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廣東粵運交通股份有限公司

Guangdong Yueyun Transportation Company Limited*

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

(Stock Code: 03399)

FURTHER ANNOUNCEMENT ON DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE EQUITY TRANSFER CONTRACT

Reference is made to the announcement of Guangdong Yueyun Transportation Company Limited (the “**Company**”) dated 22 March 2024 (the “**Announcement**”) in relation to, among others, the acquisition of 4.44% equity interest in Top-E held by Guangdong Expressway. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

IMPLICATIONS UNDER THE LISTING RULES

As disclosed in the Announcement, the income approach was adopted by the Valuer to determine the fair value of the total shareholder’s equity of Top-E as at the base date, the valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. According to Rule 14.60A of the Listing Rules, the Company must set out in the Announcement or publish a further announcement with 15 business days after publication of the Announcement containing information on the profit forecast.

The principal assumptions upon which the profit forecast was based are set out in the Appendix I to this announcement for the purpose of Rule 14.60A (1).

BDO CHINA Shu Lun Pan Certified Public Accountants LLP (“**BDO**”), the auditor of the Company, was engaged by the Company to report on the calculations of the discounted future estimated cash flows on which the valuation was based and issue a letter (the “**Letter of BDO**”). The full text of the Letter of BDO is set out in the Appendix II to this announcement for the purpose of Rule 14.60A (2).

The Board has reviewed the principal assumptions upon which the profit forecast was based and the Letter of BOD and is of the view that the profit forecast was made after due and careful enquiry. A letter from the Board (the “**Letter of Board**”) is set out in the Appendix III to this announcement for the purpose of Rule 14.60A (3).

In order to facilitate shareholders’ understanding of the arithmetic calculation process of the income approach (the “**Arithmetic Calculations of the Income Approach**”), the Company has extracted the relevant contents of the asset valuation report and set out in the Appendix IV of the announcement.

EXPERTS AND CONSENTS

The qualifications of the experts who have made statements in the Announcement and this announcement are set out as follows:

Name	Qualification
Beijing Guorongxinghua Assets Appraisal Co., Ltd.	Professional valuer in the PRC
BDO CHINA Shu Lun Pan Certified Public Accountants LLP	certified public accountant

As at the date of this announcement, the above experts have given and have not withdrawn their written consent to the publication of the Announcement and this announcement with the inclusion therein of their reports or letters (as the case may be) and reference to their name in the form and context in which they respectively appear.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the above experts are third parties independent of the Group and are not a connected person of the Group. As at the date of each of the Announcement and this announcement, the above experts did not have any shareholding in any member of the Group nor did they have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the date of each of the Announcement and this announcement, the above experts did not have any direct or indirect interest in any assets which had been, since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up, acquired, disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

By order of the Board
Guangdong Yueyun Transportation Company Limited
Zhu Fang
Chairman of the Board

Guangzhou, the PRC
2 April 2024

As at the date of this announcement, the Board comprises Mr. Zhu Fang, Mr. Huang Wenban, Mr. Hu Xianhua and Mr. Hu Jian as executive directors of the Company, Mr. Chen Chuxuan as non-executive director of the Company, and Mr. Su Wujun, Ms. Huang Yuan, Mr. Shen Jialong and Mr. Zhang Xiangfa as independent non-executive directors of the Company.

* *For identification purpose only*

APPENDIX I PRINCIPAL ASSUMPTIONS

Basic Assumptions

1. Open market assumption, which assumes that with respect to the asset traded or to be traded in the market, the transacting parties are in equal position and both have opportunities and time to access sufficient market information so as to make a rational judgment on the function, purpose and transaction price of assets;
2. Transaction assumption, which assumes that all assets to be valued are in the process of transaction, and the Valuer makes estimation in a simulated market according to the transaction conditions of assets to be valued. The transaction assumption is one of the most fundamental assumptions for the further implementation of the asset valuation;
3. Going-concern assumption, which assumes that Top-E will not cease to operate for various reasons during the franchised period based on the conditions of existing assets and resources.

General Assumptions

1. It is assumed that there is no material change in the relevant current laws, regulations and policies, and the macroeconomic situation of the PRC, and there is no material change in the political, economic and social environment of the regions where the parties to this transaction are located.
2. It is assumed that no force majeure or unforeseeable factor will have any material adverse effect on Top-E following the base date.
3. It is assumed that the operator of Top-E is responsible and is in full compliance with all relevant laws and regulations, and that the management of the company is capable of discharging their duties.
4. It is assumed that Top-E complies with relevant laws and regulations of the PRC and there will be no material violations that affect its development and profit realization.
5. It is assumed that there will be no material change relating to the bases of valuation, including interest rate, exchange rate, tax bases, tax rate, and policy-based levies, which are applicable to Top-E.
6. It is assumed that the values of various parameters measured in the valuation are determined according to the current price system, without considering the influence of inflation factors following the base date.

Specific Assumptions

1. It is assumed that the object valued, were acquired, obtained, and produced in accordance with the relevant laws and regulations of the PRC;
2. It is assumed that during the future operating period, Top-E will not materially change its business scope and manner, and its structure of principal businesses, income and cost composition as well as future business sales strategies and cost control will continue their status as the last few years with no significant changes. We will not take into account any changes in the operating capability, business scale, business structure, etc. as a result of the management, business strategies and increasing investments as well as changes in commercial environments in the future, despite these changes are likely to take place. Therefore, the valuation is based on the continuous production and operating capability, business scale and operating model on the base date, regardless of special changes caused by possible overrun or reduction in production;
3. It is assumed that in the future operation period of Top-E, the fees incurred in the course of operation, management or others will not change significantly from the existing basis, and will maintain its trend in recent years, and will vary synchronously with the change of operation scale;
4. It is assumed that Top-E will have even cash inflow and cash outflow after the base date for the valuation;
5. It is assumed that the self-recycling gas station plan of Top-E will complete in a timely manner as scheduled by the management;
6. It is assumed that the contractual operation contract of the company will be successfully renewed upon expiry;
7. It is assumed that the qualification of Top-E for business licence will be reaffirmed upon expiry of the licence;
8. It is assumed that the assets acquired, obtained and construction procedures involved in the appraised object are in compliance of the relevant laws and regulations of the PRC;
9. Top-E has clearly-established ownership of its assets, the assets are owned by the appraised entity, and there is no potential several liability and legal issues other than those arising from the valuation.

APPENDIX II LETTER OF BDO

The following is the text of a report received from BDO CHINA Shu Lun Pan Certified Public Accountants LLP for the purpose of incorporation in this announcement.

INDEPENDENT AUDITOR’S ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF GUANGDONG TOP-E EXPRESSWAY SERVICE ZONE LIMITED

Xin Kuai Shi Bao Zi [2024] No. ZC10175
(Page 1 of 2)

TO THE BOARD OF DIRECTORS OF GUANGDONG YUEYUN TRANSPORTATION COMPANY LIMITED

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the asset valuation report (Guo Rong Xing Hua Ping Bao Zi [2024] No. 620001) (the “Valuation”) dated 20 February 2024 prepared by Beijing Guorongxinghua Assets Appraisal Co., Ltd. in respect of the appraisal of the fair value of the 100% equity interests in Guangdong Top-E Expressway Service Zone Limited (“Top-E”) as at 30 September 2023 are based. The Valuation is set out in Appendix IV of the announcement of the Guangdong Yueyun Transportation Company Limited (the “Company”) dated 2 April 2024 (the “Announcement”) in connection with the disclosable transaction of the acquisition of 4.44% of equity interests in Top-E being held by Guangdong Provincial Expressway Company Limited (“Guangdong Expressway”). 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 in Appendix I 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.

Reporting Accountant’s Responsibilities

It is our responsibility to report, pursuant to paragraph 14.60A(2) of the Listing Rules, to express an opinion on the calculations of the discounted future estimated cash flows.

