,016	69:31	65,620
2033	39,595	50	172	88	8,289	4,745	760	545	345	3,263	39,906	17,947	57,853	69:31	73,137
2034	43,635	55	190	97	9,259	5,300	849	608	385	3,645	43,978	20,048	64,025	69:31	81,096
2035	50,287	63	219	112	10,798	6,181	990	709	449	4,251	50,681	23,379	74,060	68:32	93,966
2036	52,699	66	229	118	11,334	6,488	1,039	745	471	4,462	53,112	24,539	77,651	68:32	98,544
2037	55,227	69	240	123	11,896	6,809	1,091	782	495	4,683	55,660	25,756	81,416	68:32	103,345
2038	57,876	73	252	129	12,486	7,147	1,145	820	519	4,916	58,330	27,033	85,363	68:32	108,380
2039	60,653	76	264	135	13,105	7,502	1,202	861	545	5,160	61,128	28,374	89,503	68:32	113,661
2040	63,562	80	277	142	13,756	7,874	1,261	904	572	5,416	64,060	29,782	93,842	68:32	119,199
2041	66,024	83	287	147	14,307	8,189	1,312	940	595	5,633	66,542	30,975	97,517	68:32	123,888
2042	68,581	86	298	153	14,880	8,517	1,364	978	619	5,858	69,119	32,216	101,335	68:32	128,763
2043	71,238	89	310	159	15,476	8,858	1,419	1,017	643	6,093	71,796	33,506	105,303	68:32	133,829
2044	73,997	93	322	165	16,096	9,213	1,476	1,058	669	6,337	74,577	34,848	109,426	68:32	139,094
2045	76,864	97	334	172	16,740	9,582	1,535	1,100	696	6,591	77,466	36,244	113,710	68:32	144,567
2046	79,141	99	344	177	17,253	9,876	1,582	1,134	717	6,793	79,762	37,355	117,117	68:32	148,919

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

Chapter 6: Toll Income Calculation

Pursuant to the applicable toll policies for expressways in Sichuan Province and the relevant toll approvals for the Project, this chapter clarifies the toll standard applicable to the Project. Combined with the traffic volume forecast results, the future annual toll income of the Project is calculated.

6.1 EXPRESSWAY TOLL POLICIES

1. Interpretation of Toll Policies

This interpretation of Sichuan's expressway toll standards is based on official documents including the Sichuan Province Expressway Vehicle Toll Pricing Measures (CJF [2020] No. 26) issued by the Sichuan Provincial Department of Transport, the Sichuan Provincial Development and Reform Commission and the Sichuan Provincial Department of Finance, and the Notice of the Sichuan Provincial Department of Transport and the Sichuan Provincial Development and Reform Commission on Adjusting the Billing Method and Toll Standards for Vehicle Tolls on Commercial Expressways in Sichuan Province (CJF [2019] No. 53).

(1) The vehicle classification for expressway tolls complies with the industry standard Vehicle Classification of the Toll for Highway. The toll coefficient for passenger vehicle classes is 1:2:3:4 and for goods vehicle and special operation vehicle classes is 1:2:3:3.9:4.7:5.4. For goods vehicles with more than 6 axles, the toll coefficient increases by 0.9 for each additional axle.

(2) Passenger vehicles adopt tolling by vehicle class, with base rates implemented in accordance with standards approved by the Sichuan Provincial Department of Transport and the Provincial Development and Reform Commission. Goods vehicles have transitioned from weight-based toll collection to vehicle classification-based toll collection, with rates specified in the Adjustment Plan for the Billing Method of Goods Vehicle Tolls on Tolled Expressways in Sichuan Province.

(3) The revised billing mechanism for goods vehicle tolls on existing tolled expressways retains the adopted "toll base price + bridge and tunnel surcharge" model. Separate classified calculations are conducted for the toll base price and bridge & tunnel surcharge, respectively.

