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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to what action to take, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Guangdong Yueyun Transportation Company Limited, you should at once hand this circular to the purchaser or the transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**廣東粵運交通股份有限公司**  
**Guangdong Yueyun Transportation Company Limited\***

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

**(Stock Code: 03399)**

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO EQUITY TRANSFER CONTRACT  
AND  
(2) NOTICE OF 2024 FIRST EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser  
to the Independent Board Committee and the Independent Shareholders**

**VINCO** 榮高  
**Vinco Financial Limited**

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Capitalized terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 4 to 14 of this circular. A letter from the Independent Board Committee is set out on page 15 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 32 of this circular.

A notice convening the EGM to be held at 24/F, Yueyun Building, No. 3 Zhongshan Second Road, Guangzhou, Guangdong Province on Tuesday, 30 July 2024 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for use at the EGM is also published on the websites of the Stock Exchange and the Company. Whether or not you are able to attend the EGM, you are requested to complete and return the form of proxy for the EGM in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

\* *For identification purpose only*

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## DEFINITIONS

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*Unless the context requires otherwise, the following expressions shall have the following meanings in this circular:*

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of directors of the Company
“Company”	Guangdong Yueyun Transportation Company Limited* (廣東粵運交通股份有限公司) (Stock Code: 03399), a joint stock company incorporated under the laws of the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Shares”	ordinary share(s) issued by the Company in the PRC with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB by PRC natural persons or entities established under the laws of the PRC
“EGM” or “2024 First EGM”	an extraordinary general meeting of the Company to be convened in 30 July 2024 to consider and, if thought fit, approve, among other things, the Equity Transfer
“Equity Transfer”	proposed transfer by Guangdong Expressway of its 4.44% equity interest in Top-E to the Company pursuant to the Equity Transfer Contract
“Equity Transfer Contract”	the contract dated 22 March 2024 and entered into between the Company and Guangdong Expressway in relation to the Equity Transfer
“GCGC”	Guangdong Provincial Communication Group Company Limited* (廣東省交通集團有限公司), a state-owned enterprise established in the PRC and a controlling shareholder of the Company
“Group”	the Company and its subsidiaries from time to time

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## DEFINITIONS

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“Guangdong Expressway”	Guangdong Provincial Expressway Company Limited* (廣東省高速公路有限公司), a company established in the PRC with limited liability and a subsidiary of GCGC
“H Shares”	overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“Independent Board Committee”	a committee comprised of Mr. Su Wujun, Ms. Huang Yuan, Mr. Shen Jialong and Mr. Zhang Xiangfa, all of whom are independent non-executive directors of the Company, formed to advise the Independent Shareholders in connection with the Equity Transfer
“Independent Financial Adviser” or “Vincos Financial”	Vincos Financial Limited, a corporation licensed to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) and being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer
“Independent Shareholders”	shareholders of the Company that in relation to the resolution approving the Equity Transfer, excludes GCGC and its associates
“Latest Practicable Date”	3 July 2024, being the latest practicable date prior to the publishing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Top-E”	Guangdong Top-E Expressway Service Zone Limited* (廣東通驛高速公路服務區有限公司)
“Valuation Base Date”	30 September 2023, being the date on which the Valuer appraised the fair value of the total shareholders’ equity of Top-E
“Valuer”	Beijing Guorongxinghua Assets Appraisal Co., Ltd.
“%”	percentage

\* *For identification purpose only*

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Zhu Fang  
Mr. Huang Wenban  
Mr. Hu Xianhua  
Mr. Hu Jian

*Registered office:*

8th Floor  
No. 1731-1735 Airport Road  
Guangzhou  
The PRC

*Non-executive Director:*

Mr. Chen Chuxuan

*Place of business in Hong Kong:*

Rooms 3108-3112, 31/F  
Hong Kong Plaza  
188 Connaught Road West  
Hong Kong

*Independent non-executive Directors:*

Mr. Su Wujun  
Ms. Huang Yuan  
Mr. Shen Jialong  
Mr. Zhang Xiangfa

9 July 2024

*To the Shareholders*

Dear Sir or Madam,

**(1) DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO EQUITY TRANSFER CONTRACT**

**AND**

**(2) NOTICE OF 2024 FIRST EXTRAORDINARY GENERAL MEETING**

**I. INTRODUCTION**

Reference is made to the announcement of the Company dated 22 March 2024 in relation to, among other things, the Equity Transfer.

The purpose of this circular is to provide you with, among other things, (i) further details on the Equity Transfer; (ii) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders on the Equity Transfer; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer; (iv) other information as required under the Listing Rules; and (v) a notice convening the EGM.

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## LETTER FROM THE BOARD

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### II. DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO EQUITY TRANSFER CONTRACT

#### Equity Transfer Contract

The salient terms of the Equity Transfer Contract are as follows:

#### Date

22 March 2024

#### Parties

Transferor: Guangdong Expressway

Transferee: the Company

#### Subject of the Transfer

4.44% equity interest in Top-E held by Guangdong Expressway

#### Consideration and Terms of Payment

The total consideration of the Equity Transfer is RMB109,482,084, which was determined by the Company and Guangdong Expressway after arm's length negotiation with reference to (a) the appraised value of the total shareholders' equity of Top-E (i.e., RMB2,465,812,700) at the Valuation Base Date as stated in the asset valuation report ([2024] No. 620001) prepared by the Valuer, using the income approach; and (b) the percentage of equity interests to be acquired by the Company under the Equity Transfer Contract.

The Equity Transfer Contract shall take effect on the date on which all the conditions precedent as set out below have been satisfied and the Company shall pay the total consideration of the Equity Transfer in a lump sum within 20 working days from the effective date of the Equity Transfer Contract.

The total consideration of the Equity Transfer will be financed by internal resources of the Company.

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## LETTER FROM THE BOARD

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### Conditions Precedent

The validity of the Equity Transfer Contract is subject to the satisfaction of all of the following conditions:

- (1) the Equity Transfer Contract having been duly entered into by the parties thereto;
- (2) Guangdong Expressway having obtained necessary internal approval for the Equity Transfer;
- (3) the Company having obtained the approval of the Board and the approval of Independent Shareholders at a general meeting in respect of the Equity Transfer;
- (4) Guangdong Expressway having obtained approval of GCGC for the Equity Transfer;  
and
- (5) the asset valuation report having been filed with GCGC.

As at the Latest Practicable Date, the above conditions precedent, except for (3), have been fulfilled.

### Completion

Completion of Equity Transfer shall take place within 20 working days from the date on which Guangdong Expressway receives the total consideration for the Equity Transfer paid by the Company in full.

The completion date of the Equity Transfer shall be the date of completion of the change of industrial and commercial registration of the Equity Transfer.

The Company agreed to assume the responsibility as a contributor in accordance with the applicable laws upon the completion of the transfer of equity interest in Top-E.

### INFORMATION ON TOP-E

Top-E is a company established under the laws of the PRC with limited liability and a subsidiary of the Company. The Company holds 95.56% equity interest in Top-E before the completion of the Equity Transfer. Top-E is principally engaged in the businesses of operation and management of expressway service zones, refined oil sales of self-operated oil stations and oil station outsourcing, convenience store commodity sales, commercial development and merchant solicitation of properties in service zones.



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## LETTER FROM THE BOARD

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Based on the consolidated financial statements of Top-E prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC, the key financial data in the financial information of Top-E on a consolidated basis for the three financial years ended 31 December 2023 are as follows:

	<b>For the year ended 31 December 2023 (audited) (RMB'0000)</b>	<b>For the year ended 31 December 2022 (audited) (RMB'0000)</b>	<b>For the year ended 31 December 2021 (audited) (RMB'0000)</b>
Revenue	491,452.17	374,342.63	367,351.53
Profit before tax	24,260.61	10,455.75	24,228.96
Profit after tax	17,800.55	7,604.01	18,136.58
Total assets	353,416.93	360,313.53	364,703.35
Net assets <sup>(Note)</sup>	79,197.33	67,262.65	71,552.34

### Valuation and Profit Forecast

The book value of net assets of Top-E as at the Valuation Base Date was RMB496.0546 million<sup>(Note)</sup>. Whilst the valuation of the total shareholder's equity of Top-E based on the income approach was RMB2,465.8127 million, representing an appreciation of RMB1,969.7581 million or 397.08%. The appreciation was mainly attributable to the future profitability and development potential of the expressway service zone platform. The specific details are as follows:

- (i) Firstly, with the yearly opening of new expressways, there is a year-on-year increase in the number of service zones of Top-E. Top-E estimated an increase of approximately 35 new service zones from 2024 to 2028, enabling Top-E to have stable incremental resources and a foundation for the steady growth of its operating results;
- (ii) Secondly, Top-E adheres to a self-built and self-operated development strategy under "Yueyun Energy". With the continuous reclaiming of previously outsourced oil stations for in-house operation, Top-E has been promoting the structural transformation of its business. During the five years from 2019 to 2023, the number of self-built and self-operated oil stations under "Yueyun Energy" increased to 68 from 27, and the revenue from self-built and self-operated oil stations under

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*Note:* For the avoidance of doubt, RMB496.0546 million represents the audited book value of the net assets of TOP-E on a standalone basis as at the Valuation Base Date whereas that audited book value of the net assets of TOP-E on a consolidated basis as at the Valuation Base Date is approximately RMB839.3334 million.

The Board understood from the Valuer that the Valuer used the audited book value of net assets on a stand-alone basis as at the Valuation Base Date in the valuation process as it excludes the minority interest of those non-wholly owned subsidiaries of Top-E whose value were higher than that of Top-E alone, which better reflects the fair value of TOP-E.

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## LETTER FROM THE BOARD

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“Yueyun Energy” increased from RMB1.1 billion to approximately RMB2.6 billion, resulting in an increase in the total revenue of Top-E from RMB2.2 billion to approximately RMB4.9 billion, doubling the revenue. In the next five years, 55 additional oil stations will be reclaimed for in-house operation, which is reflected as potential business growth and will eventually be reflected in the steady growth of revenue and profit; and

- (iii) Thirdly, Top-E has successfully built the first cloud platform for service zone management and the first enterprise-level data center in China and is realizing the networking and digital transformation. The development potential will be further explored to promote networking, development of scale and performance breakthrough of the service zone related businesses, all of which can add value to its valuation.

As 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 Valuation Base Date, the valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules.

The principal assumptions upon which the profit forecast was based are set out in the Appendix I to this circular for the purpose of Rule14.60A (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 circular for the purpose of Rule14.60A (2).

The Board has reviewed the principal assumptions upon which the profit forecast was based and the Letter of BDO 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 Regarding Profit Forecast**”) is set out in the Appendix III to this circular for the purpose of Rule14.60A (3).

### **FINANCIAL EFFECTS OF THE EQUITY TRANSFER**

The Company holds 95.56% equity interest in Top-E as at the Latest Practicable Date. Upon completion of the Equity Transfer, Top-E will become a wholly-owned subsidiary of the Company.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER CONTRACT**

After the conversion of Top-E into a wholly-owned subsidiary through acquisition of 4.44% equity interest in Top-E held by Guangdong Expressway, the Company will consider the merge of Top-E into one of its branches, so as to strengthen the reform of service zone business

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## LETTER FROM THE BOARD

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and further stimulate the value of expressway service zone network and improve the profitability of expressway service zone business. The Board of the Company is of the view that after the completion of the acquisition of 4.44% equity interests in Top-E,

- (1) the Company will enjoy all the equity interests and value gains of Top-E, which will bring definite profit growth to the Company;
- (2) the Company will have full control over Top-E, which will facilitate the implementation of long-term strategies and decisions more effectively and improve the overall operational efficiency. The Company will also make adjustment to the comprehensive reform to and design the strategic layout on developing our expressway service zone business, carry out comprehensive reform of the expressway service zone business in terms of the business model, business process and internal control system, effectively revitalize the remnant asset, improve the overall anti-risk ability and enhance the comprehensive competitiveness; and
- (3) the Company will consider the merger of Top-E, which, in addition to, creating more favorable conditions for financing activities such as bank borrowings and issuance of bonds, will also be conducive to enabling the Company to reduce gearing ratio, optimize asset structure and improve the efficiency of capital allocation, for reasons set out as follows.
  - (i) the merger will facilitate the integration of quality assets of the Company and Top-E and divestiture of non-core assets, hereby further optimizing the Group's asset structure; and
  - (ii) after merger, the Company will be able to access all the resources available to Top-E and allocate those resources more effectively by investing in more profitable projects between Top-E and the Company based on the market conditions as to achieve better synergy.

Given as stated above, the Directors believe that the Equity Transfer will further enhance the Group's growth in business and profitability, and is therefore in the interest of the Group and the Shareholders of the Company as a whole.

### OPINIONS OF THE DIRECTORS

The Board has interviewed the responsible persons of the Valuer to enquire their experience and competency in valuing companies with similar sizes and business types and the key assumptions and methodology adopted. The Board has also reviewed the asset valuation report and understood that the Valuer derives the value of the total shareholders' equity of Top-E using income approach. The purpose of the valuation is to assess the value of the total shareholders' equity of Top-E and to provide a value reference for the Equity Transfer. The Board is of the view that, for valuation purposes, the future profitability and development potentials of Top-E is a matter of greater concern than the aggregate value of its assets at the moment. According to the requirements of the Practice Guidelines for Asset Valuation\* (《資

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## LETTER FROM THE BOARD

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產評估基本準則》), asset valuation professionals should adopt two or more valuation methods based on, among others, the purpose and target of the valuation. The Valuer adopted the asset-based approach and the income approach to assess total shareholders' equity of Top-E, and took the results derived from the income approach as the conclusion. The reasons for selecting asset-based approach and the income approach as the valuation methods and adopting the valuation results of the income approach as the valuation conclusion are as follows:

- (i) compared with the marketable shares of listed companies, the equity interest in Top-E is relatively illiquid without comparable and effective market reference objects. In addition, among the unlisted companies, the market approach is not applicable due to the lack of publicly available market information and the inability to obtain comparable and effective market reference targets. Therefore, the market approach is not applicable to this valuation.
- (ii) The asset-based approach refers to the appraisal method that assesses the value of various on-sheet and identifiable off-sheet assets and liabilities to determine the value of the valuation target based on the balance sheet of the valuation target as at the Valuation Base Date. As the assets and liabilities on and off the balance sheet of Top-E on the Valuation Base Date can be identified and can be assessed individually by appropriate methods, the asset-based approach is selected as one of the valuation approaches for this valuation. However, the asset-based approach reflects the value of assets from the perspective of asset reacquisition, which means that the asset value is reflected by the replacement cost of assets minus various depreciation. That is to say, the asset-based approach determines an enterprise's value from a static perspective, without considering the future development of the enterprise and other factors not recorded in the financial statements, such as human resources, marketing network and other factors, which does not fit the aforesaid valuation purpose of the Company. Therefore, it is not appropriate to adopt the valuation results of the asset-based approach as the conclusion of this valuation.

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## LETTER FROM THE BOARD

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- (iii) the income approach refers to the valuation method that capitalises or discounts the expected income of the valuation target to determine its value. The income approach is to evaluate assets from the perspective of the expected profitability of the assets, which can fully reflect the overall value of an enterprise, and its evaluation conclusions are generally reliable and persuasive. The Company not only pays attention to the aggregate value of assets owned by Top-E at the Valuation Base Date, but also has greater concern on its future profitability and development potentials. As such, the valuation needs to objectively and truly reflect the market fair value of the total shareholders' equity of Top-E. Instead of simply summing up the value of each individual asset, Top-E should be treated as an organic system, and the value of its total shareholders' equity should be represented by overall profitability. Therefore, the adoption of the income approach is in line with the purpose of this valuation and it is appropriate to adopt the results under the income approach as the conclusion of the valuation.

Having considered the Valuer's experience, competency and the Valuer's analysis on the applicability of valuation methods as set out in the asset valuation report, the Board believes that the valuation methods adopted by the Valuer are appropriate.

Moreover, the Board has cautiously reviewed the relevant basis and assumptions of the valuation and is of the view that the appraised fair value of the total shareholders' equity of Top-E as at the Valuation Base Date is a reasonable estimate of the value of the total shareholders' equity of Top-E. In view of the above, the Board considers that the valuation methodologies, the basis and assumptions adopted in the asset valuation report and the appraised value of the total shareholders' equity of Top-E therefore derived are fair and reasonable.

The consideration of the Equity Transfer was determined by the parties after arm's length negotiation with reference to (a) the valuation of the total shareholders' equity of Top-E as at the Valuation Base Date as stated in the asset valuation report prepared by the Valuer jointly entrusted by Guangdong Expressway and the Company and (b) the percentage of equity interests to be acquired by the Company under the Equity Transfer Contract. In the opinions of the Directors (including the non-executive Directors), while the Equity Transfer Contract and the Equity Transfer contemplated thereunder are not entered into in the usual and ordinary course of business of the Group, the terms of the Equity Transfer Contract and the Equity Transfer contemplated thereunder are on normal commercial terms, fair and reasonable and in the best interest of the Company and its Shareholders as a whole.

Mr. Chen Chuxuan, a non-executive Director, is the deputy chief accountant and the head of the strategic development department of GCGC. Therefore, he is deemed to be unable to provide recommendations to the Board in an independent capacity in respect of entering into the Equity Transfer Contract and the transactions contemplated thereunder. Mr. Chen Chuxuan has abstained from voting on the resolution approving the Equity Transfer Contract and the Equity Transfer contemplated thereunder. Save as disclosed above, none of the other Directors has any material interest in the Equity Transfer Contract and the Equity Transfer contemplated thereunder and is therefore required to abstain from voting on the relevant resolution.

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## LETTER FROM THE BOARD

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### IMPLICATIONS OF THE LISTING RULES

As at the Latest Practicable Date, GCGC is the controlling shareholder of the Company, directly holding approximately 74.12% of the total issued capital of the Company. Guangdong Expressway is a subsidiary of GCGC. As such, Guangdong Expressway is a connected person of the Company under Chapter 14A of the Listing Rules, and the Equity Transfer constitutes a connected transaction of the Company.

As the highest applicable percentage ratio in respect of the Equity Transfer as calculated under Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Equity Transfer constitute a discloseable and connected transaction of the Company and is subject to reporting, announcement, circular and Independent Shareholders approval requirements under Chapter 14A of the Listing Rules.

### INFORMATION ON OTHER PARTIES

#### The Group

The Company was established under the laws of the PRC as a joint stock limited company with its H Shares listed on the Stock Exchange. The Group is principally engaged in the business of travel services.

#### GCGC

GCGC is a controlling shareholder of the Company which holds approximately 74.12% of the entire issued share capital of the Company as at the Latest Practicable Date. GCGC is a state-owned enterprise in the PRC and is wholly-owned by Guangdong State-owned Asset Supervision and Administration Commission. GCGC and its subsidiaries are principally responsible for the investment, construction and management of the expressways in the Guangdong Province and are also engaged in the logistics and transportation.

#### Guangdong Expressway

Guangdong Expressway is principally engaged in investment, project operation and management of expressways and related facilities.

### III. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders in respect of the Equity Transfer.

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## LETTER FROM THE BOARD

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In this regard, in addition, the Company has appointed Vinco Financial as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on relevant proposal in respect of the Equity Transfer.

### IV. EGM

The EGM will be convened at 24/F, Yueyun Building, No. 3 Zhongshan Second Road, Guangzhou, Guangdong Province on 30 July 2024 at 3:00 p.m. for the Independent Shareholders to consider and, if thought fit, approve the Equity Transfer. Pursuant to Rule 13.39(4) of the Listing Rules, the vote of the Independent Shareholders at the EGM will be taken by poll. A notice of 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 website of the Stock Exchange. Whether or not you are able to attend the EGM, you are requested to complete and return the form of proxy for use at the EGM in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending the EGM and voting in person if you so wish.

As at the Latest Practicable Date, GCGC holds and controls the voting rights of 592,847,800 Domestic Shares, representing approximately 74.12% of the total issued share capital of the Company. In accordance with the Listing Rules, GCGC, being the connected person of the Company and having a material interest in the Equity Transfer will be required to abstain from voting on the relevant resolution at the EGM. Save as aforementioned, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no other Shareholder has a material interest in the Equity Transfer and is therefore required to abstain from voting on the relevant resolution at the EGM.

In order to determine the shareholders of H Shares who will be entitled to attend the EGM, the Company will suspend registration of transfer of shares from 25 July 2024 to 30 July 2024, both days inclusive. Holders of H Shares whose names are recorded in the register of members of the Company on 30 July 2024 will be entitled to attend and vote at the EGM. In order to attend and vote at the EGM, all transfer documents accompanied by relevant share certificates must be lodged with the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Wednesday, 24 July 2024.

### V. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 15 of this circular and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 16 to 32 of this circular, in relation to the Equity Transfer.

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## LETTER FROM THE BOARD

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The Board and the Independent Board Committee, having taken into account and based on the recommendation of the Independent Financial Adviser, are of the view that although the Equity Transfer Contract and the transaction contemplated thereunder are not entered into in the ordinary and usual course of business of the Group, the terms of the Equity Transfer Contract and the transaction contemplated thereunder are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the relevant resolution to be proposed at the EGM.

### VI. ADDITIONAL INFORMATION

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

Yours faithfully,  
By order of the Board  
**Guangdong Yueyun Transportation Company Limited**  
**Zhu Fang**  
*Chairman of the Board*

\* *For identification purpose only*





廣東粵運交通股份有限公司  
Guangdong Yueyun Transportation Company Limited\*

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

(Stock Code: 03399)

9 July 2024

*To the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO EQUITY TRANSFER CONTRACT**

We, the Independent Board Committee of Guangdong Yueyun Transportation Company Limited, are advising the Independent Shareholders on the Equity Transfer, details of which are set out in the letter from the Board contained in the circular (“**Circular**”) of the Company to the Shareholders dated 9 July 2024, of which this letter forms a part. Terms defined in this circular shall have the same meanings when used herein unless the context otherwise requires.

Under the Listing Rules, the Equity Transfer requires the approval of the Independent Shareholders at the EGM.

We wish to draw your attention to the letter of advice from Vinco Financial set out on pages 16 to 32 of this Circular. We have discussed the letter and the opinion contained therein with Vinco Financial.

Having considered, among others, the factors and reasons considered by, and the opinion of, Vinco Financial, as stated in its aforementioned letter, we are of the view that although the Equity Transfer Contract and the transaction contemplated thereunder are not entered into in the ordinary and usual course of business of the Group, the terms of the Equity Transfer Contract and the transaction contemplated thereunder are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favor of the relevant resolution to be proposed at the EGM.

Yours faithfully,  
on behalf of the

Independent Board Committee

**Su Wujun**  
**Huang Yuan**

**Shen Jialong**  
**Zhang Xiangfa**

*Independent Non-executive Directors*

\* For identification purpose only

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## LETTER FROM VINCO FINANCIAL

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*The following is the text of a letter of advice from Vinco Financial setting out its advice to the Independent Board Committee and the Independent Shareholders prepared in respect of the Equity Transfer Contract and the transaction contemplated thereunder, which has been prepared for the purpose of incorporation in this circular:*

# VINCO 榮高

## Vinco Financial Limited

9 July 2024

*To the Independent Board Committee and the Independent Shareholders of Guangdong Yueyun Transportation Company Limited*

Dear Sirs,

### **DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO EQUITY TRANSFER CONTRACT**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Contract and the transaction contemplated thereunder, details of which are set out in the letter from the board (the “**Letter from the Board**”) contained in the circular of the Company dated 9 July 2024 issued to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular, unless the context otherwise requires.

On 22 March 2024, the Company and Guangdong Expressway entered into the Equity Transfer Contract, pursuant to which, the Company will acquire 4.44% equity interest in Top-E held by Guangdong Expressway from Guangdong Expressway at a total consideration of RMB109,482,084. Upon completion of the Equity Transfer, Top-E will become a wholly-owned subsidiary of the Company.

According to the Letter from the Board, as at the Latest Practicable Date, GCGC is the controlling shareholder of the Company, directly holding approximately 74.12% of the total issued capital of the Company. Guangdong Expressway is a subsidiary of GCGC. As such, Guangdong Expressway is a connected person of the Company under Chapter 14A of the Listing Rules, and the Equity Transfer constitutes a connected transaction of the Company. As the highest applicable percentage ratio in respect of the Equity Transfer as calculated under Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Equity Transfer

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constitutes a discloseable and connected transaction of the Company and is subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Su Wujun, Ms. Huang Yuan, Mr. Shen Jialong and Mr. Zhang Xiangfa, has been established to advise the Independent Shareholders as to whether the Equity Transfer Contract and the transaction contemplated thereunder are in the ordinary and usual course of business of the Group, the terms of the Equity Transfer Contract and the transaction contemplated thereunder are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. We, Vinco Financial, have been appointed and approved by the Board as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **OUR INDEPENDENCE**

As the Latest Practicable Date, we are not connected with the Directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and, as the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. We were not aware of any relationships or interests between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rule to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Contract and the transaction contemplated thereunder.

Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We are not aware of the existence of or change in any circumstances that would affect our independence.

During the past two years, we have acted as an Independent Financial Adviser to the Company regarding the major and connected transaction and the continuing connected transactions as disclosed in the Company's circular dated 28 September 2022 and 10 November 2022 respectively. We are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on, among other things, the Equity Transfer Contract and the transaction contemplated thereunder.

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### BASIS OF OUR OPINION AND RECOMMENDATION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Contract and the transaction contemplated thereunder, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, the management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors and the management. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed.

We consider that we have been provided with, and we have reviewed sufficient information to reach an informed view, to justify relying on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors and the management.

We consider that we have reviewed all currently available information and documents, among others: (i) the annual report of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”) and the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”); (ii) the annual results of Top-E for three years ended 31 December 2023; (iii) the announcement in relation to the Equity Transfer Contract and the transaction contemplated thereunder dated 22 March 2024 (the “**Announcement**”); (iv) the Equity Transfer Contract; (v) the asset valuation report of Top-E prepared by an independent third party valuer, Beijing Guorongxinghua Assets Appraisal Co., Ltd.\* (北京國融興華資產評估有限責任公司) dated 20 February 2024 (the “**Valuation Report**”); (vi) the calculation basis and assumptions considered by the Group; and (vii) the minutes of the meeting of the board of directors of the Company which are made available to us and enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. Our opinion is necessarily based on the management’s representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Equity Transfer Contract, in addition, where information in this letter has been extracted from published or otherwise publicly available sources including but not limited to the 2022 Annual Report, 2023 Annual Report and other economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date, it is our responsibility to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any

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independent in-depth investigation into the accuracy and completeness of those information. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

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

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation to the Independent Board Committee and Independent Shareholders in respect of the Equity Transfer Contract and the transaction contemplated thereunder, we have taken into account the principal factors and reasons set out below:

#### Information on the Group

The Company was established under the laws of PRC as a joint stock limited company with its H Shares listed on the Stock Exchange. The Group is principally engaged in the business of travel services.

Set out below is summary of the Group's audited consolidated financial information for the three years ended 31 December 2023 as extracted from the 2022 Annual Report and the 2023 Annual Report.

	For the year ended		
	31 December		
	2023	2022	2021
	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)
<b>Operating income</b>			
– Expressway service zones operation	4,954,993	3,788,823	3,726,307
– Road passenger transportation and auxiliary business	2,128,605	1,916,269	2,346,181
– Operation of Taiping interchange	143,366	97,309	121,446
– Other businesses	267	17,127	77,203
	<hr/>	<hr/>	<hr/>
Total operating income	7,227,231	5,819,528	6,271,137
<b>Net profit/(loss) attributable to Shareholders</b>	201,888	(150,423)	(220,312)

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	As at 31 December		
	2023	2022	2021
	RMB'000 (audited)	RMB'000 (audited)	RMB'000 (audited)
Cash at bank and on hand	1,102,710	958,577	1,286,001
Total assets	8,603,368	9,215,602	10,554,449
Net assets	2,616,905	2,481,755	2,753,208
Total equity attributable to Shareholders	1,914,432	1,698,049	1,859,930

### 2023 versus 2022

For the year ended 31 December 2023, the Group recorded an operating income of approximately RMB7,227.2 million, representing an increase of approximately 24.19% as compared to that of the year ended 31 December 2022 of approximately RMB5,819.5 million. Pursuant to the 2023 Annual Report, the increase in revenue was mainly attributable to the Company's active promotion for the reform of service zone business and expanded out-of-station business, resulting in a year-on-year increase in the passenger volume in expressway service areas and transportation business.