We conducted our work in accordance with China Standard on Other Assurance Engagements No.3101 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. This standard requires that we comply with ethical requirements and 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 in Appendix I 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 Top-E.

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 made by the directors of the Company as set out in Appendix I of the Announcement.

Restriction on Use

This report is intended solely for the board of directors of the Company in connection with the requirement in paragraph 14.60A(2) of the Listing Rules and should not be used for any other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

BDO CHINA Shu Lun Pan Certified Public Accountants LLP
Shanghai, China
2 April 2024

APPENDIX III LETTER OF BOARD



廣東粵運交通股份有限公司

Guangdong Yueyun Transportation Company Limited*

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

(Stock Code: 03399)

Dear Sir or Madam,

Re: Discloseable and Connected Transaction in Relation to the Equity Transfer Contract

Reference is made to the announcement of the Company dated 22 March 2024 (the “**Announcement**”) in relation to the acquisition of a 4.44% equity interest in Guangdong Top-E Expressway Service Zone Limited held by Guangdong Provincial Expressway Company Limited. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, the income approach was adopted by the Valuer to determine the fair value of the total shareholder's equity of Top-E as at the base date, the valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules.

We have discussed various aspects with the Valuer, including the basis and assumptions for preparing the valuation, and have reviewed the valuation for which Valuer is responsible. We have also taken into consideration the letter from BDO CHINA Shu Lun Pan Certified Public Accountants LLP, the auditor of the Company, regarding whether the profit forecasts, so far as the calculations are concerned, have been properly complied with the bases and assumptions set out in the asset valuation report. We noted that the profit forecasts are mathematically accurate and the discounted cash flows will not be affected by accounting policies.

Based on the foregoing and pursuant to the requirements of Rule 14.60A(3) and Rule 14A.68(7) of the Listing Rules, the Board confirmed that the profit forecast has been made after due and careful enquiry.

Guangdong Yueyun Transportation Company Limited

Zhu Fang

Chairman of the Board

2 April 2024

APPENDIX IV ARITHMETIC CALCULATION OF INCOME APPROACH

The following contents are extracted from the Appraisal Report:

7. Process of appraisal analysis and calculation

(1) *The specific appraisal route in this appraisal is as follows:*

The fundamental thoughts of this income approach are, on the basis of the audited financial statements of the appraised entity, to firstly assess the value of operating assets of the appraised entity through cash flow discount method (DCF) based on revenue, secondly to consider the surplus assets, value of non-operating assets or liabilities of the appraised entity at valuation date, and finally to calculate the value of total shareholders' equity. Such assessment takes consideration of parent company for forecast, the scope of which is Guangdong Top-E Expressway Service Zone Limited (廣東通驛高速公路服務區有限公司). The calculation model is as follows:

Value of total shareholders' equity = overall enterprise value – value of interest-bearing debts
Overall enterprise value = value of operating assets + value of surplus assets + value of non-operating assets – value of non-operating liabilities

1) *Value of operating assets*

Operating assets refer to the assets and liabilities involved in free cash flow forecast of the enterprise related to the production and operation of the appraised entity after the date of valuation. The formula for value of operating assets is as follows:

$$P = \sum_{i=1}^{N_1} A_i (1+R)^{-i} + \frac{A_{i0}}{R} (1+R)^{-N_1}$$

Where: P: the value of the operating assets of the enterprise as at the date of valuation;

A_i: Expected free cash flow of the enterprise in the year i after the date of valuation;

A_{i0}: Expected free cash flow of the enterprise in the last year of the forecast period;

R: discount rate (weighted average cost of capital, WACC);

N: Forecast period;

i: In the year i of the forecast period (the mid-year discount, the date of which was 30 September, 2023, and the discount period were 0.125 year、0.75 year、1.75 years, and so on).

Of which, the calculation formula of free cash flow of the enterprise is as follows:

Free cash flow of the enterprise = net profit before interest but after tax + depreciation and amortisation – capital expenditure – increase in working capital

2) *Value of surplus assets*

The surplus assets refer to the assets that exceed the production and operation needs of the enterprise on the date of valuation and are not involved in the forecast of the free cash flow of the enterprise after the date of valuation. Verification has shown that no surplus assets in the appraised entity are surplus monetary funds.

3) *Value of non-operating assets and liabilities*

Non-operating assets and liabilities represent the assets and liabilities not relating to production and operation of the appraised entity and not involved in the forecast of the free cash flow of the enterprise after the date of valuation. Non-operating assets and liabilities of the appraised entity include other equity instrument investments, long-term equity investments, deferred income tax assets, other non-current assets and deferred income that required separate assessment. The appropriate approaches against different assets were adopted in this valuation.

(2) *Determination of income-earning period*

The appraisal by income approach is conducted on the premise of on-going operation of entity. Therefore, income-earning period is determined as indefinite. Two-stage model is adopted according to the operating history of the enterprise and the industry development trend. In other words, income, costs and expenses, profits of the entity in the first five years after the valuation benchmark date are estimated in a reasonable manner taking into account factors such as the actual conditions of the entity, policies and markets, while each of the years following 2028 follows the projection of 2028.

(3) *Correlation between the main body of income and the criteria*

In this appraisal, the free cash flow of the entity is used as the income indicator of the operating assets of the appraisal object, and its basic formula is:

Free cash flow of entity = net profit before interest and after tax + depreciation and amortization – capital expenditure – amount of increase in working capital

According to the principle of consistency between the income amount and the discount rate, if the income amount of this appraisal is the free cash flow of the entity, the weighted average cost of capital shall be selected as the discount rate.

(4) Determination of future earnings

1) Revenue forecast

① Historical revenue

Top-E is a chain enterprise authorized by Guangdong Provincial Communication Group (GPCG) to implement the integrated operation of expressway service zones solely owned or controlled by GPCG within Guangdong province from planning, construction, and operation to management. As of 30 September 2023, Top-E had 361 service zones (including 103 service zones in Nantou) with operation rights, 351 service zones (including 83 parking zones) in operation; and 208 gas stations (64 proprietary gas stations); and operated 261 proprietary convenience stores and 264 charging stations in service zones. The principal businesses of the company include sales revenue from oil products, sales revenue of commodity from convenience stores, revenue from commercial development, revenue from merchant solicitation of energy and other revenue from management platform safety and property.

The statistics of major historical data are as follows:

Unit: RMB

Product category	Parameter	2019	2020	2021	2022	January - September 2023
	Annual sales volume of the enterprise (ton)	125,281.41	176,901.67	188,523.72	188,222.33	211,173.97
Sales revenue from oil products	Unit selling price (RMB/ton)	7,828.00	6,453.57	7,867.67	9,733.88	9,182.22
	Sales revenue	980,702,775.68	1,141,648,043.88	1,483,242,958.10	1,832,133,232.58	1,939,046,763.73
Sales revenue of commodity from convenience stores		545,222,009.53	475,333,446.65	428,028,935.35	359,224,854.69	440,574,491.48
	Revenue from commercial development	276,905,380.44	273,889,703.13	270,313,918.12	197,006,798.98	166,550,857.73
	Revenue from merchant solicitation of energy	307,146,689.57	299,014,653.35	279,195,963.11	216,615,203.60	160,223,658.43
Other revenue from management platform safety and property		57,934,645.94	60,627,773.83	61,131,297.36	50,648,598.38	39,812,680.24
	Total revenue from principal businesses	2,167,911,501.16	2,250,513,620.84	2,521,913,072.04	2,655,628,688.23	2,746,208,451.61

Based on the analysis of the above table, the revenue increased year on year from 2019 to September 2023, which is mainly attributed to the increase in service zones.