(4) The toll standard for newly built expressways is comprehensively determined using the "basic standard + investment adjustment" method. The basic toll standard is calculated based on an investment of RMB80 million/km, with Class 1 Passenger Vehicles at 0.50 RMB/veh•km. Expressways with an investment not exceeding RMB80 million/km implement the basic toll standard. For expressways with an

investment exceeding RMB80 million/km, an incremental interval of RMB10 million per kilometre applies, corresponding to a RMB0.05/veh•km increase for Class 1 Passenger Vehicles, subject to an initial approval cap of RMB1.20/veh•km.

(5) The investment adjustment value for newly built expressways (i.e., the portion exceeding RMB80 million) is discounted by the number of lanes. The discount coefficient is 1.0 for four-lane dual-carriageways, 0.8 for six-lane dual-carriageways, and 0.7 for eight-lane dual-carriageways.

Table 6-1 Current Passenger Vehicle Classification and Toll Coefficients for Expressways in Sichuan Province

Type of Passenger Vehicle	Certified Capacity	Description	Toll Coefficient
Class 1	<=9	Passenger vehicles with length < 6,000 mm and certified capacity ≤ 9 persons	1
Class 2	10-19	Passenger vehicles with length < 6,000 mm and certified capacity of 10-19 persons	2
Class 3	20-39	Passenger vehicles with length ≥ 6,000 mm and certified capacity ≤ 39 persons	3
Class 4	>=40	Passenger vehicles with length ≥ 6,000 mm and certified capacity ≥ 40 persons	4

Table 6-2 Current Goods Vehicle Classification and Toll Coefficients for Expressways in Sichuan Province

Type of Goods Vehicle	Total Axles (incl. lift axles)	Vehicle Length and Maximum Gross Vehicle Weight	Toll Coefficient
Class 1	2	Length < 6,000 mm and max GVW < 4,500 kg	1
Class 2	2	Length ≥ 6,000 mm or max GVW ≥ 4,500 kg	2
Class 3	3		3
Class 4	4		3.9
Class 5	5		4.7
Class 6	6		5.4

2. Concessionary Policies

(1) Pursuant to the Notice of the State Council on Approving and Forwarding the Implementation Plan for Toll Exemption for Small Passenger Vehicles During Major Holidays Issued by the Ministry of Transport and Other Departments (GF [2012] No. 37), during the four national statutory holidays, i.e., the Spring Festival, Qingming

Festival, Labour Day and National Day, as well as the consecutive holiday days specified in the documents issued by the General Office of the State Council in the corresponding year, passenger vehicles with up to 7 seats (inclusive) are exempted from tolls. Based on the four national statutory holidays and consecutive holiday days from 2024 to 2026, toll exemption applies to such vehicles for 24 days each year. Considering that the vast majority of Class 1 Passenger Vehicles are passenger vehicles with up to 7 seats (inclusive), tolls for Class 1 Passenger Vehicles are exempted for 24 days per year.

(2) Pursuant to the Notice of the General Office of the Ministry of Transport on Vigorously Promoting the Development and Application of ETC on Expressways (JBGLMD[2019] No. 45), from 1 July 2019, a minimum 5% discount on tolls for ETC users shall be strictly enforced, and non-discriminatory basic discounts shall be offered to ETC vehicles travelling within the region. Local authorities are encouraged to optimise differentiated expressway toll policies based on actual conditions and increase the discount incentives for ETC users. Issuing institutions are encouraged to set up ETC user points mechanisms, providing ETC users with various forms of benefits such as exclusive privileges and gift redemptions.