The Group recorded a net profit attributable to Shareholders for the year ended 31 December 2023 in the amount of approximately RMB201.9 million compared to a net loss attributable to Shareholders for the year ended 31 December 2022 in the amount of approximately RMB150.4 million. The Group turned losses into profits was mainly due to (i) the opportunity for the recovery of the travel market being seized by the Group, the reform of the service zones business being promoted actively, and the increase of operating income of the service zones operation business, road passenger transportation and ancillary operations, and Taiping Interchange operation; and (ii) promotion of the "one enterprise, one policy" strategy for road transportation business, which has achieved significant results in cost reduction and efficiency improvement.

The Group's cash at bank and on hand as at 31 December 2023 amounted to approximately RMB1,102.7 million, increased by approximately 15.04% compared to that as at 31 December 2022. The Group's audited total assets and net assets as at 31 December 2023 amounted to approximately RMB8,603.4 million and approximately RMB2,616.9 million respectively, decreased by approximately 6.64% and increased by approximately 5.45% respectively compared to those as at 31 December 2022. The Group's audited equity attributable to Shareholders increased by approximately 12.74% to approximately RMB1,914.4 million as at 31 December 2023 from approximately RMB1,698.0 million as at 31 December 2022. The gearing ratio (net debt/total equity) as at 31 December 2023 is approximately 21.48%, decreased by approximately 15.22% compared to that as at 31 December 2022 which is approximately 36.70%. Such decrease was mainly due to the repayment of short-term loans and non-current liabilities due within one year.

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### **2022 versus 2021**

For the year ended 31 December 2022, the Group recorded an operating income of approximately RMB5,819.5 million, representing a decrease of approximately 7.20% as compared to that of the year ended 31 December 2021 of approximately RMB6,271.1 million. Pursuant to the 2022 Annual Report, the decrease in revenue was mainly attributable to year-on-year decreases in the passenger volume of the transportation business and the customer flow of the expressway service zones under normalised epidemic prevention and control.

The Group recorded a net loss attributable to Shareholders for the year ended 31 December 2022 in the amount of approximately RMB150.4 million, representing a decrease of approximately 31.72% as compare to that for the year ended 31 December 2021 in the amount of approximately RMB220.3 million. The decrease in loss was mainly due to the increase in investment income as a result of the transfer of 100% equity interests in Guangdong Province Transportation Engineering Company Limited, a wholly-owned subsidiary of the Company, and the promotion of “one policy for one enterprise” for road transportation business, which achieved remarkable results in cost reduction and efficiency improvement for the year ended 31 December 2022.

The Group’s cash at bank and on hand as at 31 December 2022 amounted to approximately RMB958.6 million, decreased by approximately 25.46% compared to that as at 31 December 2021. The Group’s audited total assets and net assets as at 31 December 2022 amounted to approximately RMB9,215.6 million and approximately 2,481.8 million respectively decreased by approximately 12.69% and 9.86% respectively compared to those as at 31 December 2021. The Group’s audited equity attributable to Shareholders decreased by approximately 8.70% to approximately RMB1,698.0 million as at 31 December 2022 from approximately RMB1,859.9 million as at 31 December 2021. The gearing ratio (net debt/total equity) as at 31 December 2022 is approximately 36.70%, decreased by approximately 4.12% compared to that as at 31 December 2021 which is approximately 40.82%. The decrease was mainly due to the repayment of the long-term loans.

### **Information on GCGC**

GCGC is a controlling shareholder of the Company which holds approximately 74.12% of the entire issued share capital of the Company as at the Latest Practicable Date. GCGC is a state-owned enterprise in the PRC and is wholly-owned by Guangdong State-owned Asset Supervision and Administration Commission. GCGC and its subsidiaries are principally responsible for the investment, construction and management of the expressways in the Guangdong Province and are also engaged in the logistics and transportation.

### **Information on Guangdong Expressway**

Guangdong Expressway is principally engaged in investment, project operation and management of expressways and related facilities.

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### Information on TOP-E

Top-E is a company established under the laws of the PRC with limited liability and a subsidiary of the Company. The Company holds 95.56% equity interest in Top-E before the completion of the Equity Transfer. Top-E is principally engaged in the businesses of operation and management of expressway service zones, refined oil sales of self-operated oil stations and oil station outsourcing, convenience store commodity sales, commercial development and merchant solicitation of properties in service zones.

Based on the consolidated financial statements of Top-E prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC, the key financial data in the financial information of Top-E on a consolidated basis for the three financial years ended 31 December 2023 are as follows:

	<b>For the year ended 31 December 2023</b>	<b>For the year ended 31 December 2022</b>	<b>For the year ended 31 December 2021</b>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Revenue	4,914,521.7	3,743,426.3	3,673,515.3
Profit before tax	242,606.1	104,557.5	242,289.6
Profit after tax	178,005.5	76,040.1	181,365.8
Total assets	3,534,169.3	3,603,135.3	3,647,033.5
Net assets	791,973.4	672,626.5	715,523.4

As depicted from the table above, we note that growth rate of revenue of Top-E is approximately 31.28% by comparing the year ended 31 December 2023 and the year ended 31 December 2022 and 1.90% by comparing the revenue amount for the years ended 31 December 2022 and 2021 respectively. This is mainly attributable to the year-on-year increase in sales volume of oil products and commodities.

The audited total assets and net assets of Top-E as at 31 December 2023 amounted to approximately RMB3,534.2 million and RMB792.0 million respectively, representing a relatively stable movement with a decrease in total assets of approximately 1.91% and an increase in net assets of approximately 17.74% as compared to those of as at 31 December 2022 of approximately RMB3,603.1 million and RMB672.6 million respectively. The decrease in total assets was mainly due to the decrease in monetary funds (including funds receivable for centralised management) caused by the return of interest-bearing liabilities, and the depreciation and amortization of fixed assets. The increase in net assets was mainly due to the increase in net profit for the year ended 31 December 2023.



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### Reasons for and benefits of entering into the Equity Transfer Contract

After the conversion of Top-E into a wholly-owned subsidiary through acquisition of 4.44% equity interests in Top-E held by Guangdong Expressway, the Company will consider the merge of Top-E into one of its branches, so as to strengthen the reform of service zone business and further stimulate the value of expressway service zone network and improve the profitability of expressway service zone business. With reference to the Letter from the Board, after the completion of the acquisition of 4.44% equity interests in Top-E,

- (1) the Company will enjoy all the equity interests and value gains of Top-E, which will bring definite profit growth to the Company. Pursuant to the audited report of Top-E for the three years ended 31 December 2023 obtained from the Company and the forecast revenue and profit for coming five years from 2024 to 2028, we noted that the historical profits of Top-E for the three years ended 31 December 2023 and the forecast profits for the five years ending 31 December 2028 are positive. Hence, we concur with the Directors' view that there would be profit growth to the Company after acquiring the equity interests in Top-E;
- (2) the Company will have full control over Top-E, which will facilitate the implementation of long-term strategies and decisions more effectively and improve the overall operational efficiency. The Company will also make adjustment to the comprehensive reform to and design the strategic layout on developing the Group's expressway service zone business, carry out comprehensive reform of the expressway service zone business in terms of the business model, business process and internal control system, effectively revitalise the remnant assets, improve the overall anti-risk ability and enhance the comprehensive competitiveness and we are of the view that the above various advantages would be strengthened by the different income segments of Top-E after the acquisition; and
- (3) the Company will consider the merger of Top-E, which, in addition to, creating more favorable conditions for financing activities such as bank borrowings and issuance of bonds, will also be conducive to enabling the Company to reduce asset-liability ratio, optimise asset structure and improve the efficiency of capital allocation, for reasons set out as follows:
  - (i) the merger will facilitate the integration of quality assets of the Company and Top-E and divestiture of non-core assets, hereby further optimizing the Group's asset structure; and
  - (ii) after merger, the Company will be able to access all the resources available to Top-E and allocate those resources more effectively by investing in more profitable projects between Top-E and the Company based on the market conditions as to achieve better synergy. We concur with the view of the above improvements on funding activities and financial performance of the Company in light of the economic benefits offered by Top-E upon the acquisition.

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According to the memo in relation to the business outlook of Top-E for the three years ending 31 December 2025 obtained from the Company, we noted that Top-E has been promoting the management efficiency such as optimising the resources in different service areas, which is in line with the benefits of the Equity Transfer mentioned above. Also, based on the forecast plan of the estimated expressway service zones of Top-E for the coming five years provided by the Company, we found the outsourced oil stations would be transformed to the self-operated stations with the estimated date of transformation for each service zones. As discussed with the management of Company, there are total of five oil stations from three different locations have been transformed in 2024 and we found Top-E did implement the transformation according to the schedule stated on the forecast plan. Further details regarding such plan and the government policy in relation to the development of the expressway in PRC would be disclosed under section headed “Our analysis”. As such, we believe if the Company and Top-E would implement such transformation according to the forecast plan, the Equity Transfer would enable the Company to allocate resources more effectively as more self-operated stations would be controlled directly by the Company.

Having considered the above, we are of the view that the Equity Transfer Contract and the transaction contemplated thereunder will further enhance the Group’s growth in business and profitability, and hence are in the interest of the Company and the Shareholders as a whole.

### **Summary of the principal terms of the Equity Transfer Contract**

#### ***Date***

22 March 2024

#### ***Parties***

Transferor: Guangdong Expressway

Transferee: the Company

#### ***Transfer subject***

4.44% equity interest in Top-E by Guangdong Expressway

#### ***Consideration and Terms of Payment***

The total consideration of the Equity Transfer is RMB109,482,084, which was determined by the Company and Guangdong Expressway after arm’s length negotiation with reference to (a) the appraised value of the total shareholders’ equity of Top-E (i.e., RMB2,465,812,700) at the Valuation Base Date as stated in the Valuation Report ([2024] No. 620001) prepared by the Valuer, using the income approach; and (b) the percentage of equity interests to be acquired by the Company under the Equity Transfer Contract.

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The Equity Transfer Contract shall take effect on the date on which all the conditions precedent as set out below have been satisfied and the Company shall pay the total consideration of the Equity Transfer in a lump sum within 20 working days from the effective date of the Equity Transfer Contract.

The total consideration of the Equity Transfer will be financed by internal resources of the Company.

### ***Conditions precedent***

The validity of the Equity Transfer Contract shall depend on the satisfaction of all of the following conditions:

- (1) the Equity Transfer Contract having been duly entered into by the parties thereto;
- (2) Guangdong Expressway having obtained appropriate internal approval for the Equity Transfer;
- (3) the Company having obtained the approval of the Board and the approval of Independent Shareholders at a general meeting in respect of the Equity Transfer;
- (4) Guangdong Expressway having obtained approval of GCGC for the Equity Transfer;  
and
- (5) the Valuation Report having been filed with GCGC.

As at the date of publication of this Circular, the above conditions precedent, except for (3), have been fulfilled.

### ***Completion***

Completion of Equity Transfer shall take place within 20 working days from the date on which Guangdong Expressway receives the total consideration for the Equity Transfer paid by the Company in full.

The completion date of the Equity Transfer shall be the date of completion of the change of industrial and commercial registration of the Equity Transfer.

The Company agreed to assume the responsibility as a contributor in accordance with the applicable laws upon the completion of the transfer of equity interest in Top-E.

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### Our analysis

To assess the fairness and reasonableness of the total consideration, we obtained the Valuation Report prepared by the Valuer, details of which are set out in Appendix IV to the Circular and held interviews with the Valuer to enquire into the methodology adopted for and the basis and assumptions used in the Valuation. For our due diligence purpose, we have also reviewed and enquired into (i) the terms of engagement of the Valuer with the Company; (ii) the Valuer's qualification and experience in relation to the preparation of the Valuation Report; and (iii) the steps and due diligence measures taken by the Valuer to arrive at the Valuation. Based on the website of China Appraisal Society\* (中國資產評估協會) (the "CAS") at <http://www.cas.org.cn>, the Asset Valuer is one of the asset valuation firms with securities business valuation qualification recognised by the CAS to perform asset appraisal works in the PRC. From the mandate letter and other relevant information provided by the Valuer and based on our interviews with them, we are satisfied with the terms of engagement of the Valuer as well as their qualification and experience for preparation of the Valuation Report. The Valuer also confirmed that they are independent to the Company, Guangdong Expressway and Top-E and their respective associates.

In the course of our discussion with the Valuer, we understand that there are three commonly adopted valuation approaches for assets valuation, namely market approach, income approach and asset-based approach. We noted from the Valuer that both market approach and asset-based approach were not suitable for the valuation of Top-E. The market approach is not applicable because it is difficult to access to the comparable which is same or similar to Top-E due to the characteristics of the enterprise and the condition of the market information disclosure in the PRC. Hence, there is no relevant adjustment indicator and technical parameters to be obtained to appraise through comparable transactions. The reason of asset-based approach not being selected for the final valuation approach is that it reflects the value of assets from the perspective of asset reacquisition which is the replacement value of the existing assets of an enterprise while income approach could reflect the entire equity interest of the shareholders of Top-E better from the perspective of its future profitability comparatively, includes the value of intangible assets. Given the above, we do not doubt the appropriateness of the methodologies adopted in the Valuation Report.

As stated in the Letter from the Board and the Valuation Report, the book value of net assets of Top-E as at the Valuation Base Date was RMB496.0546 million whilst the valuation of the total shareholders' equity of Top-E based on the income approach was RMB2,465.8127 million, representing an appreciation of RMB1,969.7581 million or 397.08%. The appreciation was mainly attributable to the future profitability and development potential of the expressway service zone platform. Firstly, with the yearly opening of new expressways, there is a year-on-year increase in the number of service zones of Top-E. We obtained and reviewed the table of estimated service zones to be built in the coming five years, we noted that Top-E estimated an increase of approximately 35 new service zones from 2024 to 2028, enabling Top-E to have stable incremental resources and a foundation for the steady growth of its operating results. According to the memo issued by Top-E and the internal record of the number of service zones of Top-E provided by the Company, we noted that there are

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approximately 361 service zones of Top-E as at the year ended 31 December 2023 and approximately a net increase of 150 service zones from 2019 to 2023; Secondly, Top-E adheres to a self-built and self-operated development strategy under “Yueyun Energy”. With the continuous reclaiming of previously outsourced oil stations for in-house operation, Top-E has been promoting the structural transformation of its business. During the five years from 2019 to 2023, the number of self-built and self-operated oil stations under “Yueyun Energy” increased to 68 from 27, and the revenue from self-built and self-operated oil stations under “Yueyun Energy” increased from RMB1.1 billion to approximately RMB2.6 billion according to the list of self-built and self-operated oil stations in the past five years we obtained from the Company. The proportion of revenue from self-operated energy business in that of Top-E increased from approximately 50% for the year ended 31 December 2019 to approximately 72% for the year ended 31 December 2023, resulting in an increase in the total revenue of Top-E from RMB2.2 billion to approximately RMB4.9 billion, doubling the revenue. In the next five years, 55 additional oil stations will be recycled for self-operation, which is reflected as potential business growth and will eventually be reflected in the steady growth of revenue and profit pursuant to the plan of procuring the existing oil station from the outsourcing provider for 2024 to 2028 which we reviewed; Thirdly, Top-E has successfully built the first cloud platform for service zone management and the first enterprise-level data center in China and is realizing the networking and digital transformation. The development potential will be further explored to promote networking, development of scale and performance breakthrough of the service zone related businesses, all of which can add value to its valuation.

Under the guidance of the Five-Year Plan of Action for Accelerating the Construction of a Strong Transportation Country (2023–2027)\* (加快建設交通強國五年行動計劃(2023–2027年)) published by the Ministry of Transport of PRC on 31 March 2023, we noted that the government encouraged the enhancement and development of the expressway by transforming and upgrading the existing transportation facilities in PRC. As such, the consideration of the potential business opportunities and their corresponding revenue to be generated by Top-E in the valuation under income approach is reasonable.

In assessing the appraised value of Top-E, the Valuer obtained its detailed audited consolidated income statement for the nine months ended 30 September 2023 and forecasted the revenue to be generated in the coming five years (the “**Forecast Period**”) by using the discounted cash flow method and the basis of the historical amounts on the audited consolidated income statements for the four years ended 31 December 2022 and the nine months ended 30 September 2023 (the “**Previous Period**”).

For operating income, mainly including oil sales, commodity sales in convenience store, revenue from energy investment and revenue from merchant solicitation of properties in service zones according to the Valuation Report, the Valuer evaluated the operating income based on the historical revenues during the Previous Period and forecasted the future annual revenue for the Forecast Period based on the current situation of the macroeconomic environment, the current condition of the industry, the project and future development plan and the development of similar corporates in the industry. With reference to the operating income stated in the Valuation Report, we noted that the average growth rate of the total operating

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income was approximately 19% for the three years ended 31 December 2022 and the annualised amount for the nine months ended 30 September 2023 while the average growth rate of the expected operating income considered by the Company for the five years ending 31 December 2028 is approximately 6%. There is a gradual increase in income after the business is expected to resume normal for the recovery of epidemic in the beginning and a slowdown of the income growth eventually when the development of the business is saturated.

For operating costs, mainly including cost of sales of petrol, the cost of goods sold in convenience stores and the cost of merchant solicitation of properties in service zones, the Valuer has taken into consideration the historical gross profit margin in the evaluation for the income forecast since the cost of raw materials is difficult to predict in the medium to long term and hence adopted the average gross profit margin in 2023 as the basis of forecasting future gross profit margins in the Forecast Period. With reference to the operating costs stated in the Valuation Report, we noted that all the estimated gross profit margin for the five years ending 31 December 2028 remains steadily based on the average gross profit margin in 2023.

Also, we noted that the Valuer estimated the discount rate using the weighted average cost of capital model, which is widely accepted in the investment and financial analysis communities for the purpose of estimating expected rate of return on equity after taking into account of the return on equity of three listed comparable companies which are in the same industry or affected by the same economic policies as Top-E. The three listed comparable companies namely Shenzhen Guangju Energy Co., Ltd.\* (深圳市廣聚能源股份有限公司), Xinjiang International Industry Co., Ltd.\* (新疆國際實業股份有限公司) and Sinopec Shandong Taishan Petroleum Co., Ltd.\* (中國石化山東泰山石油股份有限公司), which are all considered to be the relevant references due to their similar principal business with Top-E's, that over 70% of the income is generated from the sale of oil products and commodities in PRC. We have also reviewed the calculation of the weighted average cost of capital and noted the data used in such calculation is sourced from Wind Information Co., Ltd., the leading financial software services company in the PRC. Furthermore, we found circulars in relation to the acquisition of equity interest in target company from the HKEXnews website (<https://www.hkexnews.hk/>) and noted that not less than seven of them selected income approach assessment for the calculation to determine the value of their target companies also used the weighted average cost of capital model for the year ended 31 December 2023. Pursuant to the Valuation Report, we noted the cost of equity was determined by adding the value of operating assets (the estimated free cash flow considering the above operating income, expenses and other items contributed to the profit and the weighted average cost discount rate), the value of surplus assets, the non-operating assets and deducting the non-operating liabilities.

Given the significant difference in growth rates of revenue for the two years ended 31 December 2023 as presented in the section headed 'Information on TOP-E', we are of the view that the appropriateness of adopting the income approach to valuation would not be affected as the growth rates of Top-E's revenue for the two years ended 31 December 2023 were mainly attributable to the year-on-year increase in sales volume of oil products and commodities, which are expected to grow in the coming five years and are in line with the relevant plan and supporting documents we obtained from the Company. To assess the appropriateness of such

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## LETTER FROM VINCO FINANCIAL

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income forecast, we also reviewed approximately 30% of the selected samples of the contracts signed by Top-E and its petrol contractors among the total existing contracts and found the duration of the oil station services is ranging from 10 to 20 years with a lump sum service fee and a fixed rate of additional increment each year, which are in line with the expected revenue to be generated for the coming five years as shown on the income forecast of Top-E. Furthermore, we are of the view that the significant growth rates in 2023 is attributable to the relatively low traffic volume in the whole year of 2022 due to the impact of pandemic and the resumption of expressway operation since the pandemic prevention measures and control policies in PRC has been loosened eventually in 2023, which resulted in a smaller comparison base and hence a higher year-on-year growth. Pursuant to the articles regarding the recovery of profitability at toll road operators in PRC issued by a leading provider of credit ratings, commentary and research for global capital markets namely Fitch Ratings on 8 October 2023 (source: <https://www.fitchratings.com/research/infrastructure-project-finance/recovering-profitability-at-chinas-toll-road-operators-will-not-lower-leverage-08-10-2023>), the revenue of the toll operators has almost fully recovered to pre-pandemic levels in PRC since 2023, especially the economically robust regions including Guangdong that benefit from a large commuter base. Based on the above findings, we believe the adoption of income approach in the valuation would not be affected by the significant difference in growth rate of revenue for the past two financial years.

In adopting the income approach, the valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. Pursuant to Rule 14.60A(1) of the Listing Rules, the principal assumptions upon which the profit forecast was based are set out in Appendix IV to the Circular. Various valuation assumptions, including basic assumptions, general assumptions and specific assumptions, were adopted in the Valuation Report, details of which are set out under section headed “Basic Assumptions”, “General Assumptions” and “Specific Assumptions” in Appendix I to the Circular. In this respect, we have discussed with the Valuer and were given to understand that (i) the general assumptions are common assumptions adopted in business valuation including but not limited to (a) the truthfulness, completeness, legality and validity of the information provided to Valuer by the Company and/or relevant parties; and (b) no material changes in the existing political, economic, social, legal or tax conditions in the country or region where the business is in operation; and (iii) certain specific assumptions are coherent with similar assumptions relating to the future operation of Top-E made by the Valuer in the Valuation Report.

Regarding the above assumptions used in the cash flow forecast, we have, among others, (i) reviewed the historical financial information of the Top-E for the Previous Period; (ii) cross-checked the forecasted annual revenue in the cash flow forecast with the projected annual revenue in the Valuation Report and no variance is noted; (iii) compared the forecasted annual operating revenue with the historical operating revenue for the Previous Period and noted that the growth of the forecasted figures is mainly driven by the growth in oil sales, commodity sales in convenience store and revenue from merchant solicitation of properties in service zones and/or made reference of the historical growth rate of respective items; (iv)

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## LETTER FROM VINCO FINANCIAL

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reviewed the proposal of the potential business growth regarding the self-operated oil stations; and (v) discussed with the management of the Company on the future business plan of Top-E and the relevant financial impact to the cash flow forecast.

Based on our due diligence performed as described above, we noted the cash flow forecast has been prepared in accordance with the bases and assumptions adopted by the management of the Company and/or the Valuer and nothing has come to our attention that would cause us to cast doubt on the fairness and reasonableness of such bases and assumptions. We have interviewed the responsible persons of the Valuer to enquire their experience and competency in valuing companies with similar sizes and business types the key assumptions and methodology adopted. Also, we have collected the Valuer's license and information about the historical engagements with companies in similar business and the year of experiences of each team member who were involved in preparing the Valuation Report. We have also reviewed the Valuation Report and understood that the Valuer derives the value of the total shareholders' equity of Top-E using income-based approach. Having considered the Valuer's experience, competency and the Valuer's analysis on the applicability of valuation methods as set out in the Valuation Report, we believe that the valuation methods adopted by the Valuer are appropriate. As such, we are of the view that the valuation methodologies, the basis and assumptions adopted in the valuation report and the appraised value of the total shareholders' equity of Top-E therefore derived including the appraised value of the total shareholders' equity of Top-E as at the Valuation Base Date and the adoption of income approach to determine the Valuation are fair and reasonable. Also, we have found the Valuation Report on company which engaged in the business of operation and management of expressway service in PRC also adopted income approach. Details is disclosed on the circular published by Sichuan Expressway Company Limited (Stock code: 107) on 10 March 2023. Its target company named as Sichuan Rongcheng Second Ring Expressway Development Co., Ltd is principally engaged in the operation and management of the Second Ring (Western) Expressway. On 17 February 2023, Sichuan Expressway Company Limited acquired the equity interest in the target company. Therefore, the income approach is considered as a more preferable methodology as compared to the asset-based approach since it is commonly adopted for valuation of companies in similar business and such approach is consistent with the normal market practice. Based on our review and analysis of the Valuation Report, having considered the competence of the Valuer and the reasonableness of the valuation approaches, basis and assumptions being adopted, we noted that the value attributable to 4.44% of the shareholder's equity of Top-E would be approximately RMB109,482,084. Given that the consideration is equivalent to the amount payable for obtaining 4.44% of the equity interest in Top-E upon completion of the Company's acquisition, we concur with the Directors' view that the consideration for the Equity Transfer is fair and reasonable so far as the Independent Shareholders are concerned.



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## LETTER FROM VINCO FINANCIAL

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### **Possible financial effects of the Equity Transfer**

#### *Effect on earnings*

As stated in the section headed “Financial effects of the Equity Transfer” in the Letter from the Board and based on the discussion with the management of the Company, it is believed that the positive effect on the future earnings of Top-E brought by the Company will outweigh the consideration incurred in the event of the Equity Transfer. The Directors expect that the Equity Transfer will produce a positive impact on the earnings of the Company and Top-E in the near future.

#### *Effect on net asset value*

With reference to the 2023 Annual Report, the audited consolidated net assets value of the Group was approximately RMB2,616.9 million as at 31 December 2023. Upon completion of the Company’s acquisition of 4.44% equity interest in Top-E held by Guangdong Expressway, the Company will wholly own Top-E.

#### *Effect on cash flow*

With reference to the 2023 Annual Report, the bank balance and cash of the Company as at 31 December 2023 amounted to approximately RMB1,102.7 million. Given that the consideration for the Equity Transfer will be paid in cash by the Company, it is expected that there will be a negative impact on the cash flow of the Company arising from the Equity Transfer and the bank balances and cash would decrease upon the completion of the Company’s acquisition of 4.44% equity interest in Top-E held by Guangdong Expressway. However, there would be an overall positive impact on the cash flow of the Company in the coming years as forecasted by the Valuer.

It should be noted that the above mentioned financial effects are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon completion of the Equity Transfer. The actual financial effects may differ and are subject to audit.

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## LETTER FROM VINCO FINANCIAL

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### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Equity Transfer Contract are on normal commercial terms and are fair and reasonable; and (ii) although the Equity Transfer is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Equity Transfer Contract and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,  
For and on behalf of  
**Vinco Financial Limited**  
**Alister Chung**  
*Managing Director*

*Note:* Mr. Alister Chung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Vinco Financial Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong for over 10 years.

The principal assumptions upon which the profit forecast was based are set out as follows.

**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 Valuation 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 Valuation 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 Valuation 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 Valuation Base Date;
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.

*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 circular.*

**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.

Xin Kuai Shi Bao Zi [2024] No. ZC10175

(Page 2 of 2)

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



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 Valuation 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  
2 April 2024

This asset valuation report was prepared in accordance with China Asset Valuation Standards

**Project for Value of the Entire Equity Interest of Shareholders of  
Guangdong Top-E Expressway Service Zone Company Limited Involved in the  
Proposed Transfer by Guangdong Provincial Expressway Company Limited of  
its 4.44% Equity Interest in Guangdong Top-E Expressway Service Zone  
Company Limited to Guangdong Yueyun Transportation Company Limited  
Asset Valuation Report**

Guo Rong Xing Hua Ping Bao Zi [2024] No. 620001

(Volume 1 of 1)

**Name of valuer: Beijing Guorongxinghua Assets Appraisal Co., Ltd.**

**Date of valuation report: 20 February 2024**



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**DECLARATION**

- I. This asset appraisal report has been prepared in accordance with the basic standards for asset appraisal issued by the Ministry of Finance of the People's Republic of China, and the code of practice and professional ethics for asset appraisal industry issued by the China Association of Asset Appraisal.
- II. We and our appraisers comply with laws, administrative regulations and asset appraisal related standards, adhere to the principles of independence, objectivity and impartiality, and take responsibilities legally for the asset appraisal report issued.
- III. The asset appraisal report shall be used by the client or any other user in accordance with relevant laws and administrative regulations, and in the applicable scope stated herein. Where the client or any user uses the asset valuation report by violating the immediately preceding provision, we and our appraisers disclaim any liability arising therefrom.