Fore revenue from the energy segment, the actual sales volume of oil products at its self-operated oil stations was 283,066.40 tons in 2023, representing an increase of approximately 50% compared with the actual sales volume in 2022. The sales volume in 2024 will remain stable. Considering the penetration of new energy vehicles, the sales volume of oil products will decline from 2026 to 2028. As there are contracts on outsourcing oil stations expired in each year under estimation, it is expected that the above oil stations will be recycled for self-operation by Top-E after the contract period expired. Three months are reserved for transformation and application for license for oil stations recycled from the expiry date of contracts. The annual sales volume of oil products of oil stations recycled is calculated based on the sales volume of oil products of oil stations recycled in 2023. Meanwhile, the oil price was at a historical high on the valuation base date and it is expected to gradually return to the historical average in two years. The self-recycling gas station plan of Top-E is as follows:

Name of service zone	Date of outsourcing operation contracts	Months of operation in 2023	Months of operation in 2024	Months of operation in 2025	Months of operation in 2026	Months of operation in 2027	Months of operation in 2028
Gas station in Shantian Service Zone	1998-8-20 to 2023-8-19	1	12	12	12	12	12
Gas station in Yuwan Service Zone	2003-9-8 to 2023-8-17	1	12	12	12	12	12
Gas station in Yuebei Service Zone	2003-4-3 to 2023-4-2	6	12	12	12	12	12
Gas station in Yunyan Service Zone	2003-4-3 to 2023-4-2	6	12	12	12	12	12
Gas station in Taimei Service Zone	2003-12-20 to 2024-6-19	0	3	12	12	12	12
Gas station in Reshui Service Zone	2005-12-30 to 2024-6-29	0	3	12	12	12	12
Gas station in Puning Service Zone	2003-12-29 to 2024-6-28	0	3	12	12	12	12
Gas station in Zhongxin Service Zone	2005-12-30 to 2024-6-29	0	3	12	12	12	12
Gas station in Heping Service Zone	2005-12-30 to 2024-6-29	0	3	12	12	12	12
Gas station in Yangxi Service Zone	2004-11-26 to 2024-11-25	0	0	10	12	12	12
Gas station in Dianbai Service Zone	2004-11-26 to 2024-11-25	0	0	10	12	12	12
Gas station in Wayaogang Service Zone	2004-6-26 to 2024-6-25	0	3	12	12	12	12
Gas station in Xiangang Service Zone	2004-12-15 to 2024-2-14	0	0	9	12	12	12
Gas station in Antang Service Zone	2004-12-24 to 2024-12-23	0	0	9	12	12	12
Gas station in Huangzhuping Service Zone (Single)	2004-12-19 to 2024-12-18	0	0	0	2	12	12
Gas station in Lankou Service Zone	2005-6-30 to 2025-6-29	0	0	3	12	12	12
Gas station in Xingning Service Zone	2005-10-30 to 2023-10-29	0	0	0	11	12	12
Gas station in Chaozhou Service Zone	23 November 2025	0	0	0	10	12	12
Gas station in Doumen Service Zone	2005-12-27 to 2023-12-26	0	0	0	9	12	12
Gas station in Hengshan Service Zone	2006-3-1 to 2024-2-28	0	0	0	9	12	12
Gas station in Daqiao Service Zone	2010-1-6 to 2026-10-15				0	12	12
Gas station in Ruyuan Service Zone	2009-1-8 to 2026-10-17				0	12	12
Gas station in Service Zone	2005-10-30 to 2027-10-29						12
Gas station in Hengshishui Service Zone	2018-1-1 to 2026-10-18					11	12
Gas station in Liangjinshan Service Zone	2020-7-1 to 2026-11-3					11	12

For sales revenue from convenience stores and revenue from merchant solicitation and considering that they have resumed to the level of 2019 in 2023, Top-E will mainly focus on the operation of existing service zones in the following years. The expressway retail industry is under saturated development with stable growth in revenue.

This appraisal is based on the historical data of the prior periods of the entity and the earning projections submitted by the appraised unit, and is conducted in combination with a review and judgement on the rationality of the income projections taking into account factors such as the prevailing macroeconomic environment, the current industry development, projects and future development plans of the entity, and the development trend of similar entities in the industry.

② The forecasted revenue in the following years are as follows:

Unit: RMB

Product category	Parameter	October to December 2023	2024	2025	2026	2027	2028
Sales revenue from oil products	Annual sales volume of the enterprise (ton)	71,892.43	357,533.81	464,201.41	478,095.18	491,810.42	472,459.90
	Unit selling price (RMB/ton)	8,898.95	8,587.04	8,275.13	8,275.13	8,275.13	8,275.13
	Sales revenue	639,766,972.95	3,070,157,100.00	3,841,327,000.00	3,956,299,700.00	4,069,795,100.00	3,909,667,100.00
Sales revenue of commodity from convenience stores		116,939,501.48	585,389,700.00	614,659,200.00	645,392,200.00	677,661,800.00	711,544,900.00
	Revenue from commercial development	69,864,968.23	248,236,600.00	283,829,600.00	298,021,100.00	312,922,200.00	328,568,300.00
	Revenue from merchant solicitation of energy	69,598,848.63	235,237,800.00	185,330,600.00	175,785,700.00	172,105,800.00	167,849,600.00
Other revenue from management platform safety and property		14,364,535.94	56,886,100.00	59,730,400.00	62,716,900.00	65,852,700.00	69,145,300.00
	Total revenue from principal businesses	910,534,827.23	4,195,907,300.00	4,984,876,800.00	5,138,215,600.00	5,298,337,600.00	5,186,775,200.00

2) Forecast on operating costs

① Operating costs in historical years:

Unit: RMB

Product name	Item	2019	2020	2021	2022	January to September 2023
Cost of sales of oil products	Procurement cost of oil products	841,180,187.98	907,527,615.87	1,222,634,444.83	1,484,394,081.88	1,616,205,444.24
	Procurement cost of non-oil products	6,934,325.81	10,816,968.24	13,462,759.53	14,096,221.69	15,844,640.90
	Labor costs	34,941,065.88	42,936,155.78	50,717,865.54	56,728,695.42	44,698,492.15
	Operation and management costs	13,429,588.25	17,364,386.90	16,703,538.11	19,231,079.86	15,271,517.58
	Total costs	896,485,167.92	978,645,126.79	1,303,518,608.01	1,574,450,078.85	1,692,020,094.87
	Quantity of sales	125,281.41	176,901.67	188,523.72	188,222.33	211,173.97
Cost of sales of commodity at convenience stores	Unit cost	7,155.77	5,532.14	6,914.35	8,364.84	8,012.45
	Procurement cost of commodity	312,298,344.61	258,867,391.34	227,373,677.60	177,799,489.75	222,857,166.27
	Labor costs	46,079,077.03	49,024,820.53	60,961,276.15	69,140,057.99	54,300,153.15
	Operation and management costs	44,416,459.62	36,503,726.18	29,490,889.75	26,040,659.86	22,760,092.39
Cost of management platforms	Total costs	402,793,881.26	344,395,938.05	317,825,843.50	272,980,207.60	299,917,411.81
	Contracting cost	104,071,875.75	121,289,108.30	146,964,563.67	152,908,320.77	120,884,161.73
	Labor costs	192,943,444.30	223,107,109.58	252,342,813.99	247,646,476.54	183,847,986.44
	Operation and management costs	203,731,119.08	235,421,380.49	240,430,159.69	257,101,951.75	192,425,122.34
	Including: Depreciation and amortization expenses	87,261,725.01	117,048,834.69	119,171,075.27	119,649,373.05	82,006,017.42
	Other management costs	116,469,394.07	118,372,545.80	121,259,084.42	137,452,578.70	110,419,104.92
Costs in total	Total costs	500,746,439.13	579,817,598.37	639,737,537.35	657,656,749.06	497,157,270.51
Costs in total		1,800,025,488.31	1,902,858,663.21	2,261,081,988.86	2,505,087,035.51	2,489,094,777.19

Based on the above table, the gross profit margin of Top-E was relatively stable in historical years. As it is difficult to forecast the prices of raw materials in the medium to long term and the gross profit margin is also comprehensively affected by the selling prices and other factors, the gross profit margin of 2023 is adopted as the basis for the forecast of future gross profit margin after considering the operation of the enterprise has resumed the normal level in 2023.