(3) Pursuant to the Several Policy Measures for Consolidating and Expanding the Momentum of Steady Economic Improvement (CBF [2026] No. 12), the Sichuan Province Action Plan for Further Advancing the Development and Promotion and Application of the Full Hydrogen Energy Industry Chain (2024-2027) (CBF [2024] No. 48), the Sichuan Province Work Plan for Vigorously Promoting the Large-scale Development and Application of New Energy Goods Vehicles (CBF [2026] No. 19), and the supporting implementation rules issued by the Sichuan Provincial Comprehensive Administrative Law Enforcement Unit for Transport (CJZZF [2026] No. 6, 7), the applicable concessions for the Western Section of the Second Ring Expressway are as follows: an 8% toll discount for ordinary ETC goods vehicles at night (23:00-06:00 the next day); a 20% toll discount for ETC new energy goods vehicles; toll exemption for ETC hydrogen-powered goods vehicles; and a 40% toll discount for ETC vehicles carrying ISO standard containers. Only the most favourable discount applies; discounts cannot be combined. At the same time, the national unified green channel policy for fresh agricultural products and the free-toll policy for small passenger vehicles on major holidays are implemented. The incremental concession portion of the above goods vehicle discounts is covered by the provincial finance instead of being a price reduction policy independently implemented by the road operator. Small passenger vehicles with Sichuan A and Sichuan G licence plates are not eligible for the free toll benefit funded by local government consolidated payment on this section, and can only enjoy the basic 5% ETC discount.

6.2 TOLL RATES OF THE PROJECT

Pursuant to the Reply of the Sichuan Provincial Department of Transport and the Sichuan Provincial Development and Reform Commission on the Official Commencement of Vehicle Toll Collection for the Western Section of Chengdu Second Ring Expressway (CJF [2021] No. 31), the project was approved to be constructed under the BOT model by the Reply of the General Office of the People's Government of Sichuan Province on Matters Related to the Construction of Chengdu Second Ring Expressway (CBH [2009] No. 274). The project owner is Sichuan Rongcheng Second Ring Expressway Development Co., Ltd., which is responsible for the construction, operation, management, and handover of the project. In May 2011, with the approval of the People's Government of Sichuan Province, the project was ratified as a commercial toll road project by the Reply of the Sichuan Provincial Department of Transport and the Sichuan Provincial Development and Reform Commission on the Toll Project Approval for the Commercial Project of the Western Section of Chengdu Second Ring Expressway (CJF [2011] No. 16). In February 2016, with the approval of the People's Government of Sichuan Province, the Reply of the Sichuan Provincial Department of Transport and the Sichuan Provincial Development and Reform Commission on the Trial Collection of Vehicle Tolls for the Western Section of Chengdu Second Ring Expressway (CJF [2016] No. 7) authorised the project to launch trial toll collection as a commercial toll road from 16 February 2016.

The toll rates are implemented in accordance with the Reply of the Sichuan Provincial Department of Transport and the Sichuan Provincial Development and Reform Commission on the Trial Collection of Vehicle Tolls for the Western Section of Chengdu Second Ring Expressway (CJF [2016] No. 7) and the Notice on Adjusting the Billing Method and Toll Standards for Vehicle Tolls on Commercial Expressways in Sichuan Province (CJF [2019] No. 53). The vehicle classification standard for toll collection is implemented in accordance with the transportation industry standard JT/T 489-2019.

The Project includes bridges and tunnels, namely the Shuangliu Fuhe Super Large Bridge (1.201 km), the Xinjin Jinma River Bridge (1.324 km) and the Pixian You'ai Super Large Bridge (4.115 km). The comprehensive toll rate of the Project is calculated on the basis of the aforesaid toll standards.