No entity or individual can use the asset valuation report except the client and any other user who is specified by the asset valuation engagement contract or stipulated by laws or administrative regulations to use the same.

We and our appraisers would like to remind that the users of the asset valuation report shall have a correct understanding of the valuation conclusion, which does not represent the realisable price of the subject of valuation and shall not be deemed a guarantee for the realisable price of the subject of valuation.

- IV. The list of assets and liabilities involved in the evaluated object are reported by the client and the appraised entity with confirmation through their signatures, official seals or any other means permitted by law. The client and any other related party shall assume legal responsibility for the truthfulness, completeness and legality of the information provided by them.
- V. Our appraisers have conducted on-site survey on the subject of valuation and the assets thereof. They have paid necessary attention to and checked the legal ownership status of the assets in relation to the evaluated object. They have also made truthful disclosure of the issues identified, and reminded the client and other related parties to perfect ownership thereof so as to meet the requirements for issuing the asset appraisal report.
- VI. We and our appraisers have no existing or prospective interest in or relationship with the subject of valuation in the asset valuation report, nor do we and our appraisers have any existing or prospective interest in or relationship with or any bias against any relevant party.
- VII. The analysis, judgment and results in the asset valuation report issued by us are subject to the assumptions and limitations herein and its users should take full account of the assumptions, limitations, and special notes set forth in the asset valuation report and their impact on the valuation conclusions.

**Project for Value of the Entire Equity Interest of Shareholders of Guangdong Top-E Expressway Service Zone Company Limited Involved in the Proposed Transfer by Guangdong Provincial Expressway Company Limited of its 4.44% Equity Interest in Guangdong Top-E Expressway Service Zone Company Limited to Guangdong Yueyun Transportation Company Limited**

**Summary of the Asset Valuation Report**

Guo Rong Xing Hua Ping Bao Zi [2024] No. 620001

**Guangdong Provincial Expressway Company Limited**

**Guangdong Yueyun Transportation Company Limited:**

As engaged by Guangdong Provincial Expressway Company Limited and Guangdong Yueyun Transportation Company Limited, Beijing Guorongxinghua Assets Appraisal Co., Ltd. has, in accordance with the laws, administrative regulations and asset valuation standards, and following necessary valuation procedures, appraised the market value of the entire shareholders' equity of Guangdong Top-E Expressway Service Zone Company Limited as at the date of valuation in the principles of independence, objectivity and impartiality. The asset valuation report is summarised as follows:

**Purpose of valuation:** According to the document of Guangdong Provincial Communication Group Company Limited titled "Notice on Commencing Relevant Work in Relation to Transfer of 4.44% Equity Interest in Guangdong Top-E Expressway Service Zone Company Limited" (Yue Jiao Ji Tou [2022] No. 41), Guangdong Provincial Expressway Company Limited intends to transfer its 4.44% equity interest in Guangdong Top-E Expressway Service Zone Co., Ltd. to Guangdong Yueyun Transportation Company Limited. In this regard, it is necessary to assess the market value of the entire shareholders' equity of Guangdong Top-E Expressway Service Zone Company Limited as at the date of valuation, so as to provide a reference for the value as at the date of valuation for the above economic behaviour.

**Subject of valuation:** the value of entire shareholders' equity of Guangdong Top-E Expressway Service Zone Company Limited.

**Scope of valuation:** All assets and liabilities of the appraised entity, including current assets, non-current assets (fixed assets, long-term equity investments and intangible assets, etc.), current liabilities and non-current liabilities.

**Date of valuation:** 30 September 2023

**Type of value:** Market value

Valuation method: Asset-based approach and income approach

Valuation conclusion: The valuation result under the income approach is selected as the final valuation conclusion in this asset valuation report. The specific valuation conclusion is as follows:

The book value of net assets of Guangdong Top-E Expressway Service Zone Company Limited as at the date of valuation was RMB496,054,600. The entire shareholders' equity appraised under income approach was RMB2,465,812,700, representing an increase of RMB1,969,758,100 or 397.08%.

This asset valuation report is issued for the sole purpose of providing value reference for the economic behaviour described herein, and the valuation conclusion shall be valid for one year from the date of valuation.

Users of the asset valuation report shall fully consider the assumptions, limiting conditions and notes on special matters set out in the asset valuation report and their impacts on the valuation conclusion.

Users of the report are specifically reminded to pay attention to other special matters and subsequent significant events when using this report.

**The above has been extracted from the full text of the asset valuation report. For details of this valuation, and in order to properly understand and use the valuation conclusion, you should carefully read the full text of the asset valuation report.**

**Project for Value of the Entire Equity Interest of Shareholders of Guangdong Top-E Expressway Service Zone Company Limited Involved in the Proposed Transfer by Guangdong Provincial Expressway Company Limited of its 4.44% Equity Interest in Guangdong Top-E Expressway Service Zone Company Limited to Guangdong Yueyun Transportation Company Limited**

**Text of the Asset Valuation Report**

Guo Rong Xing Hua Ping Bao Zi [2024] No. 620001

**Guangdong Provincial Expressway Company Limited**

**Guangdong Yueyun Transportation Company Limited:**

Based on your engagement, Beijing Guorongxinghua Assets Appraisal Co., Ltd. has, in accordance with the laws, administrative regulations and asset valuation standards, and following necessary valuation procedures, appraised the market value of the entire shareholders' equity of Guangdong Top-E Expressway Service Zone Company Limited as at 30 September 2023 involved in the proposed transfer by Guangdong Provincial Expressway Company Limited of its 4.44% equity interest in Guangdong Top-E Expressway Service Zone Company Limited to Guangdong Yueyun Transportation Company Limited under the asset-based approach and the income approach in the principles of independence, objectivity and impartiality. The asset valuation is reported as follows:

**I. THE CLIENT, THE APPRAISED ENTITY AND OTHER USERS OF THE ASSET VALUATION REPORT SPECIFIED IN THE ASSET VALUATION ENGAGEMENT CONTRACT**

The clients for whom this valuation is performed consist of Guangdong Yueyun Transportation Company Limited and Guangdong Provincial Expressway Company Limited, and the appraised entity is Guangdong Top-E Expressway Service Zone Company Limited.

**(I) Overview of clients**

**1. Client 1**

Name: Guangdong Yueyun Transportation Company Limited (“Yueyun Transportation”)

Unified social credit identifier: 91440000719285123G

Domicile: 8F, No. 1731-1735, Airport Road, Baiyun District, Guangzhou

Legal representative: Guo Junfa

Registered capital: RMB799,847,800

Type of company: Joint stock limited company (joint venture funded by investors from Taiwan, Hong Kong, Macau and Mainland China, and a listed company)

Date of establishment: 28 December 1999

Term of business: 28 December 1999 to indefinite term

Scope of business: inter-provincial scheduled passenger transport, inter-city scheduled passenger transport, inter-provincial chartered passenger transportation and inter-city chartered passenger transportation; development of high technologies in the transportation sector; investment in the development of transportation network, investment in transportation industry and expressway service industry; wholesale and retail of means of industrial production (excluding gold, silver and hazardous chemicals), and construction materials (establishment of new stores subject to separate approval); agency for cargo transshipment, agency for cargo sourcing, operation and agency of import and export of various commodities and technologies, except for commodities and technologies that are restricted or prohibited from import and export by the country; advertising, internet advertising services, and other advertising services; retail, wholesale and online sales: primary agricultural products, agricultural and sideline products, aquatic products, tea, food, health products, pharmaceuticals, wine, functional beverages, daily necessities, audio and video products, publications; processing of aquatic products; making and sales of snacks and Chinese food; provision of tickets, transportation, accommodation, catering and other agency services to tourists (excluding travel agency business); passenger ticketing agency; software development; development of AI application software; information system integration services; information consulting service (not including licensing information consulting service); data processing and storage support service.

## 2. *Client 2*

Name: Guangdong Provincial Expressway Company Limited (“GPFC”)

Unified social credit identifier: 91440000190330413W

Domicile: No. 83 Baiyun Road, Yuexiu District, Guangzhou

Legal representative: Chen Peilin

Registered capital: RMB12,488,950,995

Type of company: Limited liability company (state-controlled)

Date of establishment: 19 May 1990

Term of business: From 19 May 1990 to indefinite term

Scope of business: investment, project operation and management of expressways and their ancillary facilities, and organisation and management of refuelling and spare parts supply for expressways.

**(II) Overview of the appraised entity****1. Profile of registration**

Name: Guangdong Top-E Expressway Service Zone Company Limited (“Top-E”)

Unified social credit identifier: 914400007247959966

Domicile: 5F, No. 1731-1735, Airport Road, Baiyun District, Guangzhou

Legal representative: Liu Wanneng

Registered capital: RMB100,000,000

Type of company: Other limited company

Date of establishment: 7 September 2000

Term of business: From 7 September 2000 to indefinite term

Scope of business: Sales of health-care food (pre-packaging); sales of food (sales of pre-packaged food only); wholesale of sporting goods and equipment; wholesale of arts and crafts and collectibles (except for ivory and its products); sales of communication equipment; sales of toys, animation and amusement products; sales of solar thermal power products; sales of software; sales agency; sales of daily consumables; sales of daily necessities; wholesale of aquatic products; sales of agricultural sideline products; purchase of primary agricultural products; wholesale of auto parts; wholesale of refined oil (excluding hazardous chemicals); sales of petroleum products (excluding hazardous chemicals); catering management; investment activities with its own funds; operation of electric vehicle charging infrastructure; carrying out operating activities under the authorisation of the head office; utilities management services; centralised quick charging stations; sales of lubricant oil; retail of auto parts; sales of building materials; sales of building decoration materials; sales of gifts and flowers; leasing and agency-based management of flower and green plant; flower planting; leasing of machinery and equipment; landscaping engineering construction; forest pest prevention services; city greening management; advertising design and agency; advertisement publication (not radio stations, television stations, and newspaper publishing organisations); primary processing of edible agricultural products; retail of edible agricultural products; sales of grain; retail of aquatic products; leasing-out of audio-visual products; leasing-out of electronic publications; purchase of aquatic products; leasing of non-residential properties; leasing of residential houses; general cargo warehousing services (excluding hazardous chemicals and other items subject to approval); domestic freight forwarding agency; typesetting and photocopy; safety consultancy services; building cleaning services; professional cleaning, washing and disinfection services; convention and exhibition services; property management; car park services; travel solicitation and consulting services at travel agency service outlets; ticketing agency services; information system integration services; information technology consulting services; software development; software outsourcing services; lease of photovoltaic power generation equipment; solar power technology services; sales of toys; retail of sports goods and equipment; sales of electronic products; consultancy and planning services; project planning and public relations services; commercial complex

management services; marketing planning; brand management; production of advertisements; refined oil storage (excluding hazardous chemicals); sales of class-II medical devices; business training (excluding training requiring permits such as education training and vocational skills training); wholesale of refined oil (hazardous chemicals only) (operated by branches only); online food sales (sales of pre-packaged food); operation of food; wholesale of publications (operated by branches only); retail of publications (operated by branches only); catering services; various engineering construction activities; general contracting of building construction and municipal infrastructure projects; refuelling of gas vehicle; retail of refined oil (excluding hazardous chemicals); residential interior decoration; publication of advertisement (radio stations, television stations, press and publication organisations); operation of food (sale of bulk food); online sales of food; retail of pharmaceutical products; wine-related operation; retail of tobacco products; work safety inspection and testing; accommodation services (operated by branches only); operation of low-cost catering, snacks and food workshops; retail of refined oil (hazardous chemicals only) (operated by branches only); refined oil storage (hazardous chemicals only) (operated by branches only).

## 2. History

### (1) Establishment of the Company

Guangdong Top-E Expressway Service Zone Company Limited was incorporated on 7 September 2000. With a registered capital of RMB20,000,000, the company was funded by the following seven companies and was registered as a limited liability company in Guangzhou: Guangdong Yuedi Transportation Co. Ltd., Guangdong Provincial Freeway Company., Guangdong Xinyue Communication Investment Co., Ltd., Guangdong Provincial Highway Construction Co., Ltd., Guangdong Road & Bridge Construction Development Co. Ltd., Guangdong Communication Industrial Investment Co. Ltd., and Guangdong Changda Highway Engineering Co., Ltd. The shareholding structure of the company at the time of its establishment was as follows:

Name of shareholder	Percentage of capital contribution	Subscribed capital contribution (RMB'0000)	Paid-in capital contribution (RMB'0000)
Guangdong Yuedi Transportation Co. Ltd.	20.00%	400.00	400.00
Guangdong Provincial Freeway Company	25.00%	500.00	500.00
Guangdong Xinyue Communication Investment Co., Ltd.	25.00%	500.00	500.00
Guangdong Provincial Highway Construction Co., Ltd.	7.50%	150.00	150.00
Guangdong Road & Bridge Construction Development Co. Ltd.	7.50%	150.00	150.00



Name of shareholder	Percentage of capital contribution	Subscribed capital contribution (RMB'0000)	Paid-in capital contribution (RMB'0000)
Guangdong Communication Industrial Investment Co., Ltd.	7.50%	150.00	150.00
Guangdong Provincial Changda Highway Engineering Co., Ltd.	7.50%	150.00	150.00
Total	<u>100.00%</u>	<u>2,000.00</u>	<u>2,000.00</u>

(2) *Change in name of shareholder*

In 2001, Guangdong Yuedi Transportation Co. Ltd., a shareholder of Guangdong Top-E Expressway Service Zone Company Limited, changed its name to Guangdong Nan Yue Logistics Company Limited.

(3) *First equity transfer of the Company*

On 11 March 2002, the appraised entity held a general meeting, at which Guangdong Xinyue Communication Investment Co., Ltd. and Guangdong Provincial Freeway Company were approved to transfer a part of their shares in the appraised entity to Guangdong Nan Yue Logistics Company Limited. The shareholding structure of the appraised entity upon the equity transfer was as follows:

Name of shareholder	Percentage of capital contribution	Subscribed capital contribution (RMB'0000)	Paid-in capital contribution (RMB'0000)
Guangdong Nan Yue Logistics Company Limited	50.00%	1,000.00	1,000.00
Guangdong Provincial Freeway Company	10.00%	200.00	200.00
Guangdong Xinyue Communication Investment Co., Ltd.	10.00%	200.00	200.00
Guangdong Provincial Highway Construction Co., Ltd.	7.50%	150.00	150.00
Guangdong Road & Bridge Construction Development Co. Ltd.	7.50%	150.00	150.00
Guangdong Communication Industrial Investment Co., Ltd.	7.50%	150.00	150.00
Guangdong Provincial Changda Highway Engineering Co., Ltd.	7.50%	150.00	150.00
Total	<u>100.00%</u>	<u>2,000.00</u>	<u>2,000.00</u>

*(4) First capital increase of the Company*

On 24 July 2002, the appraised entity held a general meeting, at which Guangdong Nan Yue Logistics Company Limited was approved to increase its capital contribution to Top-E by RMB25,000,000, and the registered capital of Top-E would be increased from RMB20,000,000 to RMB45,000,000. The shareholding structure of the appraised entity upon the capital increase was as follows:

<b>Name of shareholder</b>	<b>Percentage of capital contribution</b>	<b>Subscribed capital contribution (RMB'0000)</b>	<b>Paid-in capital contribution (RMB'0000)</b>
Guangdong Nan Yue Logistics Company Limited	77.80	3,500.00	3,500.00
Guangdong Provincial Freeway Company	4.44%	200.00	200.00
Guangdong Xinyue Communication Investment Co., Ltd.	4.44%	200.00	200.00
Guangdong Provincial Highway Construction Co., Ltd.	3.33%	150.00	150.00
Guangdong Road & Bridge Construction Development Co. Ltd.	3.33%	150.00	150.00
Guangdong Communication Industrial Investment Co., Ltd.	3.33%	150.00	150.00
Guangdong Provincial Changda Highway Engineering Co., Ltd.	3.33%	150.00	150.00
<b>Total</b>	<b>100.00%</b>	<b>4,500.00</b>	<b>4,500.00</b>

*(5) Second equity transfer and change in name of shareholder of the Company*

On 23 December 2002, the appraised entity held a general meeting, at which Guangdong Changda Highway Engineering Co., Ltd., a shareholder of the Company, was approved to transfer its 3.33% equity interest in Guangdong Top-E Expressway Service Zone Company Limited to Guangdong Changda Development Investment Co., Ltd. at a consideration of RMB1,500,000. The name of Guangdong Provincial Freeway Company, a shareholder of the Company, was changed to Guangdong Provincial Expressway Company Limited. The shareholding structure of the appraised entity upon the change in equity interest was as follows:

<b>Name of shareholder</b>	<b>Percentage of capital contribution</b>	<b>Subscribed capital contribution (RMB'0000)</b>	<b>Paid-in capital contribution (RMB'0000)</b>
Guangdong Nan Yue Logistics Company Limited	77.80%	3,500.00	3,500.00
Guangdong Provincial Expressway Company Limited	4.44%	200.00	200.00

Name of shareholder	Percentage of capital contribution	Subscribed capital contribution (RMB'0000)	Paid-in capital contribution (RMB'0000)
Guangdong Xinyue Communication Investment Co., Ltd.	4.44%	200.00	200.00
Guangdong Provincial Highway Construction Co., Ltd.	3.33%	150.00	150.00
Guangdong Road & Bridge Construction Development Co. Ltd.	3.33%	150.00	150.00
Guangdong Communication Industrial Investment Co., Ltd.	3.33%	150.00	150.00
Guangdong Changda Development Investment Co., Ltd.	3.33%	150.00	150.00
Total	<u>100.00%</u>	<u>4,500.00</u>	<u>4,500.00</u>

(6) *Third equity transfer of the Company*

On 24 November 2003, the appraised entity held a general meeting, at which Guangdong Xinyue Communication Investment Co., Ltd., Guangdong Provincial Highway Construction Co., Ltd., Guangdong Road & Bridge Construction Development Co. Ltd., Guangdong Communication Industrial Investment Co. Ltd. and Guangdong Changda Highway Engineering Co., Ltd. were approved to transfer their entire equity interests in Top-E to Guangdong Nan Yue Logistics Company Limited. The shareholding structure of the appraised entity upon the equity transfer was as follows:

Name of shareholder	Percentage of capital contribution	Subscribed capital contribution (RMB'0000)	Paid-in capital contribution (RMB'0000)
Guangdong Nan Yue Logistics Company Limited	95.56%	4,300.00	4,300.00
Guangdong Provincial Expressway Company Limited	4.44%	200	200
Total	<u>100.00%</u>	<u>4,500.00</u>	<u>4,500.00</u>

*(7) Second capital increase of the Company*

On 31 December 2005, the appraised entity held a general meeting, at which Top-E was approved to increase its registered capital by RMB55,000,000, bringing its registered capital from RMB45,000,000 to RMB100,000,000. The increase in the registered capital was subscribed by Guangdong Nan Yue Logistics Company Limited and GPFC in proportion to their shareholding. The shareholding structure of the appraised entity upon the capital increase was as follows:

<b>Name of shareholder</b>	<b>Percentage of capital contribution</b>	<b>Subscribed capital contribution (RMB'0000)</b>	<b>Paid-in capital contribution (RMB'0000)</b>
Guangdong Nan Yue Logistics Company Limited	95.56%	9,556.00	9,556.00
Guangdong Provincial Expressway Company Limited	4.44%	444.00	444.00
<b>Total</b>	<b>100.00%</b>	<b>10,000.00</b>	<b>10,000.00</b>

*(8) Change in name of shareholder*

On 18 December 2013, Top-E held an extraordinary general meeting, at which Guangdong Nan Yue Logistics Company Limited, a shareholder of Guangdong Top-E Expressway Service Zone Company Limited, was approved to change its company name to Guangdong Yueyun Transportation Company Limited. The shareholding structure of Top-E upon the change was as follows:

<b>Name of shareholder</b>	<b>Percentage of capital contribution</b>	<b>Subscribed capital contribution (RMB'0000)</b>	<b>Paid-in capital contribution (RMB'0000)</b>
Guangdong Yueyun Transportation Company Limited	95.56%	9,556.00	9,556.00
Guangdong Provincial Expressway Company Limited	4.44%	444.00	444.00
<b>Total</b>	<b>100.00%</b>	<b>10,000.00</b>	<b>10,000.00</b>

There was no change in the equity structure of the appraised entity during the period from such change to the date of valuation (being 30 September 2023).

### 3. Company Profile

#### (1) Overview of the Company

Guangdong Top-E Expressway Service Zone Company Limited was established on 7 September 2000. It is a chain enterprise authorised 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. Top-E implements centralised operation and management of the expressway service zones in an integrated mode, which is the first of its kind in the country.

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 relevant business qualifications, including Business Licence for Retail of Refined Oil, Business Licence for Hazardous Chemicals and Business Licence for Food, have been obtained for those gas stations and proprietary convenience stores.

#### (2) Overview of branches and subsidiaries

As of the date of valuation (being 30 September 2023), the appraised entity had a total of 5 branches, 3 majority-owned subsidiaries and 3 investee subsidiaries. The branches were Yuedong Branch, Yuexi Branch, Yuebei Branch, Pearl River Delta Branch and Landscaping and Decoration Engineering Branch. The 3 majority-owned subsidiaries were Guangdong Jindaoda Expressway Economic Development Co., Ltd., Guangdong Zhong Yue Tong Oil Products Operation Co., Ltd. and Guangdong Top-E Landscaping Co., Ltd. The 3 investee subsidiaries were Guangdong Expressway Media Co., Ltd., Guangdong Zhongyou Top-E Energy Trading Company Limited and Guangdong Yueyun Development Co., Ltd. Shareholding of the Company in each subsidiary is as follows:

No.	Name of the investee	Date of investment	Investment horizon	Percentage of shareholding	Investment cost (RMB'0000)
1	Guangdong Jindaoda Expressway Economic Development Co., Ltd.	1 March 2002	Long-term	95%	950.00
2	Guangdong Top-E Landscaping Co., Ltd.	1 September 2001	Long-term	100%	2,000.00
3	Guangdong Zhong Yue Tong Oil Products Operation Co., Ltd.	24 October 2005	Long-term	30.58346%	936.20

No.	Name of the investee	Date of investment	Investment horizon	Percentage of shareholding	Investment cost (RMB'0000)
4	Guangdong Zhongyou Top-E Energy Trading Company Limited	15 March 2017	Long-term	51%	3,122.50
5	Guangdong Expressway Media Co., Ltd.	23 January 2003	Long-term	40%	1,320.00
6	Guangdong Yueyun Development Co., Ltd.	29 March 2021	Long-term	10%	360.00

Particulars of the subsidiaries are as follows:

(1) Guangdong Jindaoda Expressway Economic Development Co., Ltd.

① Profile of registration

Registered name: Guangdong Jindaoda Expressway Economic Development Co., Ltd. (“Jindaoda”)

Unified social credit identifier: 91440000231131809C

Registered address: Room 204, No. 34, Huaguili, Xiaogang Road, Haizhu District, Guangzhou

Legal representative: Chen Liang

Registered capital: RMB10,000,000

Company type: Limited liability company (state-controlled)

Date of establishment: 10 November 1997

Term of business: 10 November 1997 to indefinite term

Scope of business: Economic development along expressways and development and operation of ancillary facilities, investment in various industries and property management thereof, maintenance of household appliances, typesetting and photocopying services; sales of construction materials; design and construction of urban landscaping projects, sale of landscaping plant materials; operation of gas stations along expressways (operated by the branch in accordance with Yue Mao Han [1999] No. 192 of the Provincial Trade Commission); and design, production, agency and publication of various domestic and overseas advertisements.

② History of Jindaoda

## A. Establishment of Jindaoda

Guangdong Jindaoda Expressway Economic Development Co., Ltd. was established on 29 September 1997 by Guangdong Provincial Expressway Company Limited and the Trade Union of Guangdong Provincial Freeway Company (“GPFC Trade Union”). The registered capital of the company at the time of establishment was RMB1,000,000. The shareholding structure of the company at the time of establishment was as follows:

<b>Name of shareholder</b>	<b>Percentage of capital contribution</b>	<b>Subscribed capital contribution (RMB'0000)</b>	<b>Paid-in capital contribution (RMB'0000)</b>
Guangdong Provincial Expressway Company Limited	51.00%	51.00	51.00
Trade Union of Guangdong Provincial Freeway Company	49.00%	49.00	49.00
<b>Total</b>	<b>100.00%</b>	<b>100.00</b>	<b>100.00</b>

## B. First capital increase and new shareholders of Jindaoda

On 2 December 1998, the board of directors of Jindaoda convened a meeting, at which it was agreed that the registered capital of the company would be increased from RMB1,000,000 to RMB1,108,700, of which RMB510,000 was contributed by GPFC, representing 46.00% of its equity interest; RMB490,000 by GPFC Trade Union, representing 44.00% of its equity interest, and RMB108,700 by the Trade Union of Guangdong Jindaoda Expressway Economic Development Co., Ltd. (“Jindaoda Trade Union”), representing 10.00% of its equity interest. The shareholding structure of Jindaoda upon the capital increase was as follows:

<b>Name of shareholder</b>	<b>Percentage of capital contribution</b>	<b>Subscribed capital contribution (RMB'0000)</b>	<b>Paid-in capital contribution (RMB'0000)</b>
Guangdong Provincial Expressway Company Limited	46.00%	51.00	51.00
Trade Union of Guangdong Provincial Freeway Company	44.00%	49.00	49.00
Trade Union of Guangdong Jindaoda Expressway Economic Development Co., Ltd.	10.00%	10.87	10.87
<b>Total</b>	<b>100.00%</b>	<b>110.87</b>	<b>110.87</b>

## C. Second capital increase and new shareholders of Jindaoda

On 18 June 1999, a general meeting of Jindaoda was held, at which it was agreed that the registered capital of the company would be increased from RMB1,108,700 as at the date of establishment to RMB10,000,000, of which, RMB1,785,000 was contributed by GPFC, representing 17.85% of its equity interest; RMB1,715,000 by GPFC Trade Union, representing 17.15% of its equity interest; and RMB2,500,000 by Guangdong Provincial Expressway Development Co., Ltd. (“Yue Expressway”), representing 25.00% of its equity interest; and RMB4,000,000 by Jindaoda Trade Union, representing 40.00% of its equity interest. The shareholding structure of Jindaoda upon the capital increase was as follows:

<b>Name of shareholder</b>	<b>Percentage of capital contribution</b>	<b>Subscribed capital contribution (RMB'0000)</b>	<b>Paid-in capital contribution (RMB'0000)</b>
Guangdong Provincial Expressway Company Limited	17.85%	178.50	178.50
Trade Union of Guangdong Provincial Freeway Company	17.15%	171.50	171.50
Guangdong Provincial Expressway Development Co., Ltd.	25.00%	250.00	250.00
Trade Union of Guangdong Jindaoda Expressway Economic Development Co., Ltd.	40.00%	400.00	400.00
Total	<u>100.00%</u>	<u>1,000.00</u>	<u>1,000.00</u>

## D. First equity transfer of the company

On 1 March 2002, Jindaoda held a general meeting, at which it was agreed that equity interest held by GPFC Trade Union, Yue Expressway, and Jindaoda Trade Union in Jindadao would be transferred to Guangdong Top-E Expressway Service Zone Company Limited and GPFC. After the equity transfer, RMB7,770,000 was contributed by Top-E, representing 77.70% of its equity interests; and RMB2,230,000 by GPFC, representing 22.30% of its equity interests. The shareholding structure of Jindaoda upon the equity transfer was as follows:

<b>Name of shareholder</b>	<b>Percentage of capital contribution</b>	<b>Subscribed capital contribution (RMB'0000)</b>	<b>Paid-in capital contribution (RMB'0000)</b>
Guangdong Top-E Expressway Service Zone Company Limited	77.70%	777.00	777.00
Guangdong Provincial Expressway Company Limited	22.30%	223.00	223.00
Total	<u>100.00%</u>	<u>1,000.00</u>	<u>1,000.00</u>



## E. Second equity transfer of the company

On 24 June 2004, Jindaoda held a general meeting, at which the transfer of 22.3% equity interest held by GPFC to Top-E was approved. After the transfer, Top-E contributed RMB9,500,000, representing 95% of equity interest of Jindaoda; and Guangdong Yueyun Transportation Company Limited (formerly known as Guangdong Nan Yue Logistics Company Limited) contributed RMB500,000, representing 5% of the equity interest of Jindaoda. The shareholding structure of Jindaoda upon the equity transfer is as follows:

Name of shareholder	Percentage of capital contribution	Subscribed capital contribution (RMB'0000)	Paid-in capital contribution (RMB'0000)
Guangdong Top-E Expressway Service Zone Company Limited	95.00%	950.00	950.00
Guangdong Yueyun Transportation Company Limited	5.00%	50.00	50.00
Total	<u>100.00%</u>	<u>1,000.00</u>	<u>1,000.00</u>

There was no change in the equity structure of Jindaoda during the period from such change to the date of valuation (being 30 September 2023). Guangdong Top-E Expressway Service Zone Company Limited held 95% of equity interest in Jindaoda as at the date of valuation.