Meanwhile, for the cost of management platforms and other cost with low sensitivity on revenue, they are comprehensively analyzed and forecasted based on the amount of historical contacts, the accounting policies of the enterprise on depreciation and amortization and staff remuneration.

② The forecasted operating costs in the following years are as follows:

Unit: RMB

Product name	Item	October to December 2023	2024	2025	2026	2027	2028
Cost of sales of oil products	Procurement cost of oil products	516,986,412.12	2,539,630,500.00	3,177,541,400.00	3,272,646,700.00	3,366,530,000.00	3,234,072,300.00
	Procurement cost of non-oil products	6,130,307.02	26,161,900.00	32,733,300.00	33,713,000.00	34,680,100.00	33,315,600.00
	Labor costs	19,973,636.92	76,994,200.00	96,333,700.00	99,217,100.00	102,063,300.00	98,047,600.00
	Operation and management costs	8,623,987.70	28,448,300.00	35,594,100.00	36,659,400.00	37,711,100.00	36,227,300.00
	Total costs	551,714,343.76	2,671,234,900.00	3,342,202,500.00	3,442,236,200.00	3,540,984,500.00	3,401,662,800.00
	Quantity of sales	71,892.43	357,533.81	464,201.41	478,095.18	491,810.42	472,459.90
	Unit cost	7,674.16	7,471.28	7,199.90	7,199.90	7,199.90	7,199.90
Cost of sales of commodity at convenience stores	Procurement cost of commodity	55,378,198.30	292,147,100.00	306,754,500.00	322,092,200.00	338,196,900.00	355,106,700.00
	Labor costs	23,906,566.88	82,117,100.00	86,222,900.00	90,534,100.00	95,060,800.00	99,813,800.00
	Operation and management costs	6,287,545.12	30,500,000.00	32,025,000.00	33,626,300.00	35,307,600.00	37,073,000.00
	Total costs	85,572,310.30	404,764,200.00	425,002,400.00	446,252,600.00	468,565,300.00	491,993,500.00
Cost of management platforms	Contracting cost	96,005,300.12	216,889,500.00	216,889,500.00	216,889,500.00	216,889,500.00	216,889,500.00
	Labor costs	65,628,913.71	256,961,200.00	264,670,000.00	272,610,100.00	280,788,400.00	289,212,100.00
	Operation and management costs	72,983,512.12	293,229,028.27	301,394,283.36	309,558,052.73	318,165,652.73	327,203,652.73
	Including: Depreciation and amortization expenses	34,691,199.87	137,082,028.27	137,439,883.36	137,405,952.73	137,405,952.73	137,405,952.73
	Other management costs	38,292,312.25	156,147,000.00	163,954,400.00	172,152,100.00	180,759,700.00	189,797,700.00
	Total costs	234,617,725.95	767,079,728.27	782,953,783.36	799,057,652.73	815,843,552.73	833,305,252.73
	Costs in total	871,904,380.01	3,843,078,828.27	4,550,158,683.36	4,687,546,452.73	4,825,393,352.73	4,726,961,552.73

3) *Appraise of taxes and surcharges*

Taxes and surcharges include city construction tax, educational fee surcharge, local educational fee surcharge, property tax, land use tax and stamp duties. The value-added tax rate on business income of Guangdong Top-E Expressway Service Zone Limited was 13% and 6%. City construction tax, educational fee surcharge and local educational fee were charged at turnover tax of 7%, 3% and 2%, respectively, while land use tax and property tax were projected with reference to history. The applicable tax rates are expected to remain unchanged for each year during the projection period. The taxes and surcharges are estimated as follows:

Unit: RMB

Content	October- December 2023	2024	2025	2026	2027	2028
Property tax	3,200,765.30	7,709,783.71	7,709,783.71	7,709,783.71	7,709,783.71	7,709,783.71
Land use tax	213,585.64	485,047.37	485,047.37	485,047.37	485,047.37	485,047.37
City maintenance and construction tax	1,832,344.28	6,554,989.98	9,435,636.41	9,963,142.20	9,981,430.34	9,983,680.27
Educational fee surcharge	822,982.02	2,809,281.42	4,043,844.18	4,269,918.08	4,277,755.86	4,278,720.12
Local educational fee surcharge	544,180.58	1,872,854.28	2,695,896.12	2,846,612.06	2,851,837.24	2,852,480.08
Stamp duties	296,273.50	1,258,772.19	1,495,463.04	1,541,464.68	1,589,501.28	1,556,032.56
Taxes and surcharges	6,910,131.32	20,690,728.95	25,865,670.83	26,815,968.10	26,895,355.80	26,865,744.10

4) *Forecast on selling expenses*

The selling expenses of the appraisal object mainly include advertising fees, consultancy fees, security guards and labor costs, travelling expenses, business reception expenses, office expenses of sales departments, staff remuneration and other fees. For staff remuneration, the management believes that the current size of sales staff can meet the operation needs in the future and it is expected that the number will remain unchanged in the future. The average salary is expected to increase by 3% each year based on the existing remuneration policy of the Group. The remaining items of selling expenses are less correlated with revenue. As a result, based on the actual data in historical years, it is estimated with an annual average increase of 5% in the following years.

The forecasted selling expenses in the following years are as follows:

Unit: RMB

Item	October to December 2023	2024	2025	2026	2027	2028
Advertising fees	635,106.25	1,216,500.00	1,277,300.00	1,341,200.00	1,408,300.00	1,478,700.00
Consultancy fees	217,475.73	315,340.00	331,110.00	347,670.00	365,050.00	383,300.00
Security guards and labor costs	53,767.59	436,520.00	458,350.00	481,270.00	505,330.00	530,600.00
Travelling expenses	275,359.64	1,010,600.00	1,061,100.00	1,114,200.00	1,169,900.00	1,228,400.00
Business reception expenses	117,049.88	310,600.00	326,130.00	342,440.00	359,560.00	377,540.00
Office expenses	378,365.28	1,760,800.00	1,848,800.00	1,941,200.00	2,038,300.00	2,140,200.00
Human resources costs	6,940,169.46	28,444,500.00	29,297,800.00	30,176,700.00	31,082,000.00	32,014,500.00
Others	162,679.19	1,500,000.00	1,575,000.00	1,653,800.00	1,736,500.00	1,823,300.00
Total selling expenses	10,121,990.62	34,994,860.00	36,175,590.00	37,398,480.00	38,664,940.00	39,976,540.00

5) *Forecast on administrative expenses*

Administrative expenses of the appraisal object mainly include depreciation and amortization, staff salaries, office expenses, vehicle use fees, informationization and maintenance fees, repairing fees, travelling expenses, consultancy fees, Party building expenses, green and environmental protection expenses, audit fees, business reception expenses and other fees.

The forecast on administrative expenses is divided into two aspects, namely fixed components and variable components. Fixed components are mainly depreciation and amortization, which do not change with changes in income of principal businesses. Variable components are mainly labor costs, which change with changes in business volume.

① Forecast on fixed expenses

The projection is based on the existing fixed assets and intangible assets taking into account the additional capital expenditure required to renew fixed assets. Depreciation costs of fixed assets and amortization of intangible assets are calculated according to the prevailing accounting policies.

② Forecast on variable expenses

For staff remuneration, the management believes that the current size of management members can meet the operation needs in the future and it is expected that the number will remain unchanged in the future. The average salary is expected to increase by 3% each year based on the existing remuneration policy of the Group. The remaining variable expenses in the following years are based on the actual data in historical years with an annual average increase of 5% in the following years. For research and development fees, it is verified that the R&D project is for one year and it is expected that no research and development fees will be incurred in the following years.