Table 6-3 Toll Rates of the Project

Category	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
Toll Road (RMB/veh•km)	0.57	1.14	1.71	2.28	0.36	0.6	1.11	1.49	1.65	2.01
Bridge/Tunnel Surcharge (RMB/veh•trip)	8.00	16.00	24.00	32.00	19.26	30.34	56.84	76.29	83.66	104.12
Full-section Toll (RMB)	73.13	146.26	219.38	292.51	60.39	98.90	183.67	246.54	272.19	333.78
Comprehensive Rate (RMB/veh•km)	0.64	1.28	1.92	2.56	0.53	0.87	1.61	2.16	2.38	2.92

6.3 TOLL INCOME CALCULATION RESULTS

1. Calculation Methodology

The formula for calculating the annual toll income of the Project is as follows:

$$I = \sum_{n} Q_n * C_n * L * D_n$$

I: annual toll income;

n: vehicle class, ranging from 1-10, where 1 = Class 1 Passenger Vehicle, ..., 4 = Class 4 Passenger Vehicle, 5 = Class 1 Goods Vehicle, ..., 10 = Class 6 Goods Vehicle;

Q_n: traffic volume of each vehicle class;

C_n: toll rate applicable to each vehicle class;

L: toll mileage of the Project;

D_n: annual tollable days for each vehicle class.

When calculating the toll income, the tollable days for Class 1 Passenger Vehicles are set at 341 days (the annual free-toll period for small expressway passenger vehicles has been 24 days in recent years, representing 24 days of holiday toll exemption for such vehicles), and for other vehicle classes are set at 365 days (366 days in leap years).

2. Effective Toll Collection Rate

Based on the exemption data provided by the project company, as various concessions have stabilised over the past two years, the 2025 exemption amounts by category are used to analyse the effective toll collection rate for passenger vehicles and goods vehicles respectively.

Table 6-4 Effective Toll Collection Rate for Passenger Vehicles (RMB10,000)

Category	Total Passenger Vehicle Toll Income	Passenger Vehicle Discount (excl. holiday exemptions)	Holiday Passenger Vehicle Exemption	Effective Toll Collection Rate for Passenger Vehicles
January 2025	4,174	147.87	827.40	96.58%
February 2025	3,077	119.43	1,187.05	96.26%
March 2025	4,079	148.70	0.00	96.48%
April 2025	3,427	137.14	1,025.76	96.15%
May 2025	3,477	132.15	1,961.60	96.34%
June 2025	4,377	150.38	0.00	96.68%
July 2025	4,454	160.35	0.00	96.52%
August 2025	5,146	185.15	0.00	96.53%
September 2025	3,974	145.26	0.00	96.47%
October 2025	3,065	111.15	2,726.37	96.50%
November 2025	4,402	166.95	0.00	96.35%
December 2025	4,120	144.57	0.00	96.61%
Total for 2025	**47,774**	**1,749.10**	**7,728.18**	**96.47%**

In 2025, the effective toll collection rate for passenger vehicles was 96.47%. This rate is adopted for passenger vehicles throughout the toll income calculation. The effective toll collection rate for passenger vehicles excludes holiday exemptions for passenger vehicles, as such concessions have already been incorporated into the tollable days for Class 1 Passenger Vehicles.

Table 6-5 Effective Toll Collection Rate for Goods Vehicles (RMB10,000)

Category	Total Goods Vehicle Toll Income	Goods Vehicle Discount	Effective Toll Collection Rate for Goods Vehicles
January 2025	2,771	500.51	84.70%
February 2025	2,015	365.30	84.65%
March 2025	3,219	566.38	85.04%
April 2025	3,123	592.42	84.05%
May 2025	2,891	397.29	87.92%
June 2025	2,799	300.42	90.31%
July 2025	2,746	315.05	89.71%
August 2025	2,622	368.34	87.68%
September 2025	3,044	491.27	86.10%
October 2025	2,538	380.27	86.97%
November 2025	2,537	462.51	84.58%
December 2025	3,204	485.33	86.84%
Total for 2025	**33,509**	**5,225.09**	**86.51%**

In 2025, the effective toll collection rate for goods vehicles was 86.51%. This rate is adopted for goods vehicles throughout the toll income calculation.

In addition, other policy-based exemptions account for 0.19% of the total toll income.