③ Assets, financial position and operation of Jindaoda in recent years

The following table sets out assets, financial position and operation of Jindaoda in recent years:

Item	<i>Unit: RMB</i>			
	31 December 2020	31 December 2021	31 December 2022	30 September 2023
Total assets	60,897,372.89	64,508,870.85	68,724,728.81	69,475,152.51
Total liabilities	7,718,613.52	9,775,116.54	7,891,615.41	8,942,182.67
Total owners' equity	53,178,759.37	54,733,754.31	60,833,113.40	60,532,969.84

Item	2020	2021	2022	January to September 2023
Operating revenue	49,766,097.72	50,666,904.52	46,893,993.00	28,022,806.73
Total profits	6,870,246.45	5,859,831.15	10,869,253.37	5,271,412.77
Net profits	4,709,145.99	3,849,409.97	7,670,308.36	4,304,056.03

*Note:* The financial data of Jindaoda for 2020 was extracted from the audit report (KPMG Huazhen Sui Shen Zi No. 2100187) issued by KPMG Huazhen LLP; the financial data for 2021 was extracted from the audit report (Xin Kuai Shi Yue Bao Zi [2022] No. 20118) issued by BDO China Shu Lun Pan Certified Public Accountants LLP Guangdong Branch; and the financial statements for 2022 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP and the financial statements for the period from January to September 2023 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP Guangdong Branch.

(2) Guangdong Zhong Yue Tong Oil Products Operation Co., Ltd.

① Profile of registration

Name: Guangdong Zhong Yue Tong Oil Products Operation Co., Ltd. (“Zhong Yue Tong”)

Unified social credit identifier: 9144000078201238XL

Domicile: Room 201, No. 1735, Airport Road, Baiyun District, Guangzhou, Guangdong

Legal representative: Xu Yulong

Registered capital: RMB30,612,300

Type of company: Other limited company

Date of establishment: 24 October 2005

Term of business: From 24 October 2005 to indefinite term

Scope of business: Operation and management of petrol stations and gas stations; sales of petroleum products (excluding refined oil), building materials, automobile parts and components; vehicle cleaning services; retail of motor vehicle fuel (for end users) and gas operation; automobile charging services; retail of prepackaged food, bulk food, dairy products, health food, books, newspapers, journals, electronic publications, audio-visual products, cigarettes, cigars, daily necessities, clothing, hardware, household appliances, electronic products and top-up cards; agency and publication of advertisements (the above items shall be operated by the branches with licenses); project investment; and technical consultation.

② History of Zhong Yue Tong

## A. Establishment of Zhong Yue Tong

Guangdong Zhong Yue Tong Oil Products Operation Co., Ltd. was established by China Petroleum & Chemical Corporation, Guangdong Nan Yue Logistics Company Limited (now renamed as Guangdong Yueyun Transportation Company Limited) and Guangdong Top-E Expressway Service Zone Company Limited on 24 October 2005. At the time of establishment, the registered capital of Zhong Yue Tong was RMB25,000,000. The shareholding structure of Zhong Yue Tong at the time of establishment was as follows:

<b>Name of shareholder</b>	<b>Percentage of capital contribution</b>	<b>Subscribed capital contribution (RMB'0000)</b>	<b>Paid-in capital contribution (RMB'0000)</b>
China Petroleum & Chemical Corporation	40.00%	1,000.00	1,000.00
Guangdong Nan Yue Logistics Company Limited	25.00%	625.00	625.00
Guangdong Top-E Expressway Service Zone Company Limited	35.00%	875.00	875.00
<b>Total</b>	<b>100.00%</b>	<b>2,500.00</b>	<b>2,500.00</b>

## B. First capital increase and new shareholders of Zhong Yue Tong

In April 2006, Zhong Yue Tong convened a general meeting, at which it was approved to increase the registered capital of the company from RMB25,000,000 as at the date of establishment to RMB30,000,000, of which RMB15,000,000 was contributed by China Petroleum & Chemical Corporation, representing 50.00% of the equity interest; RMB8,750,000 was contributed by Top-E, representing 29.17% of the equity interest; and RMB6,250,000 by Guangdong Nan Yue Logistics Company Limited, representing 20.83% of the equity interest. The shareholding structure of Zhong Yue Tong upon the capital increase was as follows:

<b>Name of shareholder</b>	<b>Percentage of capital contribution</b>	<b>Subscribed capital contribution (RMB'0000)</b>	<b>Paid-in capital contribution (RMB'0000)</b>
China Petroleum & Chemical Corporation	50.00%	1,500.00	1,500.00
Guangdong Nan Yue Logistics Company Limited	20.83%	625.00	625.00
Guangdong Top-E Expressway Service Zone Company Limited	29.17%	875.00	875.00
<b>Total</b>	<b>100.00%</b>	<b>3,000.00</b>	<b>3,000.00</b>

## C. First equity transfer of Zhong Yue Tong

On 5 August 2013, Guangdong Nan Yue Logistics Company Limited, a shareholder of Zhong Yue Tong, changed its company name to Guangdong Yueyun Transportation Company Limited. In December 2014, Zhong Yue Tong convened a general meeting, at which it was approved that China Petroleum & Chemical Corporation would transfer its equity interest in the company to Sinopec Sales Co., Ltd. (now renamed as Sinopec Sales Corporation). After the equity transfer, Sinopec Sales Co., Ltd., Top-E and Guangdong Yueyun Transportation Company Limited made respective capital contribution of RMB15,000,000, RMB8,750,000 and RMB6,250,000, representing 50.00%, 29.17% and 20.83% of the equity interest of Zhong Yue Tong, respectively. The shareholding structure of Zhong Yue Tong upon the equity transfer was as follows:

Name of shareholder	Percentage of capital contribution	Subscribed capital contribution (RMB'0000)	Paid-in capital contribution (RMB'0000)
Sinopec Sales Corporation	50.00%	1,500.00	1,500.00
Guangdong Yueyun Transportation Company Limited	20.83%	625.00	625.00
Guangdong Top-E Expressway Service Zone Company Limited	29.17%	875.00	875.00
Total	<u>100.00%</u>	<u>3,000.00</u>	<u>3,000.00</u>

## D. Second capital increase of Zhong Yue Tong

On 9 January 2020, Zhong Yue Tong convened a general meeting, at which it was agreed that Top-E would increase its capital contribution to Zhong Yue Tong by RMB612,000 in cash. The registered capital of Zhong Yue Tong therefore increased from RMB30,000,000 to RMB30,612,300, of which RMB15,000,000 was contributed by Sinopec Sales Co., Ltd., representing 48.99991% of the equity interest; RMB9,362,000 by Top-E, representing 30.58346% equity interest; and RMB6,250,000 by Guangdong Yueyun Transportation Company Limited, representing 20.41663% of the equity interest. The shareholding structure of Zhong Yue Tong upon the capital increase was as follows:

Name of shareholder	Percentage of capital contribution	Subscribed capital contribution (RMB'0000)	Paid-in capital contribution (RMB'0000)
Sinopec Sales Corporation	48.99991%	1,500.00	1,500.00
Guangdong Yueyun Transportation Company Limited	20.41663%	625.00	625.00
Guangdong Top-E Expressway Service Zone Company Limited	30.58346%	936.20	936.20
Total	<u>100.00%</u>	<u>3,061.23</u>	<u>3,061.23</u>

There was no change in the equity structure of Zhong Yue Tong during the period from such equity transfer to the date of valuation (being 30 September 2023). Guangdong Top-E Expressway Service Zone Company Limited held 30.58346% of equity interest in Zhong Yue Tong as at the date of valuation. At the same time, Yueyun Transportation entrusted Top-E to manage its 20.41663% equity interests in Zhong Yue Tong, and therefore it could exercise control over Zhong Yue Tong.

③ Assets, financial position and operating condition of Zhong Yue Tong in recent years

The following table sets out the financial position and operating condition of Zhong Yue Tong:

*Unit: RMB*

Item	31 December	31 December	31 December	30 September
	2020	2021	2022	2023
Total assets	196,126,901.11	249,856,138.56	266,938,006.90	356,650,434.76
Total liabilities	35,581,461.02	27,222,785.26	28,696,684.81	37,925,100.28
Total owners' equity	160,545,440.09	222,633,353.30	238,241,322.09	318,725,334.48

  

Item	2020	2021	2022	January to
				September 2023
Operating revenue	666,172,178.63	1,110,250,631.97	1,048,252,739.42	926,898,266.08
Total profits	110,244,543.02	156,844,707.08	128,742,848.85	102,766,703.03
Net profits	82,650,879.50	116,770,618.18	94,827,093.78	75,893,907.79

*Note:* The financial data of Zhong Yue Tong for 2020 was extracted from the audit report (KPMG Huazhen Sui Shen Zi No. 2100188) issued by KPMG Huazhen LLP, the financial data for 2021 was extracted from the audit report (Xin Kuai Shi Yue Bao Zi [2022] No. 20120) issued by BDO China Shu Lun Pan Certified Public Accountants LLP Guangdong Branch, and the financial statements for 2022 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP and the financial statements for the period from January to September 2023 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP Guangdong Branch.

(3) Guangdong Top-E Landscaping Co., Ltd.

① Profile of registration

Name: Guangdong Top-E Landscaping Co., Ltd. (“**Top-E Landscaping**”)

Unified social credit identifier: 91440000707660870C

Domicile: 3/F, No. 1731, 1733, and 1735, Airport Road, Baiyun District, Guangzhou

Legal representative: Yu Wei

Registered capital: RMB20,000,000

Type of company: Limited liability company (sole proprietorship of legal person)

Date of establishment: 18 August 1998

Term of business: From 18 August 1998 to indefinite term

Scope of business: Contracting foreign projects; landscaping engineering construction; flower planting; planting of landscape products; planting and management of trees; leasing and agency-based management of flower and green plant; city greening management; professional design services; information technology consulting services; technology services; development of technologies; technology consulting services; technology exchange, technology transfer, technology promotion; Construction management services; contracting foreign projects; research, testing and development of engineering and technologies; engineering technology services (excluding planning management, investigation, design and supervision); leasing of machinery and devices for engineering; water pollution treatment; wastewater treatment and recycling; installation services of public environmental and sanitation facilities; soil pollution treatment and restoration; restoration and protection of ecosystem; monitoring ecological resources; consulting services for environmental protection; solid waste treatment; sales of ecomaterials; management of flood control facilities; promotion of new materials and technologies; consultancy and planning services; sales of building decoration materials; sales of building materials; sales of forest products; property management; car park services; leasing of residential houses; leasing of non-residential properties; lease of photovoltaic power generation equipment; leasing of storage battery; sales of battery; construction, maintenance and testing of electrical services; construction of engineering projects; general contracting of building construction and municipal infrastructure projects; residential interior decoration; supervision of construction works; professional construction works; labour sub-contracting for construction works; intelligent engineering in construction works; production and operation of grass seeds; kitchen waste treatment; municipal solid waste operating services; power supply business; catering services.

② History of Top-E Landscaping

## A. Establishment

Guangdong Guantong Expressway Assets Management Co., Ltd. (the predecessor of Guangdong Top-E Landscaping Co., Ltd.) was established on 18 August 1998. It is jointly funded by Guangdong Provincial Highway Construction Company and Trade Union of Guangdong Provincial Highway Construction Co., Ltd. The shareholding structure of Top-E Landscaping at time of its establishment was as follows:

Name of shareholder	Percentage of capital contribution	Subscribed capital contribution (RMB'0000)	Paid-in capital contribution (RMB'0000)
Guangdong Provincial Highway Construction Company	70.00%	70.00	70.00
Trade Union of Guangdong Provincial Highway Construction Company	<u>30.00%</u>	<u>30.00</u>	<u>30.00</u>
Total	<u>100.00%</u>	<u>100.00</u>	<u>100.00</u>

## B. First capital increase and first equity transfer of Top-E Landscaping

In 1999, the registered capital of Guangdong Guantong Expressway Assets Management Co., Ltd. was increased to RMB10,000,000. Trade Union of Guangdong Provincial Highway Construction Co., Ltd. transferred its shares to Guangdong Harbor Engineering Corporation (Hong Kong). The shareholding structure of Top-E Landscaping upon the change was as follows:

Name of shareholder	Percentage of capital contribution	Subscribed capital contribution (RMB'0000)	Paid-in capital contribution (RMB'0000)
Guangdong Provincial Highway Construction Company	97.00%	970.00	970.00
Guangdong Harbor Engineering Corporation (Hong Kong)	<u>3.00%</u>	<u>30.00</u>	<u>30.00</u>
Total	<u>100.00%</u>	<u>1,000.00</u>	<u>1,000.00</u>

## C. Second equity transfer of Top-E Landscaping

In December 2001, Guangdong Provincial Highway Construction Company transferred its shares to Guangdong Top-E Expressway Service Zone Company Limited and Guangdong Harbor Engineering Corporation transferred its shares to Guangdong Hangsheng Engineering Co., Ltd. The shareholding structure of Top-E Landscaping upon the change was as follows:

Name of shareholder	Percentage of capital contribution	Subscribed capital contribution (RMB'0000)	Paid-in capital contribution (RMB'0000)
Guangdong Top-E Expressway Service Zone Company Limited	97.00%	970.00	970.00
Guangdong Hangsheng Engineering Co. Ltd	3.00%	30.00	30.00
Total	<u>100.00%</u>	<u>1,000.00</u>	<u>1,000.00</u>

## D. Change in name of shareholder

In March 2008, the name of Guangdong Hangsheng Engineering Co. Ltd., which is one of shareholders of the Company, was changed to Guangdong Hangsheng Construction Group Co., Ltd. The shareholding structure of Top-E Landscaping upon the change was as follows:

Name of shareholder	Percentage of capital contribution	Subscribed capital contribution (RMB'0000)	Paid-in capital contribution (RMB'0000)
Guangdong Top-E Expressway Service Zone Company Limited	97.00%	970.00	970.00
Guangdong Hangsheng Construction Group Co., Ltd.	3.00%	30.00	30.00
Total	<u>100.00%</u>	<u>1,000.00</u>	<u>1,000.00</u>



## E. Third equity transfer of Top-E Landscaping

On 29 July 2013, Guangdong Hangsheng Construction Group Co., Ltd. transferred its equity interest to CRCC Harbour & Channel Engineering Bureau Group Co., Ltd. The shareholding structure of Top-E Landscaping upon the change was as follows:

Name of shareholder	Percentage of capital contribution	Subscribed capital contribution (RMB'0000)	Paid-in capital contribution (RMB'0000)
Guangdong Top-E Expressway Service Zone Company Limited	97.00%	970.00	970.00
CRCC Harbour & Channel Engineering Bureau Group Co., Ltd.	3.00%	30.00	30.00
Total	<u>100.00%</u>	<u>1,000.00</u>	<u>1,000.00</u>

## F. Change in name and the fourth equity transfer of Top-E Landscaping

On 14 January 2014, the name of Guangdong Guantong Expressway Assets Management Co., Ltd. was changed to Guangdong Top-E Landscaping Co., Ltd., and CRCC Harbour & Channel Engineering Bureau Group Co., Ltd. transferred its equity interest to Guangdong Top-E Expressway Service Zone Company Limited. The shareholding structure of Top-E Landscaping upon the change was as follows:

Name of shareholder	Percentage of capital contribution	Subscribed capital contribution (RMB'0000)	Paid-in capital contribution (RMB'0000)
Guangdong Top-E Expressway Service Zone Company Limited	100.00%	1,000.00	1,000.00
Total	<u>100.00%</u>	<u>1,000.00</u>	<u>1,000.00</u>

## G. Second capital increase of Top-E Landscaping

In June 2015, Top-E Landscaping increased its registered capital to RMB20,000,000. The shareholding structure of Top-E Landscaping upon the capital increase was as follows:

Name of shareholder	Percentage of capital contribution	Subscribed capital contribution (RMB'0000)	Paid-in capital contribution (RMB'0000)
Guangdong Top-E Expressway Service Zone Company Limited	100.00%	2,000.00	2,000.00
Total	<u>100.00%</u>	<u>2,000.00</u>	<u>1,000.00</u>

There was no change in the equity structure of Top-E Landscaping during the period from such equity transfer to the date of valuation (being 30 September 2023). Guangdong Top-E Expressway Service Zone Company Limited held 100% equity interest in Guangdong Top-E Landscaping Co., Ltd. as at the date of valuation.

③ Assets, financial position and operating condition of Top-E Landscaping in recent years

The following table sets out the financial position and operating condition of Top-E Landscaping in recent years:

<i>Unit: RMB</i>				
Item	31 December 2020	31 December 2021	31 December 2022	30 September 2023
Total assets	52,168,520.58	49,973,288.24	46,288,432.43	41,073,571.41
Total liabilities	21,075,647.21	17,822,851.50	15,049,367.93	12,057,478.13
Total owners' equity	31,092,873.37	32,150,436.74	31,239,064.50	29,016,093.28
Item	2020	2021	2022	January to September 2023
Operating revenue	27,270,836.08	21,473,140.61	12,370,072.60	3,690,992.38
Total profits	3,455,261.39	1,204,573.46	-935,375.78	-2,272,006.70
Net profits	2,563,979.70	1,057,563.37	-911,372.24	-2,222,971.22

*Note:* The financial data of Top-E Landscaping for 2020 was extracted from the audit report (KPMG Huazhen Sui Shen Zi No. 2100184) issued by KPMG Huazhen LLP; the financial data for 2021 was extracted from the audit report (Xin Kuai Shi Yue Bao Zi [2022] No. 20119) issued by BDO China Shu Lun Pan Certified Public Accountants LLP Guangdong Branch; the financial statements for 2022 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP and the financial statements for the period from January to September 2023 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP Guangdong Branch.

(4) Guangdong Expressway Media Co., Ltd.

① Profile of registration

Name: Guangdong Expressway Media Co., Ltd. (“Expressway Media”)

Unified social credit identifier: 914400007470723448

Domicile: Room 1803, Yueyun Building, No. 3 Zhongshan 2nd Road, Yuexiu District, Guangzhou

Legal representative: Zhou Xiaorong

Registered capital: RMB33,000,000

Type of company: Other limited company

Date of establishment: 23 January 2003

Term of business: From 23 January 2003 to indefinite term

Scope of business: design, planning, production and publication of advertisements; corporate image planning and corporate management services; conference services; internal training organisation services; organisation of cultural exchange activities; wholesale of daily necessities; business consulting; undertaking of exhibitions; and undertaking of interior decoration design and construction.

② History of Expressway Media

A. Establishment of Expressway Media

Guangdong Expressway Media Co., Ltd. (formerly known as “Guangdong Xinlu Advertising Co., Ltd.”) was established on 23 January 2003 and it was jointly funded by Guangdong Nan Yue Logistics Company Limited (now renamed as Guangdong Yueyun Transportation Company Limited) and Guangdong Top-E Expressway Service Zone Company Limited. The registered capital of the company at the time of establishment was RMB3,000,000. The shareholding structure of Expressway Media at the time of establishment was as follows:

Name of shareholder	Percentage of capital contribution	Subscribed capital contribution (RMB'0000)	Paid-in capital contribution (RMB'0000)
Guangdong Nan Yue Logistics Company Limited	60.00%	180.00	180.00
Guangdong Top-E Expressway Service Zone Company Limited	40.00%	120.00	120.00
Total	100.00%	300.00	300.00

## B. First capital increase of Expressway Media

On 5 March 2009, Express Media held a general meeting, at which it was approved that the registered capital of the company would be increased from RMB3,000,000 to RMB33,000,000, of which RMB19,800,000 was contributed by Guangdong Nan Yue Logistics Company Limited, representing 60.00% of equity interest and RMB13,200,000 by Top-E, representing 40.00% of the equity interest. The shareholding structure of Expressway Media upon the capital increase was as follows:

Name of shareholder	Percentage of capital contribution	Subscribed capital contribution (RMB'0000)	Paid-in capital contribution (RMB'0000)
Guangdong Nan Yue Logistics Company Limited	60.00%	1,980.00	1,980.00
Guangdong Top-E Expressway Service Zone Company Limited	40.00%	1,320.00	1,320.00
Total	100.00%	3,300.00	3,300.00

## C. Change in shareholder name of Expressway Media

On 5 August 2013, Guangdong Nan Yue Logistics Company Limited, a shareholder of Expressway Media, changed its company name to Guangdong Yueyun Transportation Company Limited. The shareholding structure upon such change was as follows:

Name of shareholder	Percentage of capital contribution	Subscribed capital contribution (RMB'000)	Paid-in capital contribution (RMB'000)
Guangdong Yueyun Transportation Company Limited	60.00%	1,980.00	1,980.00
Guangdong Top-E Expressway Service Zone Company Limited	40.00%	1,320.00	1,320.00
Total	100.00%	3,300.00	3,300.00

There was no change in the shareholding structure of Expressway Media during the period from such equity transfer to the date of valuation (being 30 September 2023). As at the date of valuation, Guangdong Top-E Expressway Service Zone Company Limited held 40% equity interest in Expressway Media.

## ③ Assets, financial position and operating condition of Expressway Media in recent years

The following table sets out the financial position and operating condition of Expressway Media:

*Unit: RMB*

Item	31 December	31 December	31 December	30 September
	2020	2021	2022	2023
Total assets	299,242,093.61	210,076,677.10	177,808,538.24	170,663,051.72
Total liabilities	213,191,636.48	121,828,771.85	87,584,680.56	84,644,717.55
Total owners' equity	86,050,457.13	88,247,905.25	90,223,857.68	86,018,334.17

  

Item	2020	2021	2022	January to September 2023
	Operating revenue	119,454,624.05	104,916,280.27	58,682,919.19
Total profits	16,998,716.46	14,027,841.80	7,731,309.45	2,013,893.96
Net profits	12,532,339.78	10,092,822.18	5,798,482.09	1,045,167.64

*Note:* The financial data of Expressway Media for 2020 is extracted from the audit report (KPMG Huazhen Sui Shen Zi No. 2100120) issued by KPMG Huazhen LLP; the financial data for 2021 is extracted from the audit report (Xin Kuai Shi Yue Bao Zi [2022] No. 20132) issued by BDO China Shu Lun Pan Certified Public Accountants LLP Guangdong Branch; and the financial statements for 2022 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP and the financial statements for the period from January to September 2023 is extracted from the financial statements of the company.

(5) *Guangdong Zhongyou Top-E Energy Trading Company Limited*

## ① Profile of registration

Name: Guangdong Zhongyou Top-E Energy Trading Company Limited (“Zhongyou Top-E”)

Unified social credit identifier: 91440101MA59K9C71E

Domicile: Room 1404&1405, No. 1, Pazhou Avenue East, Haizhu District, Guangzhou

Legal representative: Liu Wanneng

Registered capital: RMB61,224,500

Type of company: Other limited company Date of establishment: 15 March 2017

Term of operation: 15 March 2017 to indefinite term

Scope of business: wholesale of refined oil (excluding hazardous chemicals); sales of petroleum products (excluding hazardous chemicals); refined oil storage (excluding hazardous chemicals); sales of lubricant oil; sales of general merchandise; sales of daily necessities; sales of daily consumables; food operation (sale of pre-packaged food only); retail of fresh fruit; sales of new automobiles; retail of auto parts; sales of automotive decorative products; sales of motor vehicle charging; electric vehicle charging infrastructure operation; repair and maintenance of motor vehicles; electronic weighing service; advertisement publication (non-radio stations, television stations, newspaper publishing organisations); leasing of non-residential properties; business training (excluding training requiring permits such as education training and vocational skills training); convention and exhibition services; sales agency; ticketing agency services; car wash services; centralised quick charging stations; sales of new energy vehicles; solar power technology services; sale of chemical products (excluding licenced chemical products); sales of used vehicles; sales of building materials; sales of building decoration materials; wholesale of refined oil (hazardous chemicals only); retail of refined oil (hazardous chemicals only); retail of refined oil (excluding hazardous chemicals); gas operation; gas vehicle refuelling operation; road cargo transportation station operation; wine operation; retail of tobacco products; food operation; food operation (sale of bulk food); sales of health-care food; light refreshments.

② History of Zhongyou Top-E

A. Establishment of Zhongyou Top-E

Guangdong Zhongyou Top-E Energy Trading Company Limited was established on 15 March 2017 and it was jointly funded by PetroChina Company Limited and Guangdong Top-E Expressway Service Zone Company Limited. The registered capital of the company is RMB60,000,000, of which RMB30,000,000 was contributed by PetroChina Company Limited, representing 50.00% of the equity interest and RMB30,000,000 by Guangdong Top-E Expressway Service Zone Company Limited, representing 50.00% of the equity interest. The shareholding structure of Zhongyou Top-E at the time of establishment was as follows:

Name of shareholder	Percentage of capital contribution	Subscribed capital contribution (RMB'0000)	Paid-in capital contribution (RMB'0000)
PetroChina Company Limited	50.00%	3,000.00	3,000.00
Guangdong Top-E Expressway Service Zone Company Limited	50.00%	3,000.00	3,000.00
Total	100.00%	6,000.00	6,000.00

B. First capital increase of Zhongyou Top-E

In January 2021, Zhongyou Top-E held a general meeting, at which it was approved that the registered capital of the company would be increased from RMB60,000,000 to RMB61,224,500 of which RMB30,000,000 was contributed by PetroChina Company Limited, representing 49.00% of equity interest, and RMB31,225,000 by Top-E, representing 51.00% of the equity interest. The shareholding structure of Zhongyou Top-E upon the capital increase was as follows:

Name of shareholder	Percentage of capital contribution	Subscribed capital contribution (RMB'0000)	Paid-in capital contribution (RMB'0000)
PetroChina Company Limited	49.00%	3,000.00	3,000.00
Guangdong Top-E Expressway Service Zone Company Limited	51.00%	3,122.45	3,122.45
Total	<u>100.00%</u>	<u>6,122.45</u>	<u>6,122.45</u>

There was no change in the equity structure of Zhongyou Top-E during the period from such equity transfer to the date of valuation (being 30 September 2023). As at the date of valuation, Guangdong Top-E Expressway Service Zone Company Limited held 51% equity interest in Zhongyou Top-E. However, due to the directorship held by Guangdong Top-E Expressway Service Zone Company Limited was less than half, it did not realise control over Zhongyou Top-E.

- ③ The following table sets out the financial position and operating condition of Zhongyou Top-E in recent years:

*Unit: RMB*

Item	31 December 2020	31 December 2021	31 December 2022	30 September 2023
Total assets	89,201,013.93	81,142,510.77	113,686,453.84	102,843,254.97
Total liabilities	18,321,054.85	7,259,945.20	45,681,963.95	33,425,758.24
Total owners' equity	70,879,959.08	73,882,565.57	68,004,489.89	69,417,496.73

  

Item	2020	2021	2022	January to September 2023
Operating revenue	169,276,568.67	333,081,253.89	130,544,954.11	157,406,903.16
Total profits	9,424,166.41	9,057,626.73	751,997.30	30,436.81
Net profits	7,030,261.32	6,788,246.67	563,997.98	22,827.61

*Note:* The financial data of Zhongyou Top-E for 2020 was extracted from the audit report (Yue Cheng [2021] Shen Zi No. 001) issued by Guangzhou Yuecheng Certified Public Accountants (General Partnership); the financial data for 2021 was extracted from the audit report (Yue Cheng [2022] Shen Zi No. 002) issued by Guangzhou Yuecheng Certified Public Accountants (General Partnership); and the financial data for 2022 and January to September 2023 is extracted from the financial statements of the company.