The forecasted administrative expenses in the following years are as follows:

Unit: RMB

Item	October to December 2023	2024	2025	2026	2027	2028
Fixed components						
Depreciation	746,318.95	3,913,651.73	3,913,651.73	3,913,651.73	3,913,651.73	3,913,651.73
Amortization	639,008.48	2,707,383.84	2,707,383.84	2,707,383.84	2,707,383.84	2,707,383.84
Total of fixed components	1,385,327.43	6,621,035.57	6,621,035.57	6,621,035.57	6,621,035.57	6,621,035.57
Variable components						
Human resources costs	9,918,690.13	33,491,500.00	34,496,200.00	35,531,100.00	36,597,000.00	37,694,900.00
Office expenses	1,372,479.46	5,554,900.00	5,832,600.00	6,124,200.00	6,430,400.00	6,751,900.00
Vehicle use fees	937,838.03	1,605,800.00	1,686,100.00	1,770,400.00	1,858,900.00	1,951,800.00
Informationization and maintenance fees	3,329,013.58	5,898,400.00	6,193,300.00	6,503,000.00	6,828,200.00	7,169,600.00
Repairing fees	41,621.80	68,120.00	71,530.00	75,110.00	78,870.00	82,810.00
Travelling expenses	110,232.42	421,460.00	442,530.00	464,660.00	487,890.00	512,280.00
Consultancy fees	81,149.11	730,910.00	767,460.00	805,830.00	846,120.00	888,430.00
Party building expenses	201,011.41	402,880.00	423,020.00	444,170.00	466,380.00	489,700.00
Green and environmental protection expenses	283,279.24	297,440.00	312,310.00	327,930.00	344,330.00	361,550.00
Audit fees	301,498.12	316,570.00	332,400.00	349,020.00	366,470.00	384,790.00
Business reception expenses	91,119.40	411,000.00	431,550.00	453,130.00	475,790.00	499,580.00
Research and development fees	3,177,514.08	3,042,500.00				
Others	422,591.10	2,900,000.00	3,045,000.00	3,197,300.00	3,357,200.00	3,525,100.00
Total of variable components	20,268,037.88	55,141,480.00	54,034,000.00	56,045,850.00	58,137,550.00	60,312,440.00
Total administrative expenses	21,653,365.31	61,762,515.57	60,655,035.57	62,666,885.57	64,758,585.57	66,933,475.57

6) *Forecast on finance expenses*

As at the valuation benchmark date, the finance expenses of the appraised unit were interest income, interest expenses and handling fees. The interest expense is estimated based on the fund-raising plan of Top-E and its borrowing interest rate as at the benchmark date, and the handling fee is determined with reference to the proportion of historical income, and the finance expenses for the future years are predicted as follows:

Unit: RMB

Item	October- December 2023	2024	2025	2026	2027	2028
Interest expenses	1,910,902.45	7,643,609.80	7,643,609.80	7,643,609.80	7,643,609.80	7,643,609.80
Handling fees	1,807,555.74	8,329,500.00	9,895,700.00	10,200,100.00	10,518,000.00	10,296,500.00
Total finance expenses	2,817,070.90	15,954,009.80	17,489,709.80	17,792,609.80	18,109,009.80	17,889,609.80

7) *Non-operating income and non-operating expenses*

Non-operating income and expenses are non-recurring in nature. Historically, the amount incurred was small and uncertain. Therefore, assuming normal operation of the enterprise, this appraisal does not take into account such item.

8) *Capital expenditure*

Top-E's capital expenditure is mainly used to replenish existing assets. For the updated capital expenditure on the existing fixed assets on the base date for the valuation in the subsequent years, capital expenditure is projected by adopting the then depreciation amount these assets on the base date for the valuation with a long-term and balanced perspective. As for the years after 2028, capital expenditure is projected under the premise of unexpanded scale and retaining simple reproduction and by adopting the then depreciation amount with a long-term and balanced perspective.

9) *Forecast on depreciation and amortisation*

① Forecast on depreciation

In this appraisal, taking into account the depreciation provided for fixed assets of the entity and the survey on the depreciation condition of the enterprise, the depreciation during the future operating period is evaluated according to the depreciation policy actually implemented by the entity.

Fixed assets of the enterprise mainly comprise buildings, machinery and equipment, vehicles, office equipment, etc. Fixed assets are priced at their actual costs upon acquisition, and provided for depreciation using straight-line approach. The category depreciation rate is determined according to the estimated useful life and estimated net residual rate of fixed assets. Fixed assets acquired and used are depreciated according to their remaining useful life.

Amortisation mainly comprises amortisation of intangible assets and amortisation of long-term deferred expenses. In this appraisal, amortisation amount is projected according to the account policies of the entity as at the valuation benchmark date.

10) *Estimation of amount of increase in working capital*

Amount of increase in working capital refers to additional operational fund necessary for maintaining normal operation of entity without changing the current conditions of its principal businesses, i.e. the additional fund required to maintain the on-going ability of entity. This includes cash on hand necessary for normal operation, basic fund necessary for inventory acquisition and receivables from customers, and payables. The increase in working capital refers to cash attributable to the obtaining of business credit from others, cash and inventories on hand necessary for normal operation, etc. in line with the changes of operation of the entity. In the meantime, in economic activities, the provision of business credit can reduce instant payment of cash correspondingly. Most of the accounting contents of other receivables and other payables usually are accounted for related party or non-operating transactions. Tax and salary payables and others are always incurred in the process of operation with faster turnover, relatively shorter delays and relatively smaller amount, the estimate of which are made based on the assumption that the base date balance remains stable continuously. Therefore, in principle, when estimating increase in working capital, only principal factors such as cash on hand necessary for normal operation (minimum cash on hand), inventories, receivables and payables shall be considered. In this report, amount of increase in working capital is defined as:

Amount of increase in working capital = Working capital in the current period – working capital in the previous period

Working capital = Operating cash + Inventory + Receivables – Payables

Operating cash = Total annual cash costs/turnover rate of cash

Total annual cash costs = Total cost of sales + total expenses for the period – total non-cash costs

Cash turnover period = Inventory turnover period + receivables turnover period – payables turnover period

Receivables = Total operating income/turnover rate of accounts receivable

Receivables mainly include account receivables, notes receivable, prepayments and other account receivables related to operating activities.

Inventories = Total operating costs/inventory turnover rate

Payables = Total operating costs/turnover rate of account payables

Payables mainly include account payables, bills payable, advances and other account payables related to operating activities.

Based on the survey on the operation of the appraised object, the statistical analysis of the assets, profits and losses, income and costs of the historical operation of the entity, and the estimated results of the revenue and costs in each year during the future operating period, according to the above definitions, the monetary funds, inventories, receivables and payables and the amount of increase in working capital in each year during the future operating period can be obtained. The calculation process is as follows:

Unit: RMB

Item	October to December 2023	2024	2025	2026	2027	2028
Total revenue	910,534,827.23	4,195,907,300.00	4,984,876,800.00	5,138,215,600.00	5,298,337,600.00	5,186,775,200.00
Total costs	878,814,511.33	3,863,769,557.22	4,576,024,354.19	4,714,362,420.83	4,852,288,708.54	4,753,827,296.84
Costs in total	910,589,867.26	3,960,526,932.79	4,672,854,979.76	4,814,427,786.40	4,955,712,234.11	4,860,737,312.41
Expenses for the period	31,775,355.93	96,757,375.57	96,830,625.57	100,065,365.57	103,423,525.57	106,910,015.57
Selling expenses	10,121,990.62	34,994,860.00	36,175,590.00	37,398,480.00	38,664,940.00	39,976,540.00
Administrative expenses	21,653,365.31	61,762,515.57	60,655,035.57	62,666,885.57	64,758,585.57	66,933,475.57
Depreciation and amortization	36,076,527.30	143,703,063.84	144,060,918.93	144,026,988.30	144,026,988.30	144,026,988.30
Depreciation	22,733,497.52	90,179,594.78	90,537,449.86	90,503,519.24	90,503,519.24	90,503,519.24
Amortization	13,343,029.79	53,523,469.06	53,523,469.06	53,523,469.06	53,523,469.06	53,523,469.06
Cash costs	874,513,339.96	3,816,823,868.95	4,528,794,060.83	4,670,400,798.10	4,811,685,245.80	4,716,710,324.10
Minimum cash on hand	145,210,587.76	165,575,386.87	196,460,946.17	202,603,904.59	208,732,881.95	204,612,830.84
Inventories	92,617,230.55	105,826,493.88	125,334,755.65	129,123,758.16	132,901,482.28	130,204,679.11
Receivables	184,985,293.82	212,260,223.25	252,172,173.21	259,929,191.09	268,029,353.71	262,385,697.10
Payables	415,672,674.49	474,956,781.62	562,511,238.75	579,516,549.74	596,471,242.49	584,367,799.33
Working capital	7,140,437.64	8,705,322.38	11,456,636.28	12,140,304.09	13,192,475.44	12,835,407.72
Increase in working capital	-98,262,579.01	1,564,884.74	2,751,313.90	683,667.81	1,052,171.35	-357,067.72