3. Toll Income Calculation

Pursuant to the Notice of the Sichuan Provincial Department of Transport 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, from 00:00 on 21 July 2023 to 24:00 on 10 August 2023, legitimately loaded goods vehicles were 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. The original toll expiry date of the Project is 11 January 2046. Taking into account the extension of the concession period due to the Chengdu FISU World University Games toll exemption, the revised toll expiry date is 1 February 2046.

The aggregate toll income of the Project from 1 July 2026 to 1 February 2046 is projected at RMB41.707 billion. The toll income for July-December 2026 is RMB444 million, including RMB250 million from passenger vehicles and RMB194 million from goods vehicles. In the terminal year 2046, the toll income is projected at RMB299 million, including RMB162 million from passenger vehicles and RMB137 million from goods vehicles.

Table 6-6 Toll Income Forecast Results (RMB10,000)

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

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
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

The following is the full text of the report of PricewaterhouseCoopers, the reporting accountant of the Company, prepared for inclusion in this circular.

Independent Reporting Accountant's Assurance Report on the Calculations of Discounted Future Estimated Cash Flows in connection with the Valuation of the Total Shareholders' Equity of Sichuan Rongcheng Second Ring Expressway Development Co., Ltd.

To the Board of Directors of Sichuan Expressway Group Company Limited

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the valuation (the "**Valuation**") dated 3 September 2026 prepared by Shenzhen Ruilian Assets Real Estate and Land Appraisal Co., Ltd., in respect of the appraisal of the fair value of the total shareholders' equity of Sichuan Rongcheng Second Ring Expressway Development Co., Ltd. (the "**Equity Interest of the Target Company**") is based. The Valuation is set out in the Appendix I of the announcement of Sichuan Expressway Group Company Limited (the "**Company**") dated 3 September 2026 (the "**Announcement**") in connection with the proposed issuance of Quasi Reits and related discloseable transaction and major transaction. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows, including the bases and assumptions set on pages 31 to 33 of the Announcement on which the discounted future estimated cash flows are based. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the discounted future estimated cash flows and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

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

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

Reporting Accountant's Responsibilities

It is our responsibility, pursuant to paragraph 29(2) of Appendix D1B of the Listing Rules, to express an opinion on the calculations of the discounted future estimated cash flows, and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to form the opinion.

This assurance engagement involved performing procedures to obtain sufficient appropriate evidence as to whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the bases and assumptions set out on pages 31 to 33 of the Announcement. The extent of procedures selected depends on the Reporting Accountant's judgement and our assessment of the engagement risk. Within the scope of our work, we, amongst others, reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted future estimated cash flows do not involve the adoption of accounting policies. The discounted future estimated cash flows have been prepared using a set of bases and assumptions that include hypothetical assumptions about future events and management's actions that cannot be confirmed and verified in the same way as past results and that are not necessarily expected to occur. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the discounted future estimated cash flows since other anticipated events frequently do not occur as expected and the variation may be material. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Equity Interest of the Target Company.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the bases and assumptions adopted by the directors of the Company as set out on pages 31 to 33 of the Announcement.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 24 September 2026

Independent Reporting Accountant's Assurance Report on the Calculations of Discounted Future Estimated Cash Flows in connection with the Valuation 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 the Board of Directors of Sichuan Expressway Group Company Limited

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the valuation (the "**Valuation**") dated 3 September 2026 prepared by Shenzhen Ruilian Assets Real Estate and Land Appraisal Co., Ltd., in respect of the appraisal of the fair 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. (the "**Underlying Asset Portfolio**") is based. The Valuation is set out in the Appendix II of the announcement of Sichuan Expressway Group Company Limited (the "**Company**") dated 3 September 2026 (the "**Announcement**") in connection with the proposed issuance of Quasi Reits and related discloseable transaction and major transaction. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows, including the bases and assumptions set on pages 54 to 55 of the Announcement on which the discounted future estimated cash flows are based. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the discounted future estimated cash flows and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

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

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

Reporting Accountant's Responsibilities

It is our responsibility, pursuant to paragraph 29(2) of Appendix D1B of the Listing Rules, to express an opinion on the calculations of the discounted future estimated cash flows, and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to form the opinion.