(6) *Guangdong Yueyun Development Co., Ltd.*

① Profile of registration

Name: Guangdong Yueyun Development Co., Ltd. (“Yueyun Development”)

Unified social credit identifier: 91440101MA59BEYJ4F

Domicile: Unit CD, 18/F, No. 3, Zhongshan Second Road, Yuexiu District, Guangzhou  
(for office use only)

Legal representative: Zhao Ruhan

Registered capital: RMB36,000,000

Type of company: Other limited company

Date of establishment: 12 January 2016

Term of business: 12 January 2016 to indefinite term

Scope of business: ticketing agency services; passenger ticketing agency; corporate management; corporate management consulting; advertising design and agency; production of advertisements; advertisement publication (non-radio stations, television stations, newspaper publishing organisations); bidding agency services; marketing planning; market research (excluding foreign-related research); social and economic consulting services; car park services; travel solicitation and consulting services at travel agency service outlets; technology services, technology development, technology consulting, technology exchange, technology transfer, technology promotion; software development; sales of software; software outsourcing services; development of network and information security software; network technology services; information system operation and maintenance services; information system integration services; internet security services; internet data services; data processing services; data processing and storage support services; big data services; retail of computer hardware and software and ancillary equipment; wholesale of computer hardware and software and auxiliary equipment; computer system services; information technology consulting services; information consulting services (excluding licenced information consulting services); security system monitoring services; retail of edible agricultural products; sales of general merchandise; internet sales (except for the sales of goods requiring licences); food operation (sale of pre-packaged food only); education and teaching testing and evaluation activities; book rental; rental of audio-visual products; business training (excluding training requiring permits such as education training and vocational skills training); road passenger transportation operations; road passenger transportation station operation; tourism business; internet information services; call centre; online car booking services; basic telecommunications services; class i value-added telecommunications business; class ii value-added telecommunications services; retail of tobacco products; food operation; food operation (sale of bulk food); food internet sales; production of audio-visual products; reproduction of audio-visual products; and production of electronic publication.



## ② Shareholding structure of Yueyun Development

As at the date of valuation, the shareholding structure of Yueyun Development was as follows:

Name of shareholder	Percentage of capital contribution	Subscribed capital contribution (RMB'0000)	Paid-in capital contribution (RMB'0000)
Guangdong Yueyun Transportation Company Limited	20.00%	720.00	720.00
Guangdong Vehicle Transportation Group Co. Ltd.	10.00%	360.00	360.00
Guangdong Yueyun Langri Co., Ltd.	10.00%	360.00	360.00
Guangdong Top-E Expressway Service Zone Company Limited	10.00%	360.00	360.00
Shanwei Yueyun Vehicles Transportation Co., Ltd.	10.00%	360.00	360.00
Heyuan Yueyun Vehicles Transportation Co., Ltd.	10.00%	360.00	360.00
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	10.00%	360.00	360.00
Zhaoqing Yueyun Vehicles Transportation Co., Ltd.	10.00%	360.00	360.00
Shaoguan Yueyun Vehicles Transportation Co., Ltd.	10.00%	360.00	360.00
<b>Total</b>	<b>100.00%</b>	<b>3,600.00</b>	<b>3,600.00</b>

As at the date of valuation, Guangdong Top-E Expressway Service Zone Company Limited held 10% equity interest in Yueyun Development.

## ③ Assets, financial position and operating conditions of Yueyun Development as at the date of valuation

*Unit: RMB*

Item	31 December 2020	31 December 2021	31 December 2022	30 September 2023
Total assets	20,354,612.45	25,915,477.19	21,923,854.83	18,983,996.80
Total liabilities	18,050,545.26	13,732,450.34	13,406,747.35	11,923,460.17
Total owners' equity	2,304,067.19	12,183,026.85	8,517,107.48	7,060,536.63

Item	2020	2021	2022	January to September 2023
Operating revenue	3,835,381.03	16,486,409.08	13,139,168.07	18,358,449.07
Total profits	-4,685,301.45	-4,266,913.66	-3,490,561.68	-1,613,501.87
Net profits	-4,685,301.45	-4,266,913.66	-3,497,440.33	-1,613,524.55

*Note:* The financial statements of Yueyun Development for 2020 were audited by KPMG Huazhen LLP, and KPMG Huazhen LLP issued the audit report on the financial statements of Guangdong Yueyun Development Co., Ltd. for the year from 1 January 2020 to 31 December 2020 (KPMG Huazhen Sui Shen Zi No. 2100145), in which the firm expressed unqualified opinions for the audit report. The financial statements of the appraised entity for 2021 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP Guangdong Branch, which issued the audit report and financial statements of Guangdong Yueyun Development Co., Ltd. (1 January 2021 to 31 December 2021) (Xin Kuai Shi Yue Bao Zi [2022] No. 20192) and expressed an unqualified opinion. The financial data for 2022 and January to September 2023 is extracted from the financial statements of the company.

#### 4. Assets, financial position and operating conditions in the past three years

The financial position of the appraised entity in the past three years is as follows (in terms of parent company):

*Unit: RMB*

Item	31 December 2020	31 December 2021	31 December 2022	30 September 2023
Current assets	340,060,893.46	386,519,895.20	470,458,291.95	523,407,057.46
Non-current assets	<u>2,715,737,220.14</u>	<u>2,979,384,275.96</u>	<u>2,828,267,379.77</u>	<u>2,805,728,645.41</u>
<b>Total assets</b>	<u><u>3,055,798,113.60</u></u>	<u><u>3,365,904,171.16</u></u>	<u><u>3,298,725,671.72</u></u>	<u><u>3,329,135,702.87</u></u>
Current liabilities	810,886,214.69	1,088,740,543.09	1,136,128,538.87	1,076,760,120.89
Non-current liabilities	1,749,251,855.99	1,804,848,794.83	1,754,619,331.06	1,756,320,999.57
<b>Total liabilities</b>	<u><u>2,560,138,070.68</u></u>	<u><u>2,893,589,337.92</u></u>	<u><u>2,890,747,869.93</u></u>	<u><u>2,833,081,120.46</u></u>
<b>Owners' equity</b>	<u><u>495,660,042.92</u></u>	<u><u>472,314,833.24</u></u>	<u><u>407,977,801.79</u></u>	<u><u>496,054,582.41</u></u>

The operation position of the appraised entity in the past three years is as follows (in terms of parent company):

*Unit: RMB*

Item	2020	2021	2022	January to
				September 2023
Operating revenue	2,250,513,620.84	2,521,913,072.04	2,655,628,688.23	2,746,208,451.61
Total profits	168,451,611.40	98,479,949.85	-6,792,886.83	116,107,318.71
Net profits	128,438,839.80	79,653,721.89	1,646,449.17	84,246,430.51

The cash flow of the appraised entity in the past three years is as follows (in terms of the parent company):

*Unit: RMB*

Item	2020	2021	2022	January to
				September 2023
<b>I. Cash flows from operating activities</b>				
Sub-total of cash inflows from operating activities	2,467,887,117.16	2,816,358,838.81	2,923,645,103.68	3,041,362,354.02
Sub-total of cash outflows from operating activities	2,084,506,152.56	2,439,579,473.64	2,596,989,956.81	2,798,930,299.98
<b>Net cash flows from operating activities</b>	<b>383,380,964.60</b>	<b>376,779,365.17</b>	<b>326,655,146.87</b>	<b>242,432,054.04</b>
<b>II. Cash flows from investing activities</b>				
Sub-total of cash inflows from investing activities	57,169,992.21	25,886,991.75	35,499,261.69	113,151,544.67
Sub-total of cash outflows from investing activities	179,011,074.27	238,517,516.01	158,353,961.93	44,708,450.75
<b>Net cash flows from investing activities</b>	<b>-121,841,082.06</b>	<b>-212,630,524.26</b>	<b>(122,854,700.24)</b>	<b>68,443,093.92</b>
<b>III. Cash flows from financing activities</b>				
Sub-total of cash inflows from financing activities	119,064,041.69	552,179,350.00	533,644,276.70	243,000,000.00
Sub-total of cash outflows from financing activities	404,695,988.33	679,950,041.58	755,122,618.16	502,805,289.60
<b>Net cash flows from financing activities</b>	<b>-285,631,946.64</b>	<b>-127,770,691.58</b>	<b>(221,478,341.46)</b>	<b>(259,805,289.60)</b>

Item	2020	2021	2022	January to September 2023
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>				
<b>V. Net increase in cash and cash equivalents</b>	-24,092,064.10	36,378,149.33	(17,677,894.83)	51,069,858.36
Plus: Opening balance of cash and cash equivalents	65,047,085.49	40,955,021.39	77,333,170.72	59,655,275.89
<b>VI. Closing balance of cash and cash</b>	<b>40,955,021.39</b>	<b>77,333,170.72</b>	<b>59,655,275.89</b>	<b>110,725,134.25</b>

The financial position of the appraised entity in the past three years is as follows (on a consolidated basis):

*Unit: RMB*

Item	31 December 2020	31 December 2021	31 December 2022	30 September 2023
Current assets	573,347,773.81	685,722,287.52	768,845,952.87	913,378,961.22
Non-current assets	<u>2,704,014,665.35</u>	<u>2,961,311,239.19</u>	<u>2,834,289,301.37</u>	<u>2,808,174,883.58</u>
<b>Total assets</b>	<b><u>3,277,362,439.16</u></b>	<b><u>3,647,033,526.71</u></b>	<b><u>3,603,135,254.24</u></b>	<b><u>3,721,553,844.80</u></b>
Current liabilities	844,545,103.83	111,730,6044.21	1,167,084,161.02	1,117,797,080.74
Non-current assets	<u>1,759,125,309.33</u>	<u>1,814,204,108.21</u>	<u>1,763,424,638.87</u>	<u>1,764,423,348.51</u>
<b>Total liabilities</b>	<b><u>2,603,670,413.16</u></b>	<b><u>2,931,510,152.42</u></b>	<b><u>2,930,508,799.89</u></b>	<b><u>2,882,220,429.25</u></b>
<b>Owners' equity</b>	<b><u>673,692,026.00</u></b>	<b><u>715,523,374.29</u></b>	<b><u>672,626,454.35</u></b>	<b><u>839,333,415.55</u></b>

The operation position of the appraised entity in the past three years is as follows (on a consolidated basis):

*Unit: RMB*

Item	2020	2021	2022	January to September 2023
Operating revenue	2,959,128,001.21	3,673,515,312.54	3,743,426,291.40	3,694,257,063.58
Total profits	277,097,660.31	242,289,601.74	104,557,543.77	217,341,514.79
Net profits	206,418,505.51	181,365,774.85	76,040,104.47	157,789,951.02

The cash flow of the appraised entity in the past three years is as follows (in terms of the parent company):

*Unit: RMB*

Item	2020	2021	2022	January to September 2023
<b>I. Cash flows from operating activities</b>				
Sub-total of cash inflows from operating activities	3,278,458,991.30	4,129,741,680.63	4,146,237,621.29	4,114,649,862.97
Sub-total of cash outflows from operating activities	2,794,903,179.58	3,601,720,601.96	3,743,029,266.75	3,802,005,885.92
<b>Net cash flows from operating activities</b>	<u>483,555,811.72</u>	<u>528,021,078.67</u>	<u>403,208,354.54</u>	<u>312,643,977.05</u>
<b>II. Cash flows from investing activities</b>				
Sub-total of cash inflows from investing activities	44,703,061.50	5,694,994.77	6,935,670.32	108,086,689.44
Sub-total of cash outflows from investing activities	154,768,806.42	246,399,807.38	181,336,575.61	44,414,442.05
<b>Net cash flows from investing activities</b>	<u>-110,065,744.92</u>	<u>-240,704,812.61</u>	<u>-174,400,905.29</u>	<u>63,672,247.39</u>
<b>III. Cash flows from financing activities</b>				
Sub-total of cash inflows from financing activities	119,064,041.69	552,179,350.00	533,644,276.70	243,000,000.00
Sub-total of cash outflows from financing activities	421,432,262.22	721,897,000.58	814,428,311.42	504,275,150.39
<b>Net cash flows from financing activities</b>	<u>-302,368,220.53</u>	<u>-169,717,650.58</u>	<u>-280,784,034.72</u>	<u>-261,275,150.39</u>
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>				
<b>V. Net increase in cash and cash equivalents</b>	71,121,846.27	117,598,615.48	-51,976,585.47	115,041,074.05
Plus: Opening balance of cash and cash equivalents	<u>70,669,646.14</u>	<u>141,791,492.41</u>	<u>259,390,107.89</u>	<u>207,413,522.42</u>
<b>VI. Closing balance of cash and cash</b>	<u><u>141,791,492.41</u></u>	<u><u>259,390,107.89</u></u>	<u><u>207,413,522.42</u></u>	<u><u>322,454,596.47</u></u>

*Note:* The financial statements of the appraised entity for 2020 were audited by KPMG Huazhen LLP, and KPMG Huazhen LLP issued the audit report on the financial statements of Guangdong Top-E Expressway Service Zone Company Limited for the Year from 1 January 2020 to 31 December 2020 (KPMG Huazhen Sui Shen Zi No. 2100140), respectively, and expressed unqualified opinions for both of the audit reports. The financial statements of the appraised entity for 2021 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP Guangdong Branch, which issued the audit report and financial statements of Guangdong Top-E Expressway Service Zone Company Limited (from 1 January 2021 to 31 December 2021) (Xin Kuai Shi Yue Bao Zi [2022] No. 20117) and expressed an unqualified opinion. The financial statements of the appraised entity for 2022 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP and the financial statements for the period from January to September 2023 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP Guangdong Branch, which issued the audit report and financial statements of Guangdong Top-E Expressway Service Zone Company Limited (Xin Kuai Shi Yue Bao Zi [2024] No. 20156) and expressed an unqualified opinion.

### **(III) Relationship between the client and the appraised entity**

Client 1 Yueyun Transportation and client 2 GPFC are related enterprises under common control. As at the date of valuation, Yueyun Transportation held 95.56% equity interest in Top-E, the appraised entity, and GPFC held 4.44% equity interest in Top-E. GPFC proposed to transfer its 4.44% equity interest in Top-E to Yueyun Transportation.

### **(IV) Other users of the Asset Valuation Report as agreed in the asset valuation engagement contract**

This Asset Valuation Report shall only be used by the client and users of the Asset Valuation Report as required by national laws and regulations, and shall not be used or relied on by any other third party.

## **II. PURPOSE OF VALUATION**

According to the document of Guangdong Provincial Communication Group Company Limited titled “Notice on Commencing Relevant Work in Relation to Transfer of 4.44% Equity Interest in Guangdong Top-E Expressway Service Zone Company Limited” (Yue Jiao Ji Tou [2022] No. 41), Guangdong Provincial Expressway Company Limited intends to transfer its 4.44% equity interest in Guangdong Top-E Expressway Service Zone Co., Ltd. to Guangdong Yueyun Transportation Company Limited. In this regard, it is necessary to assess the market value of the entire shareholders’ equity of Guangdong Top-E Expressway Service Zone Company Limited as at the date of valuation, so as to provide a reference for the value as at the date of valuation for the above economic behaviour.

## **III. SUBJECT AND SCOPE OF VALUATION**

### **(I) Subject of valuation:**

The subject of valuation was value of entire shareholders’ equity of Guangdong Top-E Expressway Service Zone Company Limited.

**(II) Scope of valuation**

The scope of valuation covers all assets and liabilities of Guangdong Top-E Expressway Service Zone Company Limited as at 30 September 2023. The total assets covered by the valuation as at the date of valuation were RMB3,329,135,702.87, of which current assets were RMB523,407,057.46 and non-current assets were RMB2,805,728,645.41. Total liabilities amounted to RMB2,833,081,120.46, of which current liabilities amounted to RMB1,076,760,120.89, non-current liabilities amounted to RMB1,756,320,999.57, and total owners' equity amounted to RMB496,054,582.41 See the table below:

**Balance sheet as at 30 September 2023 (the parent company)***Unit: RMB*

Assets	30 September 2023	Liabilities and owners' equity	30 September 2023
Current assets:		Current liabilities:	
Monetary funds	110,725,134.25	Short-term borrowings	328,345,900.00
Bills receivable	500,000.00	Bills payable	0.00
Account receivable	61,033,262.14	Accounts payable	241,554,602.79
Prepayments	156,267,120.83	Receipts in advance	62,266,571.45
Centralised deposit of funds	65,553,956.32	Contract liabilities	21,558,576.33
Other receivables	30,504,178.91	Employee benefits payable	31,214,987.82
Inventories	93,181,454.11	Tax payable	35,231,646.37
Other current assets	5,641,950.90	Other payables	180,746,271.98
<b>Total current assets</b>	<b>523,407,057.46</b>	Non-current liabilities due within one year	175,841,564.15
Non-current assets:		Other current liabilities	0.00
Long-term receivables	0.00	<b>Total current liabilities</b>	<b>1,076,760,120.89</b>
Long-term equity investments	133,061,304.95	Non-current liabilities:	
Other equity instrument investments	3,600,000.00	Lease liabilities	1,606,861,860.55
Fixed assets	659,793,386.90	Deferred income	149,459,139.02
Construction in progress	8,639,323.12	<b>Total non-current liabilities</b>	<b>1,756,320,999.57</b>
Right-of-use assets	1,618,416,712.37	<b>Total liabilities</b>	<b>2,833,081,120.46</b>
Intangible assets	111,360,322.18	Total owners' equity:	
Long-term deferred expenses	158,533,567.69	Paid-in capital	100,000,000.00
Deferred tax assets	101,998,358.04	Special reserve	8,490,281.89
Other non-current assets	10,325,670.16	Surplus reserve	50,000,000.00
<b>Total non-current assets</b>	<b>2,805,728,645.41</b>	Retained earnings	337,564,300.52
<b>Total assets</b>	<b>3,329,135,702.87</b>	<b>Total owners' equity</b>	<b>496,054,582.41</b>
		<b>Total liabilities and owners' equity</b>	<b>3,329,135,702.87</b>

The subject and scope of the valuation are consistent with those involved in the economic behavior. As at the date of valuation, the book value of assets and liabilities within the scope of valuation has been audited.

**1. The major assets within the scope of valuation are as follows:**

The major assets included in the scope of valuation as declared by the enterprise include: inventories, other equity instrument investments, long-term equity investment, buildings and structures, equipment assets, intangible assets and long-term deferred expenses. The types and characteristics of the assets are as follows:

(1) Inventories mainly included raw materials and finished goods. The book balance of inventories was RMB93,181,454.11 without provision for impairment of inventories. The book value of inventories was RMB93,181,454.11. Raw materials mainly consisted of raw materials for catering with a book value of RMB219,953.87; and commodity stocks mainly consisted of consumable materials for catering, proprietary commodities/non-cooked food, oil products at gas stations, convenience store goods and gifts with a book value of RMB92,961,500.24.

(2) *Other equity instrument investments*

The book value of other equity instrument investments included in the scope of this valuation was RMB3,600,000.00. The investee was an investee subsidiary. Particulars are set forth in the following table:

*Unit: RMB*

No.	Name of the investee	Date of investment	Percentage of shareholding (%)	Investment cost	Book value	Operation status
1	Guangdong Yueyun Development Co., Ltd.	29 March 2021	10	3,600,000.00	3,600,000.00	Normal operation



## (3) Long-term equity investments

The book value of the long-term equity investment included in the scope of valuation was RMB133,061,304.95, and the investees were 3 majority-owned subsidiaries and two investee subsidiaries. Particulars are set forth in the following table:

*Unit: RMB*

No.	Name of the investee	Date of investment	Investment horizon	Percentage of shareholding	Investment cost	Book value
1	Guangdong Jindaoda Expressway Economic Development Co., Ltd.	1 March 2002	Long-term	95%	9,500,000.00	11,937,008.94
2	Guangdong Top-E Landscaping Co., Ltd.	1 September 2001	Long-term	100%	20,000,000.00	20,357,642.00
3	Guangdong Zhong Yue Tong Oil Products Operation Co., Ltd.	24 October 2005	Long-term	30.58346%	9,362,000.00	30,956,397.01
4	Guangdong Zhongyou Top-E Energy Trading Company Limited	15 March 2017	Long-term	51%	31,225,000.00	35,402,923.33
5	Guangdong Expressway Media Co., Ltd.	23 January 2003	Long-term	40%	13,200,000.00	34,407,333.67
Total						133,061,304.95

*Note:* Guangdong Top-E Expressway Service Zone Company Limited held 51% equity interest in Zhongyou Top-E as at the date of valuation. However, due to the directorship held by Guangdong Top-E Expressway Service Zone Company Limited in the board of directors of Zhongyou Top-E was less than half, it did not realised control over Zhongyou Top-E.

## (4) Buildings and structures

Buildings and structures included in the scope of valuation consisted of 249 items of buildings and structures, with original book value of RMB960,194,350.11 and a net book value of RMB602,656,138.20. They were mainly buildings and structures of various Expressway Service Zone such as new staff canteen, warehouse and dormitory in Yuwan Service Zone, the property of Pingtang Gas Station and the structure of Pingtang Gas Station. The fixed assets of buildings and structures were located in various expressway service zones in Guangdong Province such as those expressway zones in Guangzhou, Shanwei, Heyuan, Zhaoqing, Yunfu and Yangjiang, respectively. Title registration certificates have not been obtained for and no mortgage or other rights were created upon those buildings and structures as at the date of valuation.

(5) *Fixed assets of equipment*

The original book value of fixed assets of equipment was RMB254,265,646.22, and the net book value was RMB57,137,248.70. Such fixed assets consisted of machinery and equipment, vehicles and electronic equipment (including other equipment). There were a total of 14 machinery and equipment with original book value of RMB4,518,656.21 and net book value of RMB703,568.61, which were mainly operating equipment such as diesel generator sets, generators and stainless steel submersible pumps. Those machineries and equipment are installed in service zones under Top-E, and they are currently in normal use and average maintenance, and their overall newness rate is ordinary. There was a total of 117 transportation vehicles, with the original book value of RMB20,093,004.97 and the net book value of RMB1,919,334.05, which were mainly vehicles for office use such as cars, trucks and forklifts. The vehicles were all subject to normal annual inspection and could be used normally. They are average in glossiness of body and overall newness rate. Those vehicles are mainly located in the expressway service zones under Top-E. There was a total of 16,551 electronic equipment (including other equipment), with the original book value of RMB229,653,985.04 and the net book value of RMB54,514,346.04, mainly including office furniture and appliances such as computers, air conditioners, printers and office furniture, which are located in the expressway service zones under Top-E. The electronic equipment (including other equipment) can be used normally.

As at the date of valuation, the fixed assets of equipment were not subject to mortgage or other encumbrances.

(6) *Construction in progress*

A total of 75 construction in progress were included in the scope of valuation, with a book value of RMB8,639,323.12, mainly including the construction of two gas stations in Shengtang (a pair of stations), the interior decoration of Shengtang service building and the decoration of convenience stores, and the construction of two gas stations in Yangjiang (a pair of stations).

## (7) Intangible assets

The book value of intangible assets was RMB111,360,322.18, including land use rights and other intangible assets, of which the book value of land use rights was RMB98,468,127.72, including 4 land use rights, details of which are as follows:

*Unit: RMB*

Land title certificate number	Name of land parcel	Type	Land use	Date of acquisition	Date of expiration of land use right	Zone (m <sup>2</sup> )	Book value
Dahuai land use right (Yue (2017) EnPing City Shi Bu Dong ChanQuan No. 0000519)	Fenjielong, Jinxin Village Committee, Dahuai Town, Enping City	Assignment	Other commercial service land and land for highway	16 January 2017	15 January 2057	140,878.37	16,818,477.41
	Fenjielong, Jinxin Village Committee, Dahuai Town, Enping City	Assignment	Other commercial service land and land for highway	16 January 2017	15 January 2067		32,502,474.68
Yue (2017) EnPing Shi City Bu Dong Chan Quan No. 0000520	Hechakeng, Dahuai Village Committee, Dahuai Town, Enping City	Assignment	Other commercial service land and land for highway	16 January 2017	15 January 2057	40,209.52	1,720,199.64
	Hechakeng, Dahuai Village Committee, Dahuai Town, Enping City	Assignment	Other commercial service land and land for highway	16 January 2017	15 January 2067		10,143,574.22
Yue (2017) Haifeng County Bu Dong Chan Quan No. 0000154	Southern Zone of Houmen Service Zone, Shenshan Expressway, Haifeng County	Assignment	Road land	10 January 2017	30 September 2064	115,898.56	26,254,087.47
Yue (2017) Haifeng County Bu Dong Chan Quan No. 0000155	Northern Zone of Houmen Service Zone, Shenshan Expressway, Haifeng County	Assignment	Road land	10 January 2017	30 September 2064	48,688.90	11,029,314.30
Total							98,468,127.72

As at the date of valuation, the above-mentioned land use rights were not subject to mortgage or other encumbrances.

Intangible assets – there were 65 items of intangible assets with an book value of RMB12,892,194.46, which were recorded as other intangible assets, mainly include electronic document exchange system, gas station management system software, business data collection system for merchants in service zones and other business office systems and famous trademark rights of Loyee.

There were 273 famous trademark rights of LOYEE (樂驛) with an original book value of RMB60,000.00, which had been amortised as at the date of valuation, resulting in a net book value of RMB0. As at the date of valuation, the trademarks declared by the enterprise for inclusion in valuation were as follows.