11) Results of the assessment of the free cash flow of the enterprise

The estimation of future income in this appraisal is mainly a professional judgement based on the verification and analysis of the operating income, operating costs and financial data disclosed in the enterprise's statements, and based on its operating history, market demand and future development. Gains and losses arising from other non-recurring income are not taken into account in the estimation. Based on the above estimates of income from principal businesses, costs and expenses for the period, the future free cash flow of the enterprise is estimated as follows:

Unit: RMB'0000

Item	October-December 2023	2024	2025	2026	2027	2028	Perpetual period
I. Operating income	91,053.48	419,590.73	498,487.68	513,821.56	529,833.76	518,677.52	518,677.52
II. Operating costs	87,190.44	384,307.88	455,015.87	468,754.65	482,539.34	472,696.16	472,696.16
Taxes and surcharges	691.01	2,069.07	2,586.57	2,681.60	2,689.54	2,686.57	2,686.57
Selling expenses	1,012.20	3,499.49	3,617.56	3,739.85	3,866.49	3,997.65	3,997.65
General and administrative expenses	2,165.34	6,176.25	6,065.50	6,266.69	6,475.86	6,693.35	6,693.35
Finance expenses	281.71	1,597.31	1,753.93	1,784.37	1,816.16	1,794.01	1,794.01
III. Operating profit	-287.21	21,940.73	29,448.25	30,594.41	32,446.38	30,809.78	30,809.78
Non-operating income							
Non-operating expenses							
IV. Total profit	-287.21	21,940.73	29,448.25	30,594.41	32,446.38	30,809.78	30,809.78
Less: Income tax expenses	0.00	5,492.40	7,369.64	7,656.56	8,119.95	7,711.22	7,711.22
V. Net profit	-287.21	16,448.33	22,078.61	22,937.85	24,326.43	23,098.56	23,098.56
Add: Depreciation of fixed assets	2,273.35	9,017.96	9,053.74	9,050.35	9,050.35	9,050.35	9,050.35
Add: Amortisation of long-term deferred expenses of intangible assets	1,334.30	5,352.35	5,352.35	5,352.35	5,352.35	5,352.35	5,352.35
Add: Interest on borrowings (after tax)	191.09	573.02	573.07	573.07	573.07	573.05	573.05
Less: Capital expenditure	10,899.21	7,863.08	1,901.23	2,048.51	5,551.44	5,481.15	14,402.70
Less: Amount of increase in working capital	-9,826.26	156.49	275.13	68.37	105.22	-35.71	
VI. Free cash flow of entity	2,438.58	23,372.09	34,881.42	35,796.75	33,645.55	32,628.87	23,671.62

(5) Determination of discount rate

1) Discount rate model

According to the principle of consistency between the income amount and the discount rate, if the income amount of this appraisal is the free cash flow of the entity, the weighted average cost of capital (WACC) shall be selected as the discount rate. The WACC model can be represented by the following mathematical formula:

$$WACC = R_e \times [E/(D+E)] + R_d \times (1-t) \times [D/(D+E)]$$

Where: R_e : cost of equity capital
 E : market value of equity capital
 D : market value of debt capital
 R_d : cost of debt capital
 T : income tax rate

In particular:

A. Selection of comparable companies

The comparable companies were selected with reference to the following criteria:

- I. The comparable listed companies only issued RMB-denominated A shares.
- II. The stocks of comparable listed companies have been listed for not less than 60 months and are actively traded.
- III. The comparable listed companies are in the same industry as the appraised unit or affected by the same economic policies.
- IV. The major product name and composition of revenue from principal businesses are similar.

Based on the above selection criteria, we used the information from WIND to make inquiries and through comparison analysis, we finally selected the following three listed companies as comparable listed companies:

- i. Comparable Company 1: Shenzhen Guangju Energy Co., Ltd.
Stock code: 000096.SZ
Stock short name: Guangju Energy
Date of establishment: 18 February 1999
Listing date: 24 July 2000
Registered address: 22/F, Tiley Central Plaza, No. 3 Haide Road, Nanshan District, Shenzhen
Scope of business: general business items: establishment of industrial operations (separate declaration is required for specific projects); domestic supply and sale of commercial commodities (not including commodities sold in specialty stores, under special control and sold in exclusive stores); investment in power enterprises (separate declaration is required for specific projects); import and export business (in compliance with the Import and Export Enterprises Qualification Certificate of the People's Republic of China); refined oil (operated by branches); operation of liquefied petroleum gas (LPG) (bottled LPG only and separate license is required for business premises).

Company profile:

The company is a comprehensive state-owned listed energy company with the integration of the storage and transportation of refined oil and liquid chemicals, the operation of LPG, power investment and real estate operation and is a Class-1 enterprise in Shenzhen. With energy investment and operation as its principal businesses, rooted in Shenzhen and covering the Southern China, the company has acquired quality assets such as petrochemical warehouses, oil depots, gas stations for vehicles and LPG storage and distribution stations, as well as equity interests in Nanshan Power, Shennan Gas, Mawan Power, Server Energy and Baosheng Bank through investment, establishment and M&As. Currently, the company has six holding subsidiaries, namely Nanshan Oil, Guangju Yisheng, Guangju Yida, Guangju Industrial, Guangju Real Estate Development and Guangju Hong Kong. The company operates in the petrochemical industry and attaches great importance to safety work. It has established complete safety management systems and all operation units of hazardous chemical strictly implement relevant regulations on safety management, achieving safety operation for years.

Relevant financial indicators of the company in recent three years are as follows:

Reporting period	2020 Annual Report	2021 Annual Report	2022 Annual Report
Composition of revenue from principal businesses (%)	Oil products: 71.23%	Oil products: 75.21%	Oil products: 79.57%
	Chemical products: 26.62%	Chemical products: 20.5%	Chemical products: 17.71%
	Others: 1.21%	Others: 3.49%	Others: 2.1%
	Convenience stores at gas stations: 0.86%	Convenience stores at gas stations: 0.8%	Convenience stores at gas stations: 0.62%
	Storage: 0.08%		

Source: WIND Info

Comparable Company 2: Xinjiang International Industry Co., Ltd.