This assurance engagement involved performing procedures to obtain sufficient appropriate evidence as to whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the bases and assumptions set out on pages 54 to 55 of the Announcement. The extent of procedures selected depends on the Reporting Accountant's judgement and our assessment of the engagement risk. Within the scope of our work, we, amongst others, reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted future estimated cash flows do not involve the adoption of accounting policies. The discounted future estimated cash flows have been prepared using a set of bases and assumptions that include hypothetical assumptions about future events and management's actions that cannot be confirmed and verified in the same way as past results and that are not necessarily expected to occur. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the discounted future estimated cash flows since other anticipated events frequently do not occur as expected and the variation may be material. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Underlying Asset Portfolio.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the bases and assumptions adopted by the directors of the Company as set out on pages 54 to 55 of the Announcement.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 24 September 2026

The following is the full text of the letter from the Board prepared for inclusion in this circular.

24 September 2026

Dear Sir or Madam,

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

We refer to the announcement of Sichuan Expressway Group Company Limited* (the "**Company**") dated 3 September 2026 (the "**Announcement**") in relation to the above matter, and the valuation report (the "**Valuation Report**") prepared by Shenzhen Ruilian Assets Real Estate and Land Appraisal Co., Ltd.* (深圳市瑞聯資產房地產土地評估有限公司) (the "**Valuer**") in respect of (i) the entire equity interest in the Target Company; and (ii) the Underlying Asset Portfolio.

We understand that the Valuation Report prepared by the Valuer was prepared using the discounted cash flow method under the income approach and that, pursuant to Rule 14.60A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the aforesaid valuation constitutes a profit forecast. Unless otherwise defined or the context otherwise requires, capitalised terms defined in the Announcement shall have the same meanings when used in this letter.

We have reviewed and discussed with the Valuer the bases and assumptions upon which the valuation of the entire equity interest in the Target Company and the Underlying Asset Portfolio was based, and have reviewed the valuation prepared by the Valuer.

We have also considered the report of PricewaterhouseCoopers, the reporting accountant of the Company, dated 24 September 2026, in relation to whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the bases and assumptions set out in the Valuation Report. We note that the discounted future estimated cash flows do not involve the adoption of accounting policies.

Based on the foregoing, we are satisfied that the forecast contained in the Valuation Report and the valuation prepared by the Valuer have been made after due and careful enquiry.

This letter has been prepared solely for the purpose of Rule 14.60A(3) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with this letter.

Yours faithfully,
By Order of the Board
Sichuan Expressway Group Company Limited*
Yao Jiancheng
Executive Director and Company Secretary

1. RESPONSIBILITY STATEMENT

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

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

As at the Latest Practicable Date, none of the Directors and chief executives of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them had taken or was deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

(i) none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by, or leased to any member of the Group since 31 December 2025, the date to which the latest published audited financial statements of the Group were made up;

(ii) further details of the Directors who serve as a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the SFO are set out as follows:

- Mr. Nie Yibin, a non-executive Director, is a deputy general manager of China Merchants Expressway Network & Technology Holdings Co., Ltd.; and

- Madam Mao Yurong, an executive Director, is a full-time expatriate director of China Merchants Expressway Network & Technology Holdings Co., Ltd.

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

3. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

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

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

Note:

(1) The interest is held by Cornerstone Holding Limited, a wholly-owned subsidiary of China Merchants Expressway Network & Technology Holdings Co., Ltd. By virtue of the SFO, China Merchants Expressway Network & Technology Holdings Co., Ltd. is therefore deemed to be interested in the H Shares held by Cornerstone Holding Limited.