No.	Trademark name	Status	Registration number	Date of application	Trademark publication date	International classification
1	樂驛	Registered	61412510	2021-12-15	2022-05-28	Class 27 Carpets, rugs and mats
2	LOYEE	Registered	61413947	2021-12-15	2022-06-07	Class 30 Convenience food
3	LOYEE	Registered	61421998	2021-12-15	2022-06-07	Class 38 Communication services
4	樂驛	Registered	61422281	2021-12-15	2022-08-07	Class 39 Transportation and storage
5	樂驛	Registered	61433428	2021-12-15	2022-06-21	Class 30 Convenience food
6	樂驛	Registered	61415420	2021-12-15	2022-05-28	Class 35 Advertising sales
7	LOYEE	Registered	61431923	2021-12-15	2022-08-28	Class 9 Scientific instruments
8	樂驛	Registered	61438306	2021-12-15	2022-05-28	Class 31 Agriculture, forestry and fresh products
9	LOYEE	Registered	61437973	2021-12-15	2022-06-07	Class 27 Carpets, rugs and mats
10	LOYEE	Registered	61430092	2021-12-15	2022-06-07	Class 21 Apparatus for daily use
11	LOYEE	Registered	61415697	2021-12-15	2022-08-07	Class 10 Medical devices
12	LOYEE	Registered	61427227	2021-12-15	2022-06-07	Class 40 Processing of materials
13	LOYEE	Registered	61430173	2021-12-15	2022-06-14	Class 39 Transportation and storage
14	樂驛	Registered	61408876	2021-12-15	2022-08-07	Class 37 Building maintenance
15	LOYEE	Registered	61434855	2021-12-15	2022-06-07	Class 41 Education and entertainment
16	LOYEE	Registered	61417719	2021-12-15	2022-06-07	Class 42 Design research
17	樂驛	Registered	61412450	2021-12-15	2022-08-07	Class 24 Fabrics and bed sheets
18	LOYEE	Registered	61437938	2021-12-15	2022-06-07	Class 20 Furniture
19	LOYEE	Registered	61405929	2021-12-15	2022-06-07	Class 29 Food
20	LOYEE	Registered	61410762	2021-12-15	2022-06-07	Class 5 Medical supplies
21	樂驛	Registered	61425655	2021-12-15	2022-06-07	Class 38 Communication services
22	LOYEE	Registered	61420512	2021-12-15	2022-06-07	Class 37 Building maintenance

No.	Trademark name	Status	Registration number	Date of application	Trademark publication date	International classification
23	樂驛	Registered	61422414	2021-12-15	2022-08-07	Class 25 Clothing, footwear and headgear
24	樂驛	Registered	61438047	2021-12-15	2022-05-28	Class 20 Furniture
25	LOYEE	Registered	61421829	2021-12-15	2022-08-14	Class 22 Ropes, nets, bags and tents
26	LOYEE	Registered	61417579	2021-12-15	2022-06-07	Class 31 Agriculture, forestry and fresh products
27	樂驛	Registered	61410648	2021-12-15	2022-05-28	Class 8 Hand tools and implements
28	樂驛	Registered	61422341	2021-12-15	2022-05-28	Class 14 Jewellery and watches
29	樂驛	Registered	61435025	2021-12-15	2022-06-07	Class 42 Design research
30	樂驛	Registered	61437606	2021-12-15	2022-08-07	Class 43 Food, beverage and accommodation
31	樂驛	Registered	61429434	2021-12-15	2022-08-07	Class 16 Office supplies
32	樂驛	Registered	61422062	2021-12-15	2022-05-28	Class 3 Household chemicals
33	LOYEE	Registered	61419397	2021-12-15	2022-06-07	Class 18 Leather and imitations of leather
34	LOYEE	Registered	61430069	2021-12-15	2022-08-14	Class 16 Office supplies
35	樂驛	Registered	61404523	2021-12-15	2022-08-07	Class 21 Apparatus for daily use
36	LOYEE	Registered	61420478	2021-12-15	2022-08-14	Class 28 Apparatus for achieving physical fitness
37	樂驛	Registered	61406093	2021-12-15	2022-06-07	Class 40 Processing of materials
38	樂驛	Registered	61438015	2021-12-15	2022-05-28	Class 18 Leather and imitations of leather
39	樂驛	Registered	61417297	2021-12-15	2022-08-28	Class 9 Scientific instruments
40	LOYEE	Registered	61419449	2021-12-15	2022-06-07	Class 43 Food, beverage and accommodation
41	樂驛	Registered	61422160	2021-12-15	2022-05-28	Class 10 Medical devices
42	樂驛	Registered	61437545	2021-12-15	2022-05-28	Class 5 Medical supplies
43	樂驛	Registered	61417388	2021-12-15	2022-05-28	Class 22 Ropes, nets, bags and tents
44	LOYEE	Registered	61427076	2021-12-15	2022-06-07	Class 8 Hand tools and implements
45	TOPE	Registered	55867299	2021-05-08	2022-03-14	Class 42 Design research
46	驛伴	Registered	54740924	2021-03-29	2021-10-14	Class 16 Office supplies
47	驛伴	Registered	54760066	2021-03-29	2021-10-21	Class 31 Agriculture, forestry and fresh products

No.	Trademark name	Status	Registration number	Date of application	Trademark publication date	International classification
48	驛伴	Registered	54763316	2021-03-29	2021-10-21	Class 21 Apparatus for daily use
49	驛伴	Registered	54739326	2021-03-29	2021-10-14	Class 29 Food
50	驛伴	Registered	54760089	2021-03-29	2021-10-21	Class 43 Food, beverage and accommodation
51	驛伴	Registered	54766646	2021-03-29	2021-10-14	Class 30 Convenience food
52	驛伴	Registered	54742912	2021-03-29	2021-10-14	Class 32 Beers and beverages
53	TOPE	Registered	50754071	2020-10-27	2021-07-07	Class 36 Finance and property management
54	通驛	Registered	50767911	2020-10-27	–	Class 39 Transportation and storage
55	通驛	Registered	50767951	2020-10-27	2021-07-07	Class 45 Social and legal services
56	TOPE	Registered	50745604	2020-10-27	2021-08-28	Class 45 Social and legal services
57	TOPE	Registered	50769162	2020-10-27	2021-08-28	Class 37 Building maintenance
58	通驛	Registered	50754109	2020-10-27	2021-07-07	Class 37 Building maintenance
59	通驛	Registered	50742786	2020-10-27	2021-07-07	Class 36 Finance and property management
60	TOPE	Registered	50741398	2020-10-27	–	Class 39 Transportation and storage
61	驛優品泉	Registered	48226556	2020-07-20	2021-03-07	Class 32 Beers and beverages
62	Graphics	Registered	46618625	2020-05-25	2021-02-28	Class 16 Office supplies
63	Graphics	Registered	46637861	2020-05-25	2021-02-28	Class 39 Transportation and storage
64	Graphics	Registered	46630263	2020-05-25	2021-02-28	Class 20 Furniture
65	Graphics	Registered	46630290	2020-05-25	2021-02-21	Class 37 Building maintenance
66	Graphics	Registered	46626145	2020-05-25	2021-02-28	Class 9 Scientific instruments
67	Graphics	Registered	46618617	2020-05-25	2021-02-28	Class 4 Fuels and greases
68	Graphics	Registered	46630275	2020-05-25	2021-02-28	Class 26 Accessories, ribbons and braids
69	Graphics	Registered	46607437	2020-05-25	2021-02-28	Class 28 Apparatus for achieving physical fitness

No.	Trademark name	Status	Registration number	Date of application	Trademark publication date	International classification
70	Graphics	Registered	46605790	2020-05-25	2021-02-28	Class 24 Fabrics and bed sheets
71	Graphics	Registered	46607416	2020-05-25	2021-02-21	Class 18 Leather and imitations of leather
72	Graphics	Registered	46607441	2020-05-25	2021-02-28	Class 35 Advertising sales
73	Graphics	Registered	46627745	2020-05-25	2021-02-28	Class 21 Apparatus for daily use
74	LOYEE	Registered	43261641	2019-12-23	2020-09-07	Class 43 Food, beverage and accommodation
75	樂驛	Registered	43263289	2019-12-23	2020-09-07	Class 30 Convenience food
76	大槐	Registered	42934355	2019-12-09	2020-09-28	Class 37 Building maintenance
77	大槐	Registered	42933617	2019-12-09	2020-09-28	Class 35 Advertising sales
78	大槐	Registered	42924526	2019-12-09	2020-09-21	Class 5 Medical supplies
79	大槐	Registered	42935619	2019-12-09	2020-11-21	Class 7 Machinery and equipment
80	大槐	Registered	42917378	2019-12-09	2020-09-21	Class 12 Vehicles
81	大槐	Registered	42920962	2019-12-09	2020-09-28	Class 31 Agriculture, forestry and fresh products
82	大槐	Registered	42929203	2019-12-09	2020-11-14	Class 41 Education and entertainment
83	大槐	Registered	42923383	2019-12-09	2020-10-21	Class 36 Finance and property management
84	大槐	Registered	42938183	2019-12-09	2020-09-21	Class 9 Scientific instruments
85	大槐	Registered	42923175	2019-12-09	2020-10-21	Class 42 Design research
86	大槐	Registered	42915421	2019-12-09	2020-09-21	Class 30 Convenience food
87	大槐	Registered	42933994	2019-12-09	2020-10-07	Class 39 Transportation and storage
88	LOYEE	Registered	38686594	2019-06-05	2020-02-07	Class 30 Convenience food
89	樂驛	Registered	38681376	2019-06-05	2020-06-07	Class 9 Scientific instruments
90	樂驛	Registered	38701152	2019-06-05	2020-10-21	Class 30 Convenience food
91	LOYEE	Registered	38696507	2019-06-05	2020-04-28	Class 29 Food
92	LOYEE	Registered	38689618	2019-06-05	2020-10-07	Class 43 Food, beverage and accommodation
93	樂驛	Registered	38691033	2019-06-05	2020-04-28	Class 29 Food
94	樂驛	Registered	38681418	2019-06-05	2020-04-21	Class 43 Food, beverage and accommodation

No.	Trademark name	Status	Registration number	Date of application	Trademark publication date	International classification
95	LOYEE	Registered	34315528	2018-10-28	2019-08-21	Class 35 Advertising sales
96	LOYEE	Registered	34315627	2018-10-28	2019-08-28	Class 35 Advertising sales
97	樂驛	Registered	34231480	2018-10-24	2019-07-21	Class 26 Accessories, ribbons and braids
98	LOYEE	Registered	34246184	2018-10-24	2019-09-28	Class 44 Medical gardening
99	LOYEE	Registered	34242125	2018-10-24	2019-07-28	Class 41 Education and entertainment
100	LOYEE	Registered	34241525	2018-10-24	2019-07-28	Class 20 Furniture
101	樂驛	Registered	34241410	2018-10-24	2021-10-28	Class 9 Scientific instruments
102	樂驛	Registered	34243702	2018-10-24	2019-09-28	Class 12 Vehicles
103	樂驛	Registered	34228531	2018-10-24	2019-07-21	Class 45 Social and legal services
104	LOYEE	Registered	34242057	2018-10-24	2019-09-28	Class 12 Vehicles
105	樂驛	Registered	34245982	2018-10-24	2019-09-28	Class 36 Finance and property management
106	LOYEE	Registered	34236224	2018-10-24	2019-09-28	Class 22 Ropes, nets, bags and tents
107	樂驛	Registered	34231455	2018-10-24	2019-09-28	Class 20 Furniture
108	LOYEE	Registered	34239986	2018-10-24	2019-07-28	Class 40 Processing of materials
109	LOYEE	Registered	34244066	2018-10-24	2019-07-28	Class 8 Hand tools and implements
110	LOYEE	Registered	34234405	2018-10-24	2019-07-21	Class 42 Design research
111	樂驛	Registered	34239324	2018-10-24	2019-09-28	Class 19 Construction materials
112	樂驛	Registered	34251527	2018-10-24	2019-10-14	Class 41 Education and entertainment
113	LOYEE	Registered	34235341	2018-10-24	2021-08-21	Class 30 Convenience food
114	LOYEE	Registered	34253613	2018-10-24	2019-09-28	Class 9 Scientific instruments
115	樂驛	Registered	34235435	2018-10-24	2019-07-28	Class 38 Communication services
116	樂驛	Registered	34249022	2018-10-24	2019-07-28	Class 27 Carpets, rugs and mats
117	樂驛	Registered	34254152	2018-10-24	2019-09-28	Class 39 Transportation and storage
118	樂驛	Registered	34247575	2018-10-24	2019-09-28	Class 24 Fabrics and bed sheets



No.	Trademark name	Status	Registration number	Date of application	Trademark publication date	International classification
119	LOYEE	Registered	34247413	2018-10-24	2019-07-28	Class 10 Medical devices
120	樂驛	Registered	34244068	2018-10-24	2019-07-28	Class 8 Hand tools and implements
121	LOYEE	Registered	34229159	2018-10-24	2019-07-21	Class 17 Rubber products
122	LOYEE	Registered	34250616	2018-10-24	2019-09-28	Class 11 Civil equipment
123	樂驛	Registered	34241383	2018-10-24	2019-09-28	Class 7 Machinery and equipment
124	LOYEE	Registered	34238805	2018-10-24	2019-07-28	Class 27 Carpets, rugs and mats
125	樂驛	Registered	34238674	2018-10-24	2019-07-28	Class 10 Medical devices
126	LOYEE	Registered	34237000	2018-10-24	2020-04-14	Class 43 Food, beverage and accommodation
127	樂驛	Registered	34248940	2018-10-24	2019-07-28	Class 18 Leather and imitations of leather
128	LOYEE	Registered	34236209	2018-10-24	2019-07-28	Class 21 Apparatus for daily use
129	LOYEE	Registered	34237156	2018-10-24	2019-07-28	Class 38 Communication services
130	LOYEE	Registered	34229632	2018-10-24	2021-08-07	Class 29 Food
131	樂驛	Registered	34242149	2018-10-24	2020-08-21	Class 43 Food, beverage and accommodation
132	樂驛	Registered	34239867	2018-10-24	2019-09-28	Class 21 Apparatus for daily use
133	樂驛	Registered	34247490	2018-10-24	2019-07-28	Class 15 Musical instruments
134	LOYEE	Registered	34235799	2018-10-24	2019-08-07	Class 26 Accessories, ribbons and braids
135	LOYEE	Registered	34243769	2018-10-24	2019-09-28	Class 16 Office supplies
136	LOYEE	Registered	34236030	2018-10-24	2019-07-28	Class 7 Machinery and equipment
137	樂驛	Registered	34242082	2018-10-24	2019-07-28	Class 13 Firearms and firework
138	樂驛	Registered	34253936	2018-10-24	2021-07-07	Class 29 Food
139	樂驛	Registered	34254543	2018-10-24	2019-07-28	Class 31 Agriculture, forestry and fresh products
140	樂驛	Registered	34241570	2018-10-24	2019-07-28	Class 22 Ropes, nets, bags and tents
141	樂驛	Registered	34236748	2018-10-24	2019-07-28	Class 14 Jewellery and watches

No.	Trademark name	Status	Registration number	Date of application	Trademark publication date	International classification
142	樂驛	Registered	34228521	2018-10-24	2019-09-28	Class 44 Medical gardening
143	LOYEE	Registered	34229585	2018-10-24	2019-12-14	Class 28 Apparatus for achieving physical fitness
144	LOYEE	Registered	34236152	2018-10-24	2019-07-28	Class 37 Building maintenance
145	LOYEE	Registered	34242373	2018-10-24	2019-07-28	Class 18 Leather and imitations of leather
146	LOYEE	Registered	34234300	2018-10-24	2019-07-21	Class 15 Musical instruments
147	樂驛	Registered	34254054	2018-10-24	2019-07-28	Class 17 Rubber products
148	樂驛	Registered	34239431	2018-10-24	2019-07-28	Class 34 Tobacco utensils
149	樂驛	Registered	34237568	2018-10-24	2019-09-28	Class 25 Clothing, footwear and headgear
150	LOYEE	Registered	34241476	2018-10-24	2019-07-28	Class 36 Finance and property management
151	LOYEE	Registered	34251497	2018-10-24	2019-07-28	Class 39 Transportation and storage
152	樂驛	Registered	34232019	2018-10-24	2019-09-28	Class 37 Building maintenance
153	LOYEE	Registered	34236082	2018-10-24	2019-07-28	Class 31 Agriculture, forestry and fresh products
154	LOYEE	Registered	34243974	2018-10-24	2019-07-28	Class 24 Fabrics and bed sheets
155	樂驛	Registered	34231309	2018-10-24	2019-07-21	Class 40 Processing of materials
156	樂驛	Registered	34229480	2018-10-24	2019-07-21	Class 23 yarns
157	LOYEE	Registered	34247466	2018-10-24	2019-07-28	Class 13 Firearms and firework
158	LOYEE	Registered	34236246	2018-10-24	2019-07-28	Class 23 yarns
159	樂驛	Registered	34235344	2018-10-24	2020-08-21	Class 30 Convenience food
160	LOYEE	Registered	34234434	2018-10-24	2019-07-21	Class 45 Social and legal services
161	LOYEE	Registered	34245966	2018-10-24	2019-07-28	Class 34 tobacco utensils
162	樂驛	Registered	34231336	2018-10-24	2019-07-21	Class 42 Design research
163	LOYEE	Registered	34236949	2018-10-24	2019-09-28	Class 19 Construction materials
164	樂驛	Registered	34216722	2018-10-23	2019-08-14	Class 2 Paints and colorants
165	樂驛	Registered	34212109	2018-10-23	2019-08-07	Class 6 Metal materials

No.	Trademark name	Status	Registration number	Date of application	Trademark publication date	International classification
166	LOYEE	Registered	34207326	2018-10-23	2019-08-07	Class 4 Fuels and greases
167	樂驛	Registered	34221185	2018-10-23	2019-08-14	Class 1 chemical raw materials
168	樂驛	Registered	34213585	2018-10-23	2019-08-07	Class 5 Medical supplies
169	LOYEE	Registered	34212086	2018-10-23	2019-08-07	Class 1 chemical raw materials
170	LOYEE	Registered	34210790	2018-10-23	2019-08-07	Class 5 Medical supplies
171	LOYEE	Registered	34223174	2018-10-23	2019-10-28	Class 6 Metal materials
172	樂驛	Registered	34216725	2018-10-23	2019-08-07	Class 3 Household chemicals
173	樂驛	Registered	34214693	2018-10-23	2019-08-14	Class 4 Fuels and greases
174	LOYEE	Registered	34221190	2018-10-23	2019-10-28	Class 2 Paints and colorants
175	通驛	Registered	31105084	2018-05-23	2019-03-07	Class 37 Building maintenance
176	Graphics	Registered	31104201	2018-05-23	2019-02-28	Class 45 Social and legal services
177	Graphics	Registered	31101356	2018-05-23	2019-02-28	Class 37 Building maintenance
178	TOPE	Registered	31113072	2018-05-23	2019-02-28	Class 45 Social and legal services
179	通驛	Registered	31108525	2018-05-23	2019-02-28	Class 45 Social and legal services
180	TOPE	Registered	31115337	2018-05-23	2019-03-28	Class 37 Building maintenance
181	YEEBEFIT	Registered	23542808	2017-04-12	2018-03-28	Class 35 Advertising sales
182	Graphics	Registered	23543439	2017-04-12	2018-06-21	Class 5 Medical supplies
183	Graphics	Registered	23543221	2017-04-12	2018-03-28	Class 41 Education and entertainment
184	Graphics	Registered	23542996	2017-04-12	2018-03-28	Class 36 Finance and property management
185	Graphics	Registered	23543104	2017-04-12	2018-03-28	Class 37 Building maintenance
186	YEEBEFIT	Registered	23542811	2017-04-12	2018-03-28	Class 9 Scientific instruments
187	Graphics	Registered	23543902	2017-04-12	2018-06-21	Class 30 Convenience food
188	Graphics	Registered	23543799	2017-04-12	2018-03-21	Class 29 Food
189	Graphics	Registered	23543657	2017-04-12	2018-03-28	Class 42 Design research
190	YEEBEFIT	Registered	23543421	2017-04-12	2018-03-28	38 Communication services
191	Graphics	Registered	23543952	2017-04-12	2018-06-21	Class 31 Agriculture, forestry and fresh products
192	Graphics	Registered	23543205	2017-04-12	2018-03-21	Class 38 Communication services
193	YEEBEFIT	Registered	23543634	2017-04-12	2018-03-21	Class 42 Design research

No.	Trademark name	Status	Registration number	Date of application	Trademark publication date	International classification
194	YEEBEFIT	Registered	23543077	2017-04-12	2018-03-21	Class 37 Building maintenance
195	Graphics	Registered	23544223	2017-04-12	2018-06-21	Class 32 Beers and beverages
196	YEEBEFIT	Registered	23542897	2017-04-12	2018-03-28	Class 36 Finance and property management
197	YEEBEFIT	Registered	23543334	2017-04-12	2018-03-21	Class 39 Transportation and storage
198	Graphics	Registered	23542788	2017-04-12	2018-06-28	Class 35 Advertising sales
199	YEEBEFIT	Registered	23543502	2017-04-12	2018-03-28	Class 41 Education and entertainment
200	Graphics	Registered	23542707	2017-04-12	2018-06-28	Class 9 Scientific instruments
201	Graphics	Registered	23543577	2017-04-12	2018-03-28	Class 39 Transportation and storage
202	驛伴	Registered	23185060	2017-03-17	2018-03-07	Class 37 Building maintenance
203	驛伴	Registered	23185056	2017-03-17	2018-03-07	Class 42 Design research
204	滿驛	Registered	23185049	2017-03-17	2018-03-07	Class 39 Transportation and storage
205	禮驛	Registered	23185053	2017-03-17	2018-03-07	Class 30 Convenience food
206	驛伴	Registered	23185062	2017-03-17	2018-03-07	Class 35 Advertising sales
207	驛伴	Registered	23185061	2017-03-17	2018-03-07	Class 36 Finance and property management
208	驛伴	Registered	23185059	2017-03-17	2018-03-07	Class 38 Communication services
209	驛伴	Registered	23185063	2017-03-17	2018-03-07	Class 9 Scientific instruments
210	禮驛	Registered	23185055	2017-03-17	2018-03-07	Class 5 Medical supplies
211	驛伴	Registered	23185058	2017-03-17	2018-03-07	Class 39 Transportation and storage
212	禮驛	Registered	23185050	2017-03-17	2018-03-07	Class 33 Wine
213	禮驛	Registered	23185051	2017-03-17	2018-03-07	Class 32 Beers and beverages
214	滿驛	Registered	23185048	2017-03-17	2018-03-07	Class 41 Education and entertainment
215	禮驛	Registered	23185054	2017-03-17	2018-03-07	Class 29 Food
216	驛伴	Registered	23185057	2017-03-17	2018-03-07	Class 41 Education and entertainment
217	禮驛	Registered	23185052	2017-03-17	2018-03-07	Class 31 Agriculture, forestry and fresh products
218	驛優品	Registered	22832005	2017-02-15	2018-02-21	Class 31 Agriculture, forestry and fresh products
219	驛優品	Registered	22832004	2017-02-15	2018-02-27	Class 30 Convenience food
220	驛優品	Registered	22831843	2017-02-15	2018-02-21	Class 16 Office supplies

No.	Trademark name	Status	Registration number	Date of application	Trademark publication date	International classification
221	驛優品	Registered	22831852	2017-02-15	2018-02-21	Class 21 Apparatus for daily use
222	驛優品	Registered	22832017	2017-02-15	2018-03-07	Class 29 Food
223	驛優品	Registered	22832137	2017-02-15	2018-02-28	Class 32 Beers and beverages
224	驛優品	Registered	22831739	2017-02-15	2018-05-14	Class 12 Vehicles
225	粵樂鮮	Registered	22823342	2017-02-14	2018-02-21	Class 30 Convenience food
226	驛優品	Registered	22823676	2017-02-14	2018-02-21	Class 3 Household chemicals
227	Graphics	Registered	21371355	2016-09-21	2017-11-14	Class 31 Agriculture, forestry and fresh products
228	Graphics	Registered	21371212	2016-09-21	2017-11-14	Class 30 Convenience food
229	粵樂鮮	Registered	21370060	2016-09-21	2017-11-14	Class 30 Convenience food
230	粵樂鮮	Registered	21370043	2016-09-21	2017-11-14	Class 3 Household chemicals
231	粵樂鮮	Registered	21370314	2016-09-21	2017-11-14	Class 32 Beers and beverages
232	粵樂鮮	Registered	21370194	2016-09-21	2017-11-14	Class 21 Apparatus for daily use
233	粵樂鮮	Registered	21370380	2016-09-21	2017-11-14	Class 33 Wine
234	粵樂鮮	Registered	21370104	2016-09-21	2017-11-14	Class 16 Office supplies
235	粵樂鮮	Registered	21370098	2016-09-21	2017-11-14	Class 12 Vehicles
236	Graphics	Registered	21370597	2016-09-21	2018-01-14	Class 9 Scientific instruments
237	粵樂鮮	Registered	21370234	2016-09-21	2018-01-14	Class 29 Food
238	粵樂鮮	Registered	21370241	2016-09-21	2017-11-14	Class 31 Agriculture, forestry and fresh products
239	Graphics	Registered	21371013	2016-09-21	2017-11-14	Class 29 Food
240	Graphics	Registered	21370685	2016-09-21	2017-11-14	Class 16 Office supplies
241	Graphics	Registered	21371523	2016-09-21	2017-11-14	Class 32 Beers and beverages
242	Graphics	Registered	21371579	2016-09-21	2017-11-14	Class 33 Wine
243	Graphics	Registered	10057644	2011-10-12	2013-01-07	Class 43 Food, beverage and accommodation
244	TOP.E	Registered	10057606	2011-10-12	2013-07-21	Class 43 Food, beverage and accommodation
245	Graphics	Registered	10057681	2011-10-12	2012-12-07	Class 44 Medical gardening
246	通驛	Registered	10057635	2011-10-12	2013-01-21	Class 43 Food, beverage and accommodation
247	8	Registered	10052559	2011-10-11	2012-12-28	Class 41 Education and entertainment
248	8	Registered	10052436	2011-10-11	2013-01-07	Class 42 Design research
249	通驛	Registered	10052546	2011-10-11	2012-12-21	Class 41 Education and entertainment
250	通驛	Registered	10052419	2011-10-11	2012-12-21	Class 42 Design research
251	Graphics	Registered	10046201	2011-10-10	2012-12-14	Class 39 Transportation and storage

No.	Trademark name	Status	Registration number	Date of application	Trademark publication date	International classification
252	Graphics	Registered	10046050	2011-10-10	2012-12-14	Class 37 Building maintenance
253	通驛	Registered	10046171	2011-10-10	2012-12-14	Class 39 Transportation and storage
254	通驛	Registered	10045925	2011-10-10	2012-12-07	Class 37 Building maintenance
255	TOP.E	Registered	10046132	2011-10-10	2012-12-14	Class 39 Transportation and storage
256	TOP.E	Registered	10045903	2011-10-10	2012-12-14	Class 37 Building maintenance
257	Graphics	Registered	10042017	2011-10-09	2013-01-07	Class 30 Convenience food
258	Graphics	Registered	10042068	2011-10-09	2013-01-07	Class 32 Beers and beverages
259	TOP.E	Registered	10042102	2011-10-09	2013-09-21	Class 36 Finance and property management
260	TOP.E	Registered	10042049	2011-10-09	2013-01-07	Class 32 Beers and beverages
261	Graphics	Registered	10042152	2011-10-09	2013-04-14	Class 36 Finance and property management
262	TOP.E	Registered	10042000	2011-10-09	2012-12-07	Class 30 Convenience food
263	通驛	Registered	10042138	2011-10-09	2013-02-07	Class 36 Finance and property management
264	Graphics	Registered	10038952	2011-10-08	2012-12-14	Class 35 Advertising sales
265	通驛	Registered	10038806	2011-10-08	2012-12-07	Class 29 Food
266	TOP.E	Registered	10038886	2011-10-08	2013-07-21	Class 35 Advertising sales
267	TOP.E	Registered	10038761	2011-10-08	2012-12-14	Class 29 Food
268	Graphics	Registered	10038831	2011-10-08	2012-12-14	Class 29 Food
269	通驛	Registered	10038933	2011-10-08	2012-12-07	Class 35 Advertising sales
270	樂驛	Registered	7596798	2009-08-05	2010-12-14	Class 35 Advertising sales
271	LOYEE	Registered	7596789	2009-08-05	2012-09-07	Class 35 Advertising sales
272	通驛; TOP-E	Registered	1804423	2001-02-26	2002-07-07	Class 42 Design research
273	通驛	Registered	1945548	2001-02-26	2002-10-08	Class 35 Advertising sales

*Note:* The above trademarks were all within their validity period as at the date of valuation and the appraised entity had paid the annual audit fee.

The unrecorded intangible assets include 12 work copyrights, three software copyrights, two domain names and two mini programs. The details of the 12 work copyrights are as follows.

No.	Registration No.	Type of work	Name of work	Creation completion date	Date of publication	Date of registration
1	Guo Zuo Deng Zi -2022- F-100473192	Fine art	LOYEE 樂驛 Graphics	2021-10-01	2021-12-15	2022-03-03
2	Guo Zuo Deng Zi -2021- F-01239559	Fine art	驛品蒼 LOGO	2020-10-16	-	2021-01-15
3	Guo Zuo Deng Zi -2020- F-01142428	Fine art	驛品蒼 LOGO	-	-	2020-10-16
4	Guo Zuo Deng Zi -2020- F-01135251	Fine art	驛品泉	2019-07-22	2019-10-22	2020-09-29
5	Yue Zuo Deng Zi -2020- F-00025109	Fine art	You dun Graphics (油嘸圖案)	2019-07-17	2019-07-26	2020-09-21
6	Guo Zuo Deng Zi -2020- F-01018837	Fine art	Dahuai Service Zone	2019-09-15	-	2020-04-13
7	Guo Zuo Deng Zi -2020- F-01018838	Fine art	Mascot for Dahuai Service Zone	2019-09-15	-	2020-04-13
8	Yue Zuo Deng Zi -2018- F-00026261	Fine art	LOYEE 樂驛 LOGO	2009-09-08	2009-09-09	2018-10-22
9	Yue Zuo Deng Zi -2018- F-00026262	Fine art	LOYEE 樂驛 -LOGO (Colorful)	2009-09-08	2009-09-09	2018-10-22
10	Guo Zuo Deng Zi -2018- F-00618912	Fine art	樂驛 Mascot LOGO	2018-02-26	2018-03-26	2018-09-17
11	Yue Zuo Deng Zi -2016- F-00013275	Fine art	驛優品	2016-08-08	2016-08-30	2016-10-18
12	Yue Zuo Deng Zi -2016- F-00013286	Fine art	粵樂鮮	2016-08-08	2016-08-30	2016-10-18

Details of the three software copyrights are as follows:

No.	Software name	Version	Classification of software	Classification of industry	Date of registration
1	Intelligent public toilet management system based on monitoring and management platform	V1.0	Other software	Other industry	2019-05-08
2	Image contrast based foreign body monitoring scanning system	V1.0	Other software	Other industry	2019-05-05
3	Xinzhifu charging operation platform	V1.0	Operating system	Other industry	2018-05-21

Details of the two domain names are as follows:

No.	Homepage	Website name	Domain name	Filing No.
1	www.top-e.com.cn www.eebin.com www.eebin.net	Guangdong Top-E Expressway Service Zone Company Limited	top-e.cn top-e.com.cn 驛伴.cn eebin.cn	Yue ICP Bei No. 05071255 -1
2	www.eebin.cn www.eebin.com.cn www.驛伴.com www.驛伴.cn	Guangdong Top-E Expressway Service Zone Company Limited	驛伴.com eebin.net eebin.com.cn eebin.com	Yue ICP Bei No. 05071255 -2

The two mini programs are Yue Yun Energy Data Analysis Platform and Yue Yun Energy.