Stock code: 000159.SZ

Stock short name: International Industry

Date of establishment: 28 March 1999

Listing date: 26 September 2000

Registered address: 9/F, Dacheng International Building, No. 358 Beijing South Road, High and New-tech Development Zone, Urumchi, Xinjiang

Scope of business: operation of import and export business (specific items are subject to the approval of the Ministry of Foreign Economic Relations and Trade); import and operation of fuel oil and export of coke; sales of fuel oil, heavy oil, oxidizers and organic peroxides; production and sales of coke, coal chemicals and coal products (except products subject to special examination and approval by the state); coal export and export of refined oil in border trade; wholesale of coal tar, coal tar bitumen, naphtha, solvent oil, crude oil and liquefied petroleum gas (except unlicensed hazardous chemicals); export of ephedrine and ephedrine products; equity investment; sales of electromechanical equipment, chemicals (except products subject to special examination and approval in the automobile industry by the state), oil chemicals, light industrial products, building materials, metal materials, modern office items, agricultural products, animal by-products, agricultural by-products (grains purchase, storage and wholesale), needles and cotton textiles; plantation and processing of tomatoes and sales of tomato products; real estate development, sales and leasing; cotton sales; operation of small trade business in bordered areas. (For projects that are subject to approval in accordance with the laws, operating activities can only be conducted after obtaining approvals from the relevant departments)

Company profile:

Relying on the advantageous resources in Xinjiang, the company has gradually developed into a large and medium-sized energy enterprise across industries and regions by implementing the strategy on diversification, industrialization and internationalization. Leveraging on the resources and geographical advantage of Xinjiang, with the energy industry as the pillar, the real estate industry as the supplement and international trade as the link, the company will actively explore the markets in Central Asia, Europe and China and achieve sustainable development. The scope of business of the company covers the refining, warehousing, transportation, wholesale and retail of oil products; import of fuel oil, export of coke, sales of fuel oil and heavy oil; equity investment in coal and coke industries; and development, sales and leasing of real estate. The company has complete qualifications for the operation of oil and petrochemical products, including the operation qualification on the storage, wholesale, retail and railway transportation of hazardous chemicals and the import of fuel oil and heavy oil; self-owned special railway transportation line, tank storage bases and complete transportation facilities. The company has been engaged in the energy trade in Central Asia for a long time, and has accumulated rich experience in international energy trade with a certain customer base, developing a strong competitive advantage among regional counterparts.

Relevant financial indicators of the company in recent three years are as follows:

Reporting period	2020 Annual Report	2021 Annual Report	2022 Annual Report
Composition of revenue from principal businesses (%)	Oil products: 76.44%	Oil products: 65.77%	Oil products: 52.49%
	Real estate: 10.8%	Manufacturing: 25.28%	Photovoltaic brackets: 31.07%
	Disposal of real estate for investment: 6.42%	Other businesses: 5.65%	Other steel structures: 6.49%
	Storage service: 3.35%	Real estate: 3.04%	Angle steel tower: 5.76%
	Others: 2.79%	Others: 0.27%	Steel pipe pole: 2.14%
	Other businesses: 0.19%		Others: 1.34%
			Real estate: 0.59%
			Storage service: 0.08%
			Disposal of real estate for investment: 0.03%

Source: WIND Info

Comparable Company 3: SINOPEC Shandong Taishan Petroleum Co., Ltd.
 Stock code: 000554.SZ
 Stock short name: Taishan Petroleum
 Date of establishment: 17 March 1993
 Listing date: 15 December 1993
 Registered address: No. 369 Dongyue Avenue, Tai'an City, Shandong Province

Scope of business: permitted items: retail of refined oil; wholesale of refined oil; storage of refined oil; gas operation; food sales; retail of publications; retail of tobacco products; retail of pesticides; wholesale of pesticides; real estate development and operation; accommodation services; food and beverage services; power supply business; power generation, power transmission, power supply (distribution) businesses; motor vehicle inspection and testing services. (For projects that are subject to approval in accordance with the laws, operating activities can only be conducted after obtaining approvals from the relevant departments and the specific operation shall be subject to the approval documents or license documents granted by the relevant departments). General items: sale of food (only pre-packaged food); sale of infant formula milk powder and other infant formula food; sale of healthcare food (pre-packaged); sale of petroleum products (excluding hazardous chemicals); sale of chemical products (excluding permitted chemicals); sale of lubricating oil; sale of daily commodities; sale of daily necessities; retail of cosmetics; retail sale of clothing and apparel; sale of labor protection products; sale of tires; retail sale of hardware; sale of household electrical appliances; sale of new automobiles; wholesale of automobile parts and accessories; repairing and maintenance of motor vehicles; sale of second-hand automobiles; retail of stationery; retail of sporting goods and equipment; sale of construction materials; sale of knitwear and textile; retail of edible agricultural products; wholesale of edible agricultural products; sale of agricultural and sideline products; retail of aquatic products; wholesale of aquatic products; retail of arts and crafts and collectibles (except ivory and its products); sale of gifts and flowers; sale of electronic products; sale of fertilizers; ticketing agency services; sales agency; vehicle washing services; property management; housing leasing; leasing of land use rights; information consultancy services (excluding permitted information consultancy services); sale of solar power generation equipment; electrical equipment repairing; conference and exhibition services; publication of advertising (non-broadcasting radio and television stations, newspapers and magazines); road cargo transport (except network cargo and dangerous goods) by general cargo vehicles with a total weight of 4.5 tons or less; research and development of emerging energy technologies; sale of charging piles; sale of Class I medical devices; sale of Class II medical devices; business training (excluding education and training, vocational skills training and other training with licenses required) operation of branches; centralized fast charging stations; electric vehicle charging infrastructure operation; sale of motor vehicle charging; sale of electrical accessories of new energy vehicles; sale of power switching facilities for new energy vehicles; sale of batteries; sale of hydrogen refueling and hydrogen storage facilities at stations; research and development of technology on carbon emission reduction, carbon conversion, carbon capture and carbon sequestration. (Except for projects subject to approval by laws, business activities can be conducted independently with the business license in accordance with the laws)

Company profile:

The company is one of the 44 key enterprise groups in Shandong Province. The company is principally engaged in the wholesale and retail of refined oil; the refueling of natural gas for automobiles and the non-oil product business. The non-oil product business mainly relies on the company's principal business in providing consumers with serialized and convenient services, which mainly involves the operation of convenience stores, automobile maintenance, outdoor advertising and other commercial services at the company's gas stations. The company is the largest distributor of oil products and automotive natural gas in Tai'an City, Shandong Province, and plays a vital role in the refined oil market in Tai'an with strong social influence and operation coverage. The company is highly recognized in the market for its integrity operation and standard services.

Relevant financial indicators of the company in recent three years are as follows:

Reporting period	2020 Annual Report	2021 Annual Report	2022 Annual Report
Composition of revenue from principal businesses (%)	Petrol: 69.19% Diesel: 27.31% Other businesses: 3.43% LPG (natural gas): 0.07%	Petrol: 69.98% Diesel: 26.67% Other businesses: 3.33% LPG (natural gas): 0.02%	Petrol: 62.65% Diesel: 34.79% Other businesses: 2.55% LPG (natural gas): 0.01%

Source: WIND Info

B. Determination of risk-free rate of return (R_f)

The risk-free rate of return of treasury bonds is usually considered to be risk-free because the risk of holding the debt that cannot be repaid at maturity is so small that it can be ignored. We select treasury bonds with a remaining maturity of more than 10 years from the date of valuation to the maturity date of the treasury bonds in Shanghai and Shenzhen stock exchanges according to WIND, and calculate their maturity yields, and take the average of the maturity yields of all the treasury bonds as the risk-free rate of return, which is calculated to be 2.97%.

C. Determination of equity risk premium (ERP)

With reference to the research methods of relevant domestic and overseas institutes, the annual return of each constituent of the CSI 300 Index is calculated based on the year-end closing prices of the constituents of the CSI 300 Index each year and the annual return is averaged to determine r_m , which then less the risk-free return rate of the corresponding year, r_f , to determine the market risk premium, $r_m - r_f$. As the geometric average provides a better representation of the growth in return, the $r_m - r_f$ estimated by adopting the geometric average is the current domestic market excess return and the calculated market risk premium $r_m - r_f$ is 6.52%.