4. COMPETING INTERESTS

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

5. SERVICE CONTRACTS OF THE DIRECTORS

As at the Latest Practicable Date, none of the Directors had entered into any service contract with any member of the Group which does not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

6. LITIGATION

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

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or operating position of the Company since 31 December 2025, the date to which the latest audited financial statements of the Company were made up.

8. EXPERTS AND CONSENTS

The qualifications of the experts who have been named in this circular or have given opinions or advice contained in this circular are set out below:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants, Hong Kong
Shenzhen Ruilian Assets Real Estate and Land Appraisal Co., Ltd.	An independent qualified valuer in the PRC
JSTI Group Co., Ltd.	An independent professional traffic consultant in the PRC

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of PricewaterhouseCoopers, Shenzhen Ruilian Assets Real Estate and Land Appraisal Co., Ltd., and JSTI Group Co., Ltd. is a third party independent of the Group and its connected persons, and as at the Latest Practicable Date:

(1) none of the above experts had any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate any person to subscribe for securities of any member of the Group;

(2) each of the above experts has given and has not withdrawn its written consent to the publication of this circular with the inclusion herein of its letter(s), report(s), opinion(s) and/or references to its name in the form and context in which they are included; and

(3) none of the above experts had any interest in any assets which have been, since 31 December 2025 (being the date to which the latest published audited annual financial statements of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. MATERIAL CONTRACTS

The members of the Group have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the Latest Practicable Date which are or may be material:

(1) the strategic investment agreements entered into on 19 August 2024 and 18 October 2024 between Sichuan Shudao Chengyu Investment Company Limited* (四川蜀道成渝投資公司), a wholly-owned subsidiary of the Company, and China Merchants Fund Management Co., Ltd.* (招商基金管理有限公司) in respect of the subscription of 28,550,000 relevant fund units for a consideration of RMB199,621,600;

(2) the cooperation agreement entered into on 22 July 2025 among the Company, China Huashi Enterprises Co., Ltd.* (中國華西企業股份有限公司), Sichuan Transportation Construction Group Co., Ltd.* (四川省交通建設集團有限責任公司), Sichuan Road & Bridge Construction Group Co., Ltd.* (四川公路橋樑建設集團有限公司) and Sichuan Gaolu Information Technology Co., Ltd.* (四川高路信息科技有限公司) in respect of the joint investment in the capacity expansion project of the Chengdu-Ya'an section of the G5 Beijing-Kunming Expressway and the establishment of the project company, Sichuan Chengya Expressway Co., Ltd.* (四川成雅高速公路有限責任公司), with an aggregate capital commitment of approximately RMB5.767 billion by the investors, of which the Company's capital commitment amounted to approximately RMB4.902 billion, representing 85%;

(3) four construction contracts entered into on 17 October 2025 and 10 November 2025 by Sichuan Chengya Expressway Co., Ltd.* (四川成雅高速公路有限責任公司), a non-wholly owned subsidiary of the Company, with China Huashi Enterprises Co., Ltd.* (中國華西企業股份有限公司), Sichuan Transportation Construction Group Co., Ltd.* (四川省交通建設集團有限責任公司), Sichuan Road & Bridge Construction Group Co., Ltd.* (四川公路橋樑建設集團有限公司) and Sichuan Gaolu Information Technology Co., Ltd.* (四川高路信息科技有限公司), respectively, in respect of the construction of the capacity expansion project of the Chengdu-Ya'an section of the G5 Beijing-Kunming Expressway, with maximum contract prices of RMB2,075,319,898, RMB13,130,759,190, RMB3,907,489,567 and RMB855,828,581, respectively; and

(4) the equity transfer agreement entered into on 19 December 2025 between Sichuan Shunan Investment Management Co., Ltd.* (四川蜀南投資管理有限公司), a wholly-owned subsidiary of the Company, and Shudao (Sichuan) Innovation Investment Development Co., Ltd. (蜀道(四川)創新投資發展有限公司) in respect of the acquisition of an 85% equity interest in Hubei Jingyi Expressway Co., Ltd.* (湖北荊宜高速公路有限公司) for a consideration of RMB2,409,421,220.