(8) *Long-term deferred expenses*

The book value of long-term deferred expenses was RMB158,533,567.69, which was the amortisation of expenses for the Commercial Space Upgrade and Renovation Project in Lixi service zone, Commercial Space Upgrade and Renovation Project in Yayao service zone, Commercial Space Upgrade and Renovation Project in Dianbai service zone, Commercial Space Upgrade and Renovation Project in Xincheng service zone and Commercial Space Renovation Project in Luhe service zone.

2. *The types and quantities of off-balance sheet assets declared by the enterprise.*

The off-balance sheet assets declared by the enterprise comprise the 12 work copyrights, three software copyrights, two domain names and two mini programs as detailed previously.

3. *Whether to quote the conclusion of report issued by any other agency*

This valuation report does not quote the content of any report issued by any other agency.



#### IV. TYPE OF VALUE

Based on the purpose of valuation, the type of value of the subject of valuation is determined as market value.

Market value refers to the estimated value of the subject of valuation in a normal and arm's length transaction on the date of valuation between a willing purchaser and a willing seller acting rationally and without compulsion.

#### V. DATE OF VALUATION

- (I) The date of valuation of this report is 30 September 2023.
- (II) Based on the principle that the date of valuation should be as close as possible to the date on which the economic behaviour to be addressed in the asset valuation is realised, the client determined the date of valuation.
- (III) In this asset valuation, the definition of valuation scope of valuation, selection of valuation parameters and determination of appraised value are determined based on the internal financial statements of the enterprise as at the date of valuation, external economic environment and market conditions. All the standards for price determination in this report are valid price standards as at the date of valuation.

#### VI. BASIS OF VALUATION

##### (I) Basis of economic behaviour

Notice on Commencing Relevant Work in Relation to Transfer of 4.44% Equity Interest in Guangdong Top-E Expressway Service Zone Company Limited (Yue Jiao Ji Tou [2022] No. 41)

##### (II) Legal and regulatory basis

1. The Civil Code of the People's Republic of China (adopted at the 3rd Session of the 13th National People's Congress on 28 May 2020);
2. The Asset Valuation Law of the People's Republic of China (adopted at the 21st Meeting of the 12th Standing Committee of the National People's Congress on 2 July 2016);
3. The Company Law of the People's Republic of China (as amended for the fourth time in accordance with the Decision on Amending the Company Law of the People's Republic of China at the 6th Meeting of the 13th Standing Committee of National People's Congress on 26 October 2018);

4. Measures for Fiscal Supervision and Administration of the Asset Valuation Industry (Order No. 86 of the Ministry of Finance of the People's Republic of China, as amended pursuant to the Decision of the Ministry of Finance on Amending the Administrative Measures for the Practicing Licence and Supervision of Accounting Firms and Another Departmental Regulations issued on 2 January 2019);
5. Measures for the Supervision and Administration of Transactions of State-owned Assets of Enterprises (Order No. 32 of the State-owned Assets Supervision and Administration Commission of the State Council and the Ministry of Finance);
6. Notice on Matters Concerning the Circulation and Transactions of State-owned Assets of Enterprises (Guo Zi Fa Chan Quan Gui [2022] No. 39);
7. Measures for the Administration of State-owned Assets Appraisal (issued by Order No. 91 of the State Council of the People's Republic of China on 16 November 1991 and amended by Order No. 732 of the State Council of the People's Republic of China on 11 December 2020);
8. Law of the People's Republic of China on State-owned Assets of Enterprises (passed at the 5th Meeting of the Standing Committee of the 11th National People's Congress of the People's Republic of China on 28 October 2008);
9. Accounting Standards for Business Enterprises – Basic Standards (Order No. 33 of the Ministry of Finance), The Decision of the Ministry of Finance on Amending the Accounting Standards for Business Enterprises – Basic Standards (Order No. 76 of the Ministry of Finance);
10. Securities Law of the People's Republic of China (revised at the 15th Meeting of the 13th Standing Committee of National People's Congress on 28 December 2019);
11. Provisional Regulations of the People's Republic of China on Value-added Tax (Order No. 691 of the State Council, 2017);
12. Notice on Comprehensively Promoting the Pilot Programme of the Collection of Value-added Tax in Lieu of Business Tax (Cai Shui [2016] No. 36 of the Ministry of Finance and the State Administration of Taxation);
13. Announcement on Relevant Policies for Deepening the VAT Reform (Announcement No. 39 of 2019 of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs) issued by the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs;
14. Vehicle Purchase Tax Law of the People's Republic of China (passed at the 7th Meeting of the Standing Committee of the 13th National People's Congress of the People's Republic of China);

15. Law of the People's Republic of China on Administration of Urban Real Estate (adopted by voting at the 12th Meeting of the 13th Standing Committee of the National People's Congress on 26 August 2019);
16. Land Administration Law of the People's Republic of China (passed at the 12th Meeting of the Standing Committee of the 13th National People's Congress on 26 August 2019);
17. Guidelines for the Filing for Recordation of the Assessment Projects of State-owned Assets of Enterprises (Guo Zi Fa Chan Quan [2013]. No. 64).

**(III) Valuation standard basis**

1. Basic Standards for Asset Valuation (Cai Zi [2017] No. 43);
2. Code of Professional Ethics for Asset Valuation (Zhong Ping Xie [2017] No. 30);
3. Practicing Guidelines for Asset Valuation – Asset Valuation Reports (Zhong Ping Xie [2018] No. 35);
4. Practicing Guidelines for Asset Valuation – Asset Valuation Procedures (Zhong Ping Xie [2018] No. 36);
5. Practicing Guidelines for Asset Valuation – Asset Valuation Files (Zhong Ping Xie [2018] No. 37);
6. Practicing Guidelines for Asset Valuation – Enterprise Values (Zhong Ping Xie [2018] No. 38);
7. Practicing Guidelines for Asset Valuation – Asset Valuation Engagement Contracts (Zhong Ping Xie [2017] No. 33);
8. Practicing Guidelines for Asset Valuation – Machinery and Equipment (Zhong Ping Xie [2017] No. 39);
9. Practicing Guidelines for Asset Valuation – Intangible Assets (Zhong Ping Xie [2017] No. 37);
10. Practicing Guidelines for Asset Valuation – Real Estate (Zhong Ping Xie [2017] No. 38);
11. Practicing Guidelines for Asset Valuation – Asset Valuation Approach (Zhong Ping Xie [2019] No. 35);

12. Asset Valuation Expert Guidelines No. 8 – Examination and Verification in Asset Valuation (Zhong Ping Xie [2019] No. 39);
13. Guidelines for State-owned Assets Evaluation Report of Enterprises (Zhong Ping Xie [2017] No. 42);
14. Guidelines for Business Quality Control of Asset Valuation Institutions (Zhong Ping Xie [2017] No. 46);
15. Guiding Opinions on Types of Values for Asset Valuation (Zhong Ping Xie [2017] No. 47);
16. Guiding Opinions on Legal Ownership of the Subjects of Valuation (Zhong Ping Xie [2017] No. 48);
17. Guidelines for Valuation of Intellectual Property Assets (Zhong Ping Xie [2023] No. 14);
18. Guiding Opinions on Valuation of Trademark Assets (Zhong Ping Xie [2017] No. 51);
19. Guiding Opinions on Valuation of Patent Assets (Zhong Ping Xie [2017] No. 44);
20. Guiding Opinions on Valuation of Copyright Assets (Zhong Ping Xie [2017] No. 50).

**(IV) Basis of ownership**

1. Equipment purchase contracts and invoices etc.;
2. Real estate title certificate;
3. Vehicle registration certificates and invoices;
4. Property ownership undertakings without title certificates;
5. Other ownership certificate documents.

**(V) Basis for price determination**

1. Mechanical and Electrical Products Quotation Manual (2023);
2. Financial statements and audit reports for previous years provided by the enterprise;
3. Profit forecast data for future years provided by the enterprise;

4. Document of Guangdong Top-E Expressway Service Zone Company Limited titled “Notice of Top-E on Issuing the “14 Five-Year” Strategic Plan” (Tong Yi Tou [2022] No. 3);
5. Price inquiry websites such as JD.com, Taobao, Alibaba and hc360.com;
6. Construction Cost Management Requirements for Basic Construction Projects (Cai Jian [2016] No. 504);
7. Notice on Further Easing Administration of Professional Service Price for Construction Projects (Fa Gai Jia Ge [2015] No. 299);
8. www.gldzb.com (廣聯達指標網);
9. www.landchina.com (中國土地市場網);
10. Other valuation-related information collected by the appraisers;
11. Other information related to this asset valuation.

#### **(VI) Other reference basis**

1. List of assets, valuation declaration form and profit forecast declaration form provided by the appraised entity;
2. Urban Land Appraisal Regulations (GB/T 18508-2014);
3. Urban Land Grading Regulations (GB/T 18507-2014);
4. Code for Real Estate Appraisal (GB/T 50291-2015).

#### **VII. VALUATION METHODS**

The income approach is a valuation method to determine the value of the subject of valuation by capitalising or discounting expected income.

The market approach is a valuation method to determine the value of the subject of valuation by comparing the subject of valuation against comparable listed companies or comparable transaction cases.

The asset-based approach is a valuation method to determine the value of various assets and liabilities on and off the balance sheet of the subject of valuation based on its balance sheet as at the date of valuation.

The Practicing Guidelines for Asset Valuation – Enterprise Value provides that, when conducting enterprise value appraisal business, an asset valuer shall analyse the applicability of the three basic approaches, namely the income approach, the market approach and the asset-based approach, according to the purposes of valuation, subject of valuation, types of values and collection of information and choose a suitable valuation approach.

The valuation methods selected for this valuation are the asset-based approach and income approach. The reason for selecting such methods are as below:

**(I) Analysis of applicability of valuation methods**

1. Analysis of applicability of the asset-based approach: As the appraised entity has complete financial information and asset management information available, and the sources of relevant data and information of asset acquisition costs are relatively wide, therefore, the asset-based approach can be adopted in this valuation.
2. Analysis of applicability of the income approach: The business model of the appraised entity has gradually become mature, and the future income can be reasonably predicted with the existing business content and scope, and the discount rate corresponding to the risk level of the future income of the enterprise can also be reasonably estimated. Therefore, the income approach can be adopted in this valuation.
3. Analysis of applicability of market approach: Based on the characteristics of the assets under this valuation and the current low degree of marketisation and informatisation in China, it is difficult to collect sufficient property transaction cases of similar enterprises, therefore the market approach should not be adopted in this valuation.

Taking into account the subject of valuation and purpose of asset valuation and the information collected by the appraiser, the valuer determined to adopt the asset-based approach and the income approach to respectively appraise the value of Top-E.

**(II) Asset-based approach**

**1. Current assets**

- (1) The appraised value of monetary funds and deposits placed under centralised mode, including cash and bank deposits, was determined to be the verified value through cash counting and verification of bank statements and bank letters.

- (2) For bills receivables, the appraiser verified the correctness of the reported amount, and check it against the general ledger, various accounts and verified original evidence and bills, so as to check if the results meet the existing materials and the reported amount is correct. the appraised value of bills receivables shall be determined verified book value.
- (3) For accounts receivable and other receivables, the appraiser determined the appraised value according to the potentially recoverable amount of each payment, on the basis of verifying the correctness of the receivables. For receivables that are believed to be fully recoverable with sufficient reason, the appraised value was calculated based on the total amount of receivables. For the amount that is likely to be unrecoverable, when it is difficult to determine the amount of unrecoverable accounts, the appraiser, based on historical information and on-site investigation, specifically analyse the amount, time and reason of the arrears, recovery of the amount, the status of the debtor's funds, credit, operation and management to estimate the amount that is likely to be unrecoverable in the ageing analysis method and then calculated the appraised value by deducting such estimated amount as the risk loss. For receivables that are proved to be unrecoverable with conclusive evidence, the appraised value was calculated as nil. The "bad debt provision" item on the book was calculated as nil.
- (4) Prepayments: the appraisers checked relevant materials purchase contracts or supply agreements to understand the services and goods received between the date of valuation to the on-site verification date for the valuation. If the supplier is not found to be bankrupt, cancelled the contract or to be unable to provide goods or services on schedule as specified in contracts, the verified book value is the appraised value. For those prepayments in respect of which there is conclusive evidence showing the impossibility of receiving corresponding goods, and which cannot form corresponding assets or interests, the appraised value shall be nil.
- (5) Raw materials: the appraiser first checked the purchase and sale contracts and invoices for raw materials to verify the date of purchases and the recorded amounts. The book cost structure was reasonable, and there was no gain or loss on materials. The appraiser investigated the market price as at the date of valuation. Most of the inventory raw materials were recently purchased, and their book values approximated to their market prices as at the date of valuation, thus the book values of raw materials after verification were taken as appraised values.
- (6) Finished goods: for oil products which are sold in ordinary course of business, the appraised value was determined based on the ex-factory selling price less selling expenses, all taxes and an appropriate amount of net profit after tax. For consumable materials for food and beverage, proprietary retail goods, convenience store goods and gifts in finished goods, if the appraised entity is a non-production enterprise, and such commodities are purchased goods, the appraisers conducted research on

the market price as at the date of valuation. For finished goods purchased recently with insignificant price changes, the book value is close to the market selling price on the date of valuation, and the book value was taken as the appraised value.

- (7) Other current assets: The appraiser checked the consistency between the subsidiary ledger and the general ledger and the balance in the statements, and conducted spot checks on certain original vouchers, tax payment returns and other relevant information to verify the authenticity and amount of taxes and fees. The appraised value was determined based on the verified book value. The appraised value was determined based on the verified book value.

## **2. Long-term equity investments**

### **(1) Wholly-owned and controlling long-term equity investment**

In the overall valuation of wholly-owned and controlling long-term equity investment, the appraiser first appraised the value of the entire shareholders' equity in the investee, which was then multiplied by the shareholding percentages to arrive at the values of the shareholders' equity.

### **(2) Non-controlling long-term equity investment**

Non-controlling long-term equity investments did not meet the conditions for overall valuation, therefore the appraiser, in light of the actual conditions of the investee, obtained the financial statements of the investee as at the date of valuation, and after appropriate analysis of the financial statements of the investee, the appraiser determined the appraised value of the non-controlling long-term equity investments by multiplying the net assets of the investee after the statement analysis by the shareholding percentage.

## **3. Other equity instrument investment**

For other equity instrument investment, as the conditions for overall valuation were not satisfied, the appraisers determined the appraised value of other equity instrument investments by multiplying the net assets of the investee after the statement analysis by the shareholding percentage after proper analysis of the financial statements of the investee.

## **4. Fixed assets of equipment**

The statements were consistent with those listed in the account books after verifying against the breakdown list of the machinery and equipment provided by the company. At the same time, the ownership was recognised after examining and verifying related contracts, legal ownership certificates and accounting documents. On such basis, professional engineering staff was assigned to carry out necessary on-site inspection and verification of major equipment.



For the purpose of the valuation, the replacement cost method was mainly adopted for the valuation based on the principle of continuous use, the market price, the characteristics of the appraised equipment and the information collected. The calculation formula of the replacement cost method is as follows:

$$\text{Appraised value} = \text{Full replacement price} \times \text{comprehensive newness rate}$$

(1) *Determination of full replacement price*

(1) Machinery and equipment

Full replacement price = equipment purchase price + transportation and miscellaneous expenses + installation cost + preliminary and other expenses + capital cost – creditable input VAT

① Equipment purchase cost

The purchase costs of domestic machinery equipment were mainly determined by enquiring, or by making reference to the Quotation Catalogue of Mechanical and Electrical Products in 2023, as well as recent contract prices of similar equipment. With regard to a few pieces of equipment for which the purchase costs are not available, the purchase prices are determined on the basis of the price change rates of equipment of the same category produced in the same year.

② Transportation and miscellaneous fees

If the equipment purchase cost does not include transportation and miscellaneous fees, the transportation and miscellaneous fees shall be determined with reference to the estimated indicators in the Manual of Commonly Used Data and Parameters for Asset Valuation, and Measures for the Preparation of Budget for Machinery Construction Projects and Various Budget Indicators, while taking into account factors such as the transportation distance, weight and volume of the equipment.

③ Installation costs

Installation costs were determined with reference to the final account information provided by the client, and based on the type, characteristics, weight, and consumption level of human resources, materials and equipment, as well as the information obtained through market inquiry, while taking into account relevant necessary fees and in accordance with relevant regulations.

For small equipment that does not need to be installed, installation costs were not taken into consideration.

④ Preliminary and other expenses

Preliminary and other expenses include project construction management fees, survey and design fees, project supervision fees, feasibility study fees, bidding agency fees, environmental impact assessment fees. These expenses were calculated with reference to the relevant rate basis and standards formulated by the national ministries and commissions.

⑤ Capital costs

The capital cost was determined based on the sum of equipment purchase cost, installation cost, preliminary and other expenses according to the reasonable construction period of the project and the loan interest rate for the corresponding period as at the date of valuation.

⑥ Creditable input VAT in relation to equipment purchase price

For equipment purchase price that satisfies conditions for VAT credit, the VAT credit was made on the basis of the calculated creditable input VAT.

(2) Vehicles

The current tax-inclusive purchase price of transportation vehicles was determined based on the recent vehicle market price information such as the sales information of the local vehicle market. On this basis, the full replacement price was determined based on the provisions of the Vehicle Purchase Tax Law of the People's Republic of China, including vehicle purchase tax and new vehicle licence fees. The calculation formula is as follows:

Full replacement price = tax-free purchase price + vehicle purchase tax + new vehicle registration fee

(3) Electronic equipment (including other equipment)

The full replacement price was determined based on the purchase price according to recent market price information such as local market information.

For electronic equipment (including other equipment) which were bought long ago and no longer for sale in the market but can be used, their full replacement prices were determined with reference to the market prices of second-hand equipment.

*(2) Determination of comprehensive newness rate*

The comprehensive newness rate was determined after modification through the on-site inspection of the use of equipment (instrument) (engineering environment, maintenance, appearance, utilization rate and availability rate), and review of the operation, incident, repair, performance assessment and other necessary records of the equipment (instrument).

- (1) For special equipment and general machinery and equipment, their remaining useful life was determined mainly in accordance with the economic lifespan of the equipment, lapsed useful life, the on-site investigation and understanding of the usage and technology conditions of equipment. Their comprehensive newness rate was then determined according to the following formula.

The comprehensive newness rate = remaining useful life/(remaining useful life + used life) × 100%

- (2) For small-sized equipment such as electronic equipment (including other equipment) and air conditioners, their comprehensive newness rate were determined mainly based on their economic lifespan; and the comprehensive newness rate of large-sized electronic equipment (including other equipment) were determined with reference to the work environment and operation of the equipment.

- (3) According to the mandatory vehicle scrapping standard issued by the state, the newness rate of a vehicle is determined based on the vehicle mileage or service life, whichever is lower, is used, and then adjusted based on the on-site investigation. The formula is as follows:

The newness rate based on the useful life = (specified useful life – used life)/specified useful life) × 100%

The newness rate based on mileage = (specified mileage – travelled mileage)/specified mileage × 100%

Comprehensive newness rate = Theoretical newness rate × adjustment factor

*(3) Determination of appraised value*

Appraised value of equipment = full replacement price of equipment × comprehensive newness rate

**5. Fixed assets of buildings and structures**

According to the characteristics, and types of appraised value, data collection and other relevant conditions of the fixed assets of buildings and structures, for the fixed assets of buildings and structures that are decoration and renovation in nature within the scope of this valuation, the property is owned by the lessor, and such fixed assets are to be amortised. The appraisers inquired about the construction contracts of decoration and renovation, relevant evidence and books, and did not detect any abnormality, and then determined the appraised value on the basis of the verified book value.

The cost method was adopted for valuation of buildings and structures complete with main body within the scope of valuation. The formula for cost method is as follows:

$$\text{Appraised value} = \text{full replacement price} \times \text{comprehensive newness rate}$$

(1) *Determination of full replacement price*

Full replacement price of buildings and structures generally includes: comprehensive construction and installation cost, preliminary and other expenses and capital cost. The full replacement price of buildings and structures was calculated as follows:

$$\text{Full replacement price} = \text{construction and installation cost} + \text{preliminary and other costs} + \text{capital costs} - \text{creditable input tax}$$

(1) Comprehensive construction and installation cost

The benchmark cost per square metre was determined based on the factors affecting the construction cost such as structural span, floor height and decoration level of buildings and structures. The cost per square metre reflects the normal construction level, construction quality and general decoration standard of such type of buildings (structures) as at the date of valuation in region where it operates. On this basis, according to the characteristics of the buildings (structures) (such as different storeys, span, special decoration and construction difficulties) and the on-site survey, the cost per square metre was adjusted accordingly to determine the construction and installation project cost exclusive of and inclusive of tax.

(2) Determination of preliminary and other expenses

Based on various charge regulations of the state (industry), taking into account the actual situation of the location of the construction project on the date of valuation, the appraised entity was regarded as an independent construction project, and the preliminary and other expenses were determined based on the investment scale of the fixed assets of the enterprise.

(3) Capital cost

The capital cost was calculated based on the reasonable construction period of the appraised entity, with reference to the benchmark interest rate for RMB loans of financial institutions for the same period issued by the People's Bank of China as at the date of valuation, and based on the sum of comprehensive construction and installation costs, preliminary and other expenses, and other expenses. The formula of capital cost is as follows:

$$\text{Capital cost} = (\text{comprehensive construction and installation cost inclusive tax} + \text{preliminary and other expenses}) \times \text{capital cost rate} \times \text{reasonable construction period}/2$$

(4) Creditable input VAT

For any expense that satisfies conditions for VAT credit, the VAT credit was made on the basis of the calculated creditable input VAT.

(2) *Determination of comprehensive newness rate*

The comprehensive newness rate was determined as follows:

Comprehensive newness rate = remaining useful life/(lapsed useful life + remaining useful life)

Determination of the remaining useful life within the formula above:

The comprehensive newness rate was determined comprehensively on the basis of the economic life and lapsed useful life of the target buildings and structures with reference to field survey, historical renovations and maintenance of the buildings. In determining the comprehensive newness rate, the availability of continuous usage of the subject of valuation was the premise and stability and robustness of the basic and main structure were the main conditions. The degree of newness degree of decoration and ancillary facilities was only calculated subject to the continuous usage of the basic and main structure, and such continuous usage was taken as a supplementary condition for revising newness rate of the basic and main structure.

(3) *Determination of appraised value*

Appraised value = Full replacement price × Comprehensive newness rate

**6. *Construction in progress***

For the construction in progress included in the scope of valuation, the appraiser verified with the relevant personnel the commencement and progress of the construction project, understood the implementation of the budget, collected the contracts of the relevant project, and verified the payment and accounting of the project. As the construction in progress included in the scope of valuation has a short construction period, it is a construction in progress project under normal construction, during which the price changes of materials and labour involved in the investment are not significant, and the appraised value is determined based on the book value.

**7. *Right-of-use assets***

Right-of-use assets refer to right-of-use assets of all leased land, and office buildings in service zones. The appraiser understood the remaining values and rights of each of assets mainly by checking relevant documents and original evidence. Such appraised values of right-to-use assets shall be determined at its book values.

#### 8. *Intangible assets – Land use rights*

According to the Regulations for Valuation of Urban Land (GB/T18508-2014) and the relevant technical regulations for land valuation, the commonly used methods for land valuation mainly include five methods, namely market comparison method, income return method, residue method, cost approximation method and benchmark land price factor revision method.

According to the on-site investigation, the purpose of land use right is other commercial service land and road land, and the market method was adopted for the valuation of land use right. The reasons for adopting the market method for the valuation are as follows:

The market comparison method is to determine the comparable cases by collecting land transaction cases to establish the basis for price comparison, and then to determine the final market price of the subject of valuation by adjusting the transaction price. The market comparison method is mainly used for land use rights within the scope of valuation in areas with developed real estate market and sufficient comparable examples, and there are many transactions in the surrounding areas of such land. Therefore, the market comparison method can be adopted for the valuation of such land.

Income return method is a method of estimating the total annual income and total annual expenses by collecting relevant information to determine the net annual income, and then calculating the land income price on basis of the income return rate. The income return method is mainly used for the land with actual income or potential income, while the appraised land has no actual income and the surrounding land rent level is not available, and it is difficult to estimate its potential income, therefore it is not appropriate to use the income return method to appraise the land.

The residue method, also called as assumed development method, is a method to estimate the land price by estimating the transaction price of real estate, present value of buildings and transaction taxes. The residue method is mainly used for land valuation with potential for investment development or redevelopment. The subjects of valuation are lands for commercial services and roads, and have no potential for investment development or redevelopment. Therefore, the residue method is not suitable for valuation of the land use rights included in the scope of valuation.

The cost approximation method is to obtain the land acquisition fee, land development fee, and relevant taxes in respect of the land to be appraised by collecting the cost, interest, profit and other information related to the valuation, and making necessary adjustments to the land price to obtain the price of the land to be appraised. The cost approximation method is generally applicable to the valuation of land prices in newly developed land or areas with less developed land markets and few transaction cases, therefore the cost approximation method was not adopted for the valuation of such land.

The benchmark land price method is a method to calculate the price of a land parcel through the benchmark land price correction system by collecting the benchmark land price information. The benchmark land price method is applicable to the area where the government has published the benchmark land price and has a complete benchmark land price revision system. As the benchmark land price published by the government in the area where the land use right is located is relatively long away from the date of valuation, the benchmark land price approach was not adopted for the valuation of the land.

In conclusion, based on the purpose of this valuation, the market method was adopted for the valuation of the land use rights to be appraised.

The market method is a method to estimate the objective and reasonable price or value of the land to be appraised by comparing the land to be appraised with similar land transaction cases that have been recently transacted as at the date of valuation and making appropriate adjustments to the known price of such similar land transaction cases.

The calculation formula of market method is as follows:

Price of land to be appraised = Price of comparable cases × Transaction adjustment × Transaction date adjustment × Adjustment for regional factor × Adjustment for individual factors × Land useful life

#### **9. *Intangible assets – Other intangible assets***

Other intangible assets within the scope of this valuation are software and trademarks of the enterprise.

##### *(1) Software*

The appraiser checked the books and evidences and verified the correctness of the amortisation of the enterprise. Verification and investigation have shown that certain software had been upgraded and maintained, but most of the software were not upgraded. For outsourcing software that is currently on the market but the version has been upgraded, the appraised value is determined by deducting the software upgrade fee at the current market price. For software that is sold in the market and does not have an upgraded version as at the date of valuation, the appraised value was determined based on the price of similar software as at the date of valuation.

##### *(2) Trademarks*

For trademarks, which are intangible assets, there are three valuation methods for intangible assets, namely replacement cost method, market comparison method and present value of earning method. The cost method adopted for the valuation of trademark is a way of determining a value of a trademark by quantifying the costs for engaging a valuer in making valuation, including all direct and indirect costs, accrued interests and profits, so as to

determine the value of rights of trademarks in light of registration of trademarks and use of the trademarks. The adoption of cost method is conditional upon the existence of same or similar transaction, and provided that the transactions should be arm's length transactions. Income method is a way to forecast the expected income on products or services sold and assess the income contribution from the trademarks as a percentage to the value of their value at the open market at the valuation date, so as to assess the effects of these trademarks on the increase of income, which enable a company to adopt a reasonable discount rate and duration of income contribution for these trademarks in determining their values.

Based on results of our market survey and relevant introduction, there is no comparable historical transaction and transaction price data can be found, the market method is not applicable. As the extent of the income contribution from the trademarks cannot be reasonably estimated, income approach is not adopted for valuation in this valuation. Based on the characteristics of the trademark in this valuation, we decided to adopt the cost approach. The basic formula of the cost approach is as follows:

Value of ownership of trademarks to be valued = (direct cost + indirect cost + accrued interests + profit) x (1 – depreciation rate)

① Estimation of direct cost

Estimation of direct cost is the sum of registration fee, agency fee and fees of collection and design arising from registration of the relevant trademarks in a given condition, which will be estimated on prevailing price and rate of fees.

② Indirect cost, accrued interests and profit

Indirect cost is the sum of subsequent promotion, advertisement and maintenance arising from registration of the relevant trademarks, which can be quantified in a monetary amount and estimated on a percentage of the direct cost.

③ Depreciation rate

As the trademarks can be continuously used and there is no factor of depreciation, the depreciation rate shall be zero for this valuation.

**10. Long-term deferred expenses**

Long-term deferred expenses include the amortised balance of expenses such as the commercial space upgrade and renovation project in Lixi service zone, the commercial space upgrade and renovation project in Xincheng Service Zone, the commercial space upgrade and renovation project in Yayao service zone and the commercial space upgrade and renovation project in Dianbai service zone.



The appraiser verified the verification method related to long-term deferred expenses of the appraised entity, consulted the decoration and purchase contracts and relevant evidences and books, and there was no abnormal situation found. The balance difference to be amortised was assessed to be nil, and the appraised value of the rest was determined based on the verified book value.

#### ***11. Deferred income tax assets***

The accounting content of deferred income tax assets is the provision for bad debts and accrued expenses. The appraiser had verified the verification method related to deferred income tax assets of the appraised entity to determine the appraised value based on the verified book value.

#### ***12. Other non-current assets***

Other non-current assets consist of prepaid taxes and prepayment for purchase of long-term assets. The appraiser checked the consistency between the subsidiary ledger and the general ledger and the balance in the statements, conducted spot checks on certain original evidences, tax payment returns and purchase contract and other relevant information, and verified the authenticity and amount of taxes and payments. The appraised value was determined based on the verified book value. The appraised value was determined based on the verified book value. Thus, the appraised value was based on the verified book value.

#### ***13. Liabilities***

The valuation of liabilities of the Company mainly involved reviews and verifications. The appraiser verified the relevant documents, contracts, books and relevant evidence. Following the verification of their truthfulness, the appraised value was determined to be the verified book value or the actual liabilities assumed.

### **(III) INCOME APPROACH**

The discounted cash flow method under the income approach is to appraise the overall value of an enterprise to indirectly obtain the value of all shareholders' equity. The overall value of the enterprise is composed of the value of operating assets generated from normal operating activities and the value of non-operating assets irrelevant to normal operating activities. For the determination of the value of operating assets, the discounted free cash flow model of the enterprise is adopted, which is based on the free cash flow of the enterprise in the next few years, and is calculated by discounting and summing up with an appropriate discount rate. The calculation model for the income approach is as follows:

Value of total shareholders' equity = overall enterprise value – value of interest-bearing debts

### 1. Overall enterprise value

Overall enterprise value refers to the sum of value of the total shareholders' equity and value of interest-bearing debts. According to the allocation and use of assets of the appraised entity, the formula for calculating overall value of enterprise is as follows:

Overall enterprise value = value of operating assets + value of surplus assets + value of non- operating assets and 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:

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

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, this valuation adopts mid-year discount.

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

The calculation formula of discount rate (weighted average cost of capital, WACC) is as follows:

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

Of which:  $R_e$ : 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

Of which, the cost of equity capital is calculated using the Capital Asset Pricing Model (CAPM). The basic formula of it is as follows:

$$R_e = R_{f1} + \beta (R_m - R_{f2}) + \text{Alpha}$$

Where:  $R_e$ : Expected return on equity, i.e. cost of equity capital

$R_{f1}$ : Risk-free rate of return

$\beta$ : Beta factor

$R_m$ : Market expected rate of return

$R_{f2}$ : Expected turn rate of long-term market

Alpha: Special risk premium

$(R_m - R_{f2})$ : Excess risk return in the equity market, also known as ERP

(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 there is no surplus assets in the appraised entity.

(3) *Value of non-operating assets*

Non-operating assets represent the assets 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 of the appraised entity are other receivables, prepayments, other equity instrument investments and long-term equity investments. The income approach was adopted in this valuation.

(4) *Non-operating assets and liabilities*

Non-operating liabilities represent the 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 liabilities of the appraised entity are other payables and deferred income liabilities. The income approach was adopted in this valuation.

## **2. Value of interest-bearing debts**

Interest-bearing debts represent liabilities that the appraised entity needs to pay interest as at the date of valuation. As at the date of valuation, interest-bearing debts of the appraised entity were short-term loans.

## **VIII. IMPLEMENTATION PROCESS AND DETAILS OF VALUATION PROCEDURES**

The appraiser appraised the assets and liabilities involved in the subject of valuation. Details of the implementation process of major valuation procedures are as follows:

### ***(I) Acceptance of engagement***

We reached an agreement with the client in respect of basic matters for valuation including the purposes of valuation, the subject of valuation, the scope of valuation and the date of valuation, as well as the rights and obligations of each party, and determined the basic valuation matters such as the corresponding valuation plan, time and method of submission of valuation report through negotiations with the client.

### ***(II) Preliminary preparation***

In view of the basic valuation matters, we prepared a valuation plan, established a valuation team and arranged training for the relevant personnel of the project.

### ***(III) On-site investigation***

The appraiser conducted necessary examination and verification of the assets involving the subject of valuation, and carried out necessary due diligence on the operation and management of the appraised entity.

#### ***1. Guiding the appraised entity to fill in the form and prepare the information to be provided to the valuer***

The appraiser provided guidance to the finance and asset management personnel of the appraised entity on completing asset appraisal forms for the assets included in the scope of valuation in a meticulous and accurate manner based on self-examination of assets and in accordance with the breakdown of assets for appraisal, the requirements for completion and the list of information provided by us, and on collecting ownership certificates of assets and documents and information reflecting the performance, status and economic and technical indicators of the assets.

2. *Preliminary review and improvement of the breakdown of assets for appraisal submitted by the appraised entity*

The appraiser understood the detailed conditions of the specific assets included in the scope of valuation by accessing the relevant information, and carefully reviewed the various breakdown of assets for appraisal to check if there is any incomplete, wrong submission or any unclear asset, and examined based on our experience and understanding if there is any missing item in the breakdown of assets for appraisal, and provided feedback to the appraised entity for improvement of the breakdown of asset for valuation.

3. *On-site inspection*

With the cooperation of the relevant personnel of the appraised entity, the appraiser conducted on-site survey of the assets within the scope of valuation based on their types, quantity and distribution and in accordance with the relevant requirements of the asset appraisal standards, and adopted different survey methods in view of different natures and features of the assets.

4. *Supplementing, amendment and perfection of the breakdown of asset for appraisal*

The appraiser fully communicated with the relevant personnel of the appraised entity based on the results of on-site survey and further improved the breakdown of assets for appraisal to ensure the consistency among the book value, the record and the reality.

5. *Verification of ownership certificates and documents*

The appraiser verified the ownership certificates and documents of the assets within the scope of valuation including facilities, and requested the Company to verify or produce the relevant ownership certificates and documents for those with incomplete ownership information or unclear ownership.

***(IV) Collection of information***

The appraiser collected the valuation information based on the specific conditions of the valuation project, including the information obtained directly and independently from the market and other channels, the information obtained from the clients and other relevant parties, and the information obtained from government departments, various professional institutions and other relevant departments. The appraiser conducted necessary analysis, induction and sorting of the data collected for valuation to form the basis for valuation.

***(V) Assessment and estimation***

According to the specific conditions of various assets, the appraiser selected the corresponding formulas and parameters to make analysis, calculation and determination based on the valuation methods selected and formed the preliminary valuation conclusions. The project leader summarised the preliminary valuation conclusion of various assets, and compiled and prepared the preliminary asset valuation report.

***(VI) Internal review***

In accordance with the requirements of the administrative measures for our valuation business process, the project leader submitted the completed the preliminary asset valuation report for our internal review. Upon completion of internal review, the project leader communicated with the client or other relevant parties agreed by the client about the contents of the asset valuation report, and issued the asset valuation report after making reasonable amendments according to their feedbacks.

***(VII) Maintenance of valuation files***

According to the requirements of the asset appraisal standards, the appraiser sorted out the working papers, asset valuation report and other relevant materials to maintain an asset valuation file.

**IX. VALUATION ASSUMPTIONS**

The assumptions adopted in analysing the estimates in this asset valuation report are as follows:

***(I) Basic assumptions***

1. Open market assumption assumes that the assets to be valued are traded or can be traded on the open market, and both of the parties to the transaction of the assets are in equal position and have enough opportunities and time to obtain market information so as to make reasonable and rational judgment on the functions, purpose and considerations of the assets;
2. Transaction assumption assumes that all the assets to be valued are already in the process of transaction, and the appraisal carries out the valuation based on a simulated market which involves the transaction conditions of the assets to be valued. Transaction assumption is the most basic assumption for asset valuation;
3. Going concern assumption assumes that the appraised entity will not cease operation for any reason in the period of franchise.

**(II) General assumptions**

1. It is assumed that there are no material changes in the relevant prevailing laws, regulations and policies and the macroeconomic situation in the country as well as the political, economic and social environment of the regions where the parties to the transaction are located.
2. It is assumed that there will be no force majeure and unforeseeable factors that will have a material adverse impact on the appraised entity after the date of valuation.
3. It is assumed that the operators of the Company are responsible, fully comply with all relevant laws and regulations, and the management of the Company is capable of performing their duties.
4. The enterprise complies with relevant national laws and regulations, and there will be no major violations that will affect the Company's development and revenue realisation.
5. It is assumed that there will be no material changes in the interest rates, exchange rates, taxation bases and tax rates and policy-based levies related to the appraised entity after the date of valuation.
6. It is assumed that the values of various parameters estimated in this valuation are determined in accordance with the current price system, without taking into account the impact of inflation factors after the date of valuation.

**(III) Special assumptions**

1. It is assumed that the purchase, acquisition and construction processes of the assets involved in the subject of valuation are in compliance with the relevant national laws and regulations;
2. It is assumed that the business scope and method of the appraised entity will not undergo major changes in the future operating period, with its main business structure, revenue and cost composition, sales strategy and cost control of future business remaining in the same condition as they are in recent years without major changes. Future changes in operating capabilities, business scale, business structure etc. that may be caused by changes in the management, business strategy, additional investment, and business environment, although likely, have not been taken into consideration, which means that the valuation is based on the operating capability, scale of business and operating model as of the date of valuation as a going concern, without taking into no consideration of any special changes caused by over production or production reduction;

3. It is assumed that the operating and management expenses of the enterprise will not change significantly on the current basis in the future operating periods, and will remain in line with the trend of changes in recent years, and change in line with the changes in business scale;
4. It is assumed that the cash inflow of the appraised entity is an average inflow, and the cash outflow is an average outflow after the date of valuation;
5. It is assumed that the recovery and self-operation plan of the appraised entity's gas stations can be completed on schedule as planned by the management;
6. It is assumed that the contractual operation contract of the enterprise can be successfully renewed upon expiry;
7. It is assumed that the business licence qualification of Top-E can be renewed upon expiry;
8. It is assumed that the purchase, acquisition and construction processes of the assets involved in the subject of valuation are in compliance with the relevant national laws and regulations;
9. The property rights of the assets owned by the enterprise are clear and owned by the appraised entity, and there are no possible joint and several liabilities and legal issues outside the scope of valuation.

The valuation conclusion in this asset valuation report was effective as at the date of valuation on the aforesaid assumptions. We and the signing valuers disclaim any responsibility for any different valuation conclusion arising from any significant change in any assumption.



**X. VALUATION CONCLUSION**

According to relevant state regulations on asset valuation, in the principle of independence, fairness and objectivity and based on necessary valuation procedures, we appraised the value of all shareholders' equities of Guangdong Top-E Expressway Service Zone Company Limited. We adopted the asset-based approach and income approach in the valuation and the valuation conclusion was reached based on the above valuation work. The valuation conclusion is as follows:

**(I) Valuation results under asset-based approach**

As at 30 September 2023, being the date of valuation, on the basis of ongoing operation, Guangdong Top-E Expressway Service Zone Company Limited had total assets of with book value of RMB3,329,135,700, the appraised value of total assets was RMB3,956,199,500, representing an appreciation amount of RMB627,063,800 and an appreciation rate of 18.84%; total liabilities of with book value was RMB2,833,081,100 and the appraised value was RMB2,833,081,100, representing no appreciation or depreciation; the book value of its net assets was RMB496,054,600 and the appraised value was RMB1,123,118,300, representing an appreciation amount of RMB627,063,800 and an appreciation rate of 126.41%. For details, please see the table below:

**Summary of Asset Valuation Results**

The date of valuation: 30 September 2023

*Unit of amount: RMB'0000*

Item	Book value	Appraised value	Amount of	Appreciation rate (%)
			appreciation or depreciation	
	A	B	C = B-A	D = C/A×100%
1 Current assets	52,340.71	54,257.17	1,916.46	3.66
2 Non-current assets	280,572.86	341,362.78	60,789.91	21.67
3 Including: Long-term equity investments	13,306.13	47,000.32	33,694.19	253.22
4 Other equity instrument investments	360.00	66.36	-293.64	-81.57
5 Fixed assets	65,979.34	88,599.75	22,620.41	34.28
6 Construction in progress	863.93	711.22	-152.71	-17.68
7 Right-of-use assets	161,841.67	161,841.67	–	–
8 Intangible assets	11,136.03	16,306.16	5,170.13	46.43

Item		Book	Appraised	Amount of	Appreciation
		value	value	appreciation or	rate (%)
		A	B	depreciation	D = C/A×100%
				C = B-A	
9	Long-term deferred expenses	15,853.36	15,604.90	-248.46	-1.57
10	Deferred tax assets	10,199.84	10,199.84	–	–
11	Other non-current assets	1,032.57	1,032.57	–	–
12	<b>Total assets</b>	332,913.57	395,619.95	62,706.38	18.84
13	Current liabilities	107,676.01	107,676.01	–	–
14	Non-current liabilities	175,632.10	175,632.10	–	–
15	<b>Total liabilities</b>	283,308.11	283,308.11	–	–
16	<b>Net assets (owners' equity)</b>	49,605.46	112,311.83	62,706.38	126.41

According to the valuation under the asset-based approach, the entire equity interest in Guangdong Top-E Expressway Service Zone Company Limited was RMB1,123,118,300 as at the date of valuation.

### (II) Valuation results under the income approach

The valuation under income approach has shown that the values of the entire shareholders' equity of Guangdong Top-E Expressway Service Zone Company Limited as at 30 September 2023 (being the date of valuation) was RMB2,465,812,700 on a going-concern basis, representing an increase of RMB1,969,758,100 or 397.08%.

### (III) Valuation conclusion

The appraised value of entire equity interest under the income approach was RMB2,465,812,700, and the appraised value of entire equity interest under the asset-based approach was RMB1,123,118,300. The difference was RMB1,342,694,400 or 119.55% between the valuation results under the income approach and the asset-based approach.

These differences are as follows: the asset-based approach is to calculate the appraised value of the entire shareholders' equity under the asset-based approach by deducting the appraised value of the relevant liabilities from the sum of values of each sub-asset of the enterprise which are estimated in appropriate method according to the specific conditions of such sub-asset, based on the going concern basis and assuming the replacement of various production factors. The income approach is based on the judgement of asset profitability, and to capitalise or discount the expected income of the appraised entity for appraising the value of the appraised entity. The asset-based approach considers the value of assets from the re-acquisition of assets and reflects the replacement value of the existing assets of an enterprise. The income approach reflects the value of an enterprise from the perspective of

future profitability of assets, which includes the value of intangible assets such as talent team, sales network, management efficiency and goodwill that are difficult to accurately reflect in the asset-based approach, therefore the income approach can fully reflect the overall value of an enterprise. Meanwhile, in terms of the purpose of this valuation, the acquirer not only focuses on the sum of the value of individual assets currently owned by the appraised enterprise, but also the future profitability and development potential of the appraised enterprise.

As analysed above, this Asset Valuation Report adopts the valuation results derived from the income approach as the valuation conclusion: the appraised value of entire equity interest of Guangdong Top-E Expressway Service Zone Company Limited was RMB2,465,812,700.

This valuation does not take into account the impact of equity liquidity, control premium and minority discount on the valuation results.

## **XI. SPECIAL MATTERS**

The following matters identified in the course of valuation may affect the valuation conclusion but they are beyond the estimation of the appraiser by virtue of the standard of valuation practice and professional competence:

- (I) The valuation conclusion in this valuation report has not taken into consideration the potential relevant expenses and taxes in the process of registration or change of titles of the appraised assets; the impact of mortgage, guarantee, pending litigation and other matters on the valuation conclusion; and the possible changes of tax obligation arising from the increase or decrease in the appraised value.
- (II) This valuation report is based on the information in relation to asset valuation provided by the client and related parties of the appraised entity. It is the responsibility of the client and the related parties to provide the necessary information and ensure the truthfulness, legality and completeness of such information and legality of the operation. The responsibility of asset valuation professionals is to analyse, estimate and express professional view on the value of valuation target as at the valuation reference date for the specific purpose. Asset valuation professionals conduct the necessary verification and disclosure on such information and its sources, which does not represent any guarantee provided as to the truthfulness, legality and completeness of the above- mentioned information. It is beyond the scope of practice for asset valuation professionals to ascertain or express opinions on such information and its sources.
- (III) Prior to this valuation, BDO China Shu Lun Pan Certified Public Accountants LLP Guangdong Branch conducted an audit on Guangdong Top-E Expressway Service Zone Company Limited with 30 September 2023 as the date of valuation, and issued an audit report (Xin Kuai Shi Yue Bao Zi [2024] No. 20156). Guangdong Top-E Expressway Service Zone Company Limited reported the results after audit adjustment. This valuation of the entire shareholders' equity of Guangdong Top-E

Expressway Service Zone Company Limited is conducted on the basis of audit by certified public accountants. The users of this valuation report are requested to pay attention to the above audit report when using this asset valuation report.

- (IV) Notes on special matters related to make reference to the conclusions of reports and the possible impact of such matter on the conclusion of the valuation;

This report did not quote any reports issued by other institutions.

- (V) Notes on special matters related to incomplete or defective ownership information and the possible impact of the matter on the valuation conclusion;

1. Guangdong Top-E Expressway Service Zone Company Limited and its subsidiaries have not applied for the building ownership certificates for the buildings included in the scope of this valuation. Guangdong Top-E Expressway Service Zone Company Limited and its subsidiaries have undertaken that they are the owners of the property rights of such buildings. The appraiser checked the actual measured area reported by Guangdong Top-E Expressway Service Zone Company Limited and its subsidiaries and made the valuation on such area.
2. Top-E Intelligent Toilet Management Platform, one of intangible assets, is developed by Shenzhen Changge Technology Co., Ltd. engaged by Guangdong Top-E Expressway Service Zone Company Limited, the appraised entity. The R&D contract provided that both parties jointly own the property rights of the project, including but not limited to the “Intelligent Toilet Management Platform V1.0” and the upgraded version; the utility model patent titled “A Squatting Toilet Sanitary Appliance Capable of Detecting Blockage”; and the utility model patent titled “An Intelligent Infrared Valve for Fault Detection”. Research and development of technologies, preparation of intellectual property documents and reporting are completed by Shenzhen Changge Technology Co., Ltd. Top-E accounts for 60% of the intellectual property, and Shenzhen Changge Technology Co., Ltd. accounts for 40% of the intellectual property. Therefore, the software copyright owner of “Intelligent Public Toilet Management System V1.0 Based on the Monitoring and Management Platform” is Guangdong Top-E Expressway Service Zone Co., Ltd. and Shenzhen Changge Technology Co., Ltd. as at the date of valuation. The patent owners of the utility model patent titled “A Squatting Toilet Sanitary Appliance Capable of Detecting Blockage” and the utility model patent titled “An Intelligent Infrared Valve for Fault Detection” are Guangdong Top-E Expressway Service Zone Company Limited and Shenzhen Changge Technology Company Limited.

Users of this report should pay attention that this valuation had not taken into consideration the impact of the above defects on the appraised value.

(VI) Notes on special matters related to restrictions on valuation procedures and the possible impact of the matter on the valuation conclusion;

For Guangdong Zhongyou Top-E Energy Sales Co., Ltd. and Guangdong Expressway Media Co., Ltd., a part of the long-term equity investment, although Top-E, the appraised entity, holds 51% equity interest in Zhongyou Top-E, due to the number of directorship is less than half, it does not control Zhongyou Top-E, and Top-E holds 40% equity interest in Expressway Media, and does not control Expressway Media. The appraiser communicated and interviewed Top-E regarding the valuation project, collected information such as business licence, audit report for the past three years and financial statements as at the date of valuation, but it failed to conduct a comprehensive inspection and verification of the assets of Zhongyou Top-E and Expressway Media as at the date of valuation and obtained breakdown and ownership of inventories and fixed assets of Zhongyou Top-E and Expressway Media. As the conditions for the overall valuation were not met, the appraiser obtained the financial statements of the investee as at the date of valuation based on the actual situation of appraised entity. According to the statements of Guangdong Zhongyou Top-E Energy Sales Co., Ltd. and Guangdong Expressway Media Co., Ltd., the profitability of Zhongyou Top-E and Expressway Media in recent years is unstable, and the proportion of tangible assets is relatively low. Therefore, the above-mentioned long-term equity investment was evaluated by the statement analysis method. The above matters did not constitute a significant impact on the conclusion of this appraisal.

(VII) Notes on special matters related to incompleteness of the information of valuation and the possible impact of the matter on the valuation conclusion;

According to the industrial and commercial registration website, as at the date of valuation, Guangdong Jindaoda Expressway Economic Development Co., Ltd., a subsidiary of the assessed entity, held the equity interest of Guangzhou Huadu Jindaoda Expressway Economic Development Co., Ltd. After confirmation from the company, Guangdong Jindaoda Expressway Economic Development Co., Ltd. has not participated in the dividend distribution and management of Guangzhou Huadu Jindaoda Expressway Economic Development Co., Ltd. since 2000. The impairment has been made in the financial accounts with respect to the equity interests held in the above two companies, and those equity interests were not included in the valuation hereunder. Users of the report should be aware of the above.

(VIII) Notes on special matters related to pending legal and economic matter as at the date of valuation and the possible impact of the matter on the valuation conclusion;

**1. Borrowing, Guarantee and mortgage**

As of the valuation date, the appraised entity had the following loans:

No.	Name of the issuing bank (or institution)	Date of Issue	Maturity date	Interest rate per annum	Currency	Book value	Type of loan
1	Industrial and Commercial Bank of China Limited (Guangzhou Baiyun branch)	2022/12/27	2023/12/26	2.20%	RMB	85,345,900.00	loan on credit
2	Industrial and Commercial Bank of China Limited (Guangzhou Baiyun branch)	2023/5/31	2024/5/30	2.00%	RMB	50,000,000.00	loan on credit
3	Industrial and Commercial Bank of China Limited (Guangzhou Third sub-branch)	2023/9/27	2024/9/27	2.75%	RMB	70,000,000.00	loan on credit
4	China CITIC Bank Guangzhou branch	2023/9/27	2024/9/27	2.74%	RMB	25,000,000.00	loan on credit
5	Bank of Communications Guangdong branch	2023/6/21	2024/6/21	2.20%	RMB	50,000,000.00	loan on credit
6	Bank of Communications Guangdong branch	2023/6/21	2024/6/21	2.20%	RMB	19,500,000.00	loan on credit
7	Bank of Communications Guangdong branch	2023/6/25	2024/6/25	2.20%	RMB	9,500,000.00	loan on credit
8	Bank of Communications Guangdong branch	2023/6/26	2024/6/26	2.20%	RMB	9,500,000.00	loan on credit
9	Bank of Communications Guangdong branch	2023/6/28	2024/6/28	2.20%	RMB	9,500,000.00	loan on credit
Total						<u>328,345,900.00</u>	

## 2. Significant pending litigation

As at the date of valuation, pending litigations Top-E involved in are set out as below:

No.	Name of the case	Cause of action	Parties to the litigation		Principal involved	Introduction of the case	Date of prosecution	Stage of progress
			Plaintiff	Defendant				
1	Dispute over contract between Guangdong Top-E Expressway Service Zone Company Limited against Guangdong Junyu Car Company Limited (Car owner centre project)	Contract dispute	Guangdong Top-E Expressway Service Zone Company Limited	Guangdong Junyu Car Company Limited	400,000.00	The plaintiff and the defendant signed the "Service Zone Car Maintenance Project Cooperation Framework Agreement" on 21 May 2018. The defendant failed to perform its contractual obligation. The plaintiff sues the defendant for the payment of the total outstanding contracting fees of RMB400,000 and pleads to the court to order the car service centre assets formed by investment of the defendant to the plaintiff.	2023/1/28	Pending. Second trial ongoing.

No.	Name of the case	Cause of action	Parties to the litigation		Principal involved	Introduction of the case	Date of prosecution	Stage of progress
			Plaintiff	Defendant				
2	Dispute over construction contract Guangdong Top-E Expressway Service Zone Company Limited against Xiamen Luluxing Greening Engineering Construction Co., Ltd.	Contract dispute	Guangdong Top-E Expressway Service Zone Company Limited	Xiamen Luluxing Greening Engineering Construction Co., Ltd.	6,128,908.16	In March 2012, Top-E and Xiamen Luluxing Greening Engineering Construction Co., Ltd. signed the entrusted construction contract for the two phases of Guizhou Huixing greening engineering. In 2016, M-Grass Group acquired a part of equity of Luluxing with substantial control. The original management team of Luluxing was replaced M-Grass Group. The new management team did not understand historical accounts and projects. The final auditing was completed in early 2023. According to contractual agreement and audit results, Luluxing should pay Top-E approximately RMB618,900 for the remaining works of 21-A bid and approximately RMB749,700 for the remaining works of 21-B bid, and return the performance deposits and safety deposits of approximately RMB4.76 million paid on its behalf, amounting to a total of approximately RMB6.129 million. After numerous attempts to communicate, the parties could not reach an agreement on the resolution. Top-E sued Luluxing at the Changshun Court in Guizhou Province.	2023/6/15	Pending



Save for the above matters, the appraised entity did not provide any other mortgage, pledge, guarantee and significant pending litigation of the appraised assets to the valuer. This valuation has taken into account the impact of the above guarantees, mortgages and pending litigation on the valuation conclusion.

- (ix) The nature and amount of guarantees/leases/contingent liabilities (contingent assets) and other matters and the special explanation on the relationship with the subject of valuation and the possible impact of such matters on the valuation conclusion;

None.

- (x) Notes on special matters related to the possible impact of the matter on the valuation conclusion from the date of valuation to the date of asset valuation report;

During the validity period from the date of valuation to date of the asset valuation report, if there are significant changes in the quantity and pricing standard of the appraised assets which affect the valuation conclusion, the valuation conclusion cannot be directly used, and the valuation conclusion shall be adjusted or reassessed. We are not responsible for any significant changes in the value of the appraised assets after the date of valuation.

Users of the asset valuation report should pay attention to the impact of the above special matters on the valuation conclusion.

## **XII. NOTES ON THE LIMITATIONS ON USE OF THE ASSET VALUATION REPORT**

- (I) This asset valuation report shall be used for the purposes and uses of valuation set out in this asset valuation report only and by the users specified in this asset valuation report only. The extraction of, reference to or public disclosure of all or any part of this asset valuation report shall be subject to our review, unless otherwise provided in the laws or regulations or agreed between the relevant parties;
- (II) If the client or other users of the asset valuation report fail to use the asset valuation report in accordance with the laws, administrative regulations and the scope of use specified in the asset valuation report, the valuer and its asset valuation professionals disclaim any liability arising therefrom;
- (III) Except for the client, other users of the asset valuation report as agreed in the asset valuation engagement contract and users of the asset valuation report as stipulated by laws and administrative regulations, no other institution or individual shall be a user of the asset valuation report;
- (IV) The users of the asset valuation report shall have a correct understanding of the valuation conclusion and use it correctly, which does not represent the realisable price of the subject of valuation and shall not be deemed a guarantee for the realisable price of the subject of valuation;

- (V) This asset valuation report shall not be put into use unless and until it has been signed by the asset appraiser conducting the valuation and affixed with