D. Determination of the risk coefficient β of comparable companies relative to the stock market

I. Conduct correlation t test on β coefficient of the above comparable listed companies

The statistical data of correlation t test of β coefficient of the above comparable companies are as follows:

Name of comparable companies	Stock code	Degree of freedom (n-2)	t test statistics	95% double-tail inspection confidence interval	t test conclusion
Guangju Energy	000096.SZ	255	8.17	1.9693	Passed
International Industry	000159.SZ	255	7.52	1.9693	Passed
Taishan Petroleum	000554.SZ	255	6.80	1.9693	Passed

II. Calculation of β coefficient without financial leverage of comparable companies

For the β coefficient with financial leverage (β_L) available for these comparable listed companies, we reverted it to the β coefficient without financial leverage (β_U) according to the capital structure of the corresponding listed companies. The calculation is as follows:

No.	Company name	Interest-bearing liabilities RMB'0000 (D)	Equity fair market value RMB'0000 (E)	Financial leverage coefficient (Di/Ei)	Income tax rate	β with capital structure	β without capital structure
1	Guangju Energy	1,115.38	464,112.00	0.24%	25.00%	0.7579	0.7565
2	International Industry	42,521.54	332,154.02	12.80%	15.00%	1.3361	1.2050
3	Taishan Petroleum	28,538.35	294,726.30	9.69%	25.00%	0.7524	0.7014
	Average value						0.8876

Source: WIND info

III. Calculation of β coefficient with target capital structure of the appraised unit

It is calculated based on the average of the β coefficient of comparable companies without financial leverage and the target capital structure and the calculation formula is as follows:

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

Where: β_L is the β coefficient of the target capital structure of the appraised object;

β_U is the average of the β coefficient of comparable companies without financial leverage;

D/E is the capital structure with the capital structure of the appraised object each year as the capital structure of the corresponding year through the iteration method;

T is the income tax rate of the appraised object, being 25%.

IV. β coefficient Blume adjustment

The β coefficient of comparable listed companies estimated based on historical data represents the historical β coefficient. The discount rate is used in discounting expected revenue in the future. The discount rate to be estimated is also the expected discount rate in the future. As a result, it is required to estimate the expected β coefficient in the future. We adopted the Blume Adjustment to adjust the β coefficient estimated based on historical data in the valuation.

In practice, the adjustment concept and method proposed by Blume are as follows:

$$\beta_a = 0.35 + 0.65\beta_L$$

Where, β_a is the adjusted β while β_L is the calculated historical β .

$$\begin{aligned} \text{Adjusted risk coefficient } \beta \text{ of the appraised object} &= \text{Original Beta} \times 0.65 + 0.35 \\ &= 0.9845 \end{aligned}$$

E. Determination of specific risk return ε

The specific risk return ε is the return on non-systemic risks arising from the specific factors of the appraised entity. The specific risk return ε is determined by adopting the comprehensive analysis method in the valuation. Namely, after comprehensively considering the asset size and the development stage of the appraised object, market competition, internal governance of the company, the capital structure and other factors, the specific risk return is determined at 3% as the industry where the appraised object operates has fierce competitions with possible risks.

F. Calculation of cost of equity capital (R_e)

Based on the above analysis and calculation, we determined the expected return on equity used in this appraisal, the cost of equity capital, to be 12.38%.

G. Determination of cost of debt capital (R_d)

Determined based on the actual interest rate of loans of the appraisal object on the base date of 2.33% and the capital structure of the enterprise.

H. Determination of weighted cost of capital

The calculation formula of weighted average cost of capital is:

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

The weighted average cost of capital is determined as follows:

Item	Years under forecast
Risk-free interest rate (Rf)	2.97%
Market risk premium (Rm – Rf)	6.52%
Capital structure (D/E)	13.30%
Expected return on equity (Re)	12.38%
Expected return on debts (Rd)	2.33%
WACC of the appraised enterprise	11.13%

(6) *Value of operating assets*

Based on the forecasted net cash flow and discount rate, the value of operating assets is RMB2,510,390,500. See table below:

Table of valuation results of operating assets

Unit: RMB'0,000

Item	October to December 2023	2024	2025	2026	2027	2028	2029 to perpetual period
Free cash flow of the enterprise	2,438.58	23,372.09	34,881.42	35,796.75	33,645.55	32,628.87	23,671.62
Discount life	0.1250	0.7500	1.7500	2.7500	3.7500	4.7500	
Discount rate	11.13%	11.13%	11.13%	11.13%	11.13%	11.13%	11.13%
Discount coefficient	0.9869	0.9239	0.8314	0.7481	0.6732	0.6058	5.4429
Discounted value	2,406.63	21,593.47	29,000.41	26,779.55	22,650.18	19,766.57	128,842.23
Value of operating assets				251,039.05			

(7) Value of non-operating assets (liabilities) and surplus assets

Upon verification, as at 30 September 2023, being the valuation base date, the value of the following assets (liabilities) of the enterprise was not taken into account in the estimated net cash flow, and shall be other non-operating or surplus assets not included in the estimated cash flow in this appraisal, the value of which shall be estimated separately when estimating the entity value.

1) Value of non-operating assets

On valuation base date, there are certain non-operating assets in other equity instruments, long-term equity investments, other receivables, prepayments, other current assets and deferred income tax assets. See table below:

<i>Unit: RMB</i>			
Item	Business content	Book value	Appraised value
Other equity instruments	Guangdong Yueyun Development Co., Ltd.	3,600,000.00	663,579.47
Long-term equity investments	Guangdong Jindaoda Expressway Economic Development Company Limited	11,937,008.94	79,078,000.00
Long-term equity investments	Guangdong Tongyi Landscape Co., Ltd.	20,357,642.00	35,199,000.00
Long-term equity investments	Guangdong Zhong Yue Tong Oil Products Operation Company Limited	30,956,397.01	285,915,898.34
Long-term equity investments	Guangdong Zhongyou Top-E Energy Trading Company Limited	35,402,923.33	35,402,923.33
Long-term equity investments	Guangdong Highway Media Company Limited	34,407,333.67	34,407,333.67
Construction in process	Construction in progress not implemented	8,639,323.12	4,805,132.18
Other receivables	Non-margin receivables from combined parties of Yueyun	1,307,048.04	1,307,048.04
Prepayments	Construction prepayments	626,755.31	626,755.31
Other current assets	Input VAT to be deducted	5,641,950.90	5,641,950.90
Deferred income tax assets	Leasing expenses, withholding fees, etc.	101,998,358.04	101,998,358.04
Other non-current assets	Prepaid tax	10,325,670.16	10,325,670.16
Total		265,200,410.52	595,371,649.44

2) Non-operating liabilities

On valuation base date, there are certain non-operating liabilities in trade payable, other payables, non-current liabilities due within one year, lease liabilities and deferred income. See table below:

<i>Unit: RMB</i>			
Item	Business content	Book value	Appraised value
Trade payable	Construction payables	156,202,178.53	156,202,178.53
Other payables	Project quality guarantee	5,942,191.65	5,942,191.65
Deferred income	Advances from contractors	149,459,139.02	149,459,139.02
Total		311,603,509.20	311,603,509.20

3) *Surplus capitals*

It is calculated that the enterprise has no surplus capitals on the valuation base date.

(8) *Determination of equity capital value*

Value of total shareholders' equity of entity = Overall value of entity – value of interest-bearing debts

Overall value of entity = Value of operating assets + value of surplus assets + value of non-operating assets – value of non-operating liabilities

Based on the above calculation, the value of total shareholders' equity of Guangdong Top-E Expressway Service Zone Company Limited was RMB2,465,812,700. See table below:

Unit: RMB'0,000

Item	Amount
Value of operating assets	251,039.05
Less: Value of interest-bearing debts	32,834.59
Add: Value of surplus assets	0.00
Value of non-operating assets	59,537.16
Less: Value of non-operating liabilities	31,160.35
Value of total shareholders' equity (rounding)	246,581.27

8. Valuation results under the income approach

According to the income approach, the discounted cash flow (DCF) approach was used to estimate the value of total shareholders' equity of Guangdong Top-E Expressway Service Zone Company Limited. As at the valuation base date, the value of total shareholders' equity of Guangdong Top-E Expressway Service Zone Company Limited was RMB2,465,812,700.