10. OTHER INFORMATION

(1) The head office, registered office and principal place of business of the Company are situated at 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC.

(2) The principal place of business in Hong Kong of the Company is situated at Rooms 2201-03, 22nd Floor, World-Wide House, 19 Des Voeux Road Central, Central, Hong Kong.

(3) The H Share Registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(4) The company secretary of the Company is Mr. Yao Jiancheng. Mr. Yao Jiancheng graduated from Southwestern University of Finance and Economics with a major in political economy, obtained a master's degree in economics, and holds a Legal Profession Qualification Certificate of the People's Republic of China.

11. DOCUMENTS ON DISPLAY

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

(1) the Equity Transfer Agreement;

(2) the Limited Partnership Interest Transfer Agreement;

(3) the Traffic Volume Forecast and Revenue Assessment Report;

(4) the Reporting Accountants' Report on the Profit Forecast;

(5) the Letter from the Board on the Profit Forecast; and

(6) the consents stated under the section headed "Experts and Consents" in this Appendix.

12. MISCELLANEOUS

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

四川成渝高速公路集團股份有限公司
Sichuan Expressway Group Company Limited*

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

(Stock Code: 00107)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**EGM**") of Sichuan Expressway Group Company Limited* (the "**Company**") will be held at 3:00 p.m. on Friday, 23 October 2026 at Room 420, 4th Floor, 252 Wuhouci Da Jie, Chengdu, Sichuan Province, the PRC for the purposes of considering and, if thought fit, passing (with or without modifications) the following resolutions.

Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the circular (the "**Circular**") of the Company dated 30 September 2026, which contains details of the resolutions set out below.

ORDINARY RESOLUTIONS

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

1. Resolution on the Application for the Issuance of the Equity Consolidation-type Quasi REITs Project of the Western Section of Chengdu Second Ring Expressway

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

2.00 Resolution on the Election of Director

2.01 Resolution on the Election of Mr. Zhang Lihu as a Non-executive Director of the Ninth Session of the Board of the Company

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

Chengdu, Sichuan Province, the PRC
30 September 2026

Notes:

1. The register of members of H Shares of the Company will be closed from Tuesday, 20 October 2026 to Friday, 23 October 2026, both days inclusive, during which period no transfer of H Shares will be effected. In order to qualify for attending the EGM, unregistered holders of H Shares must ensure that all transfer documents of H Shares accompanied by the relevant share certificates and the appropriate transfer documents are lodged with the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 16 October 2026.

2. Any holder of H Shares who has registered on the register of members of H Shares before the close of business on Tuesday, 20 October 2026 is entitled to attend the EGM after registration for the meeting. He/she is also entitled to appoint one or more proxies to attend and vote at the EGM on his/her behalf in accordance with the Articles of Association of the Company. A proxy need not be a Shareholder of the Company.

3. In order to be valid, the form of proxy of holders of H Shares and, if such form of proxy is signed by a person under a power of attorney or other authority on behalf of the principal, a notarially certified copy of that power of attorney or authority shall be deposited at the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time for holding the EGM (or any adjournment thereof) or 24 hours before the time appointed for the passing of the resolutions.

4. Shareholders or their proxies should produce their identity documents when attending the EGM. Should a proxy be appointed, the proxy shall also present the form of proxy.

5. Pursuant to the Articles of Association of the Company and the Listing Rules, the Chairman of the EGM will demand a poll in relation to all the resolutions proposed at the EGM.

6. The EGM is expected to last for less than one day. Shareholders or their proxies attending the EGM shall be responsible for their own travelling, dining and accommodation expenses.

As at the date of this notice, 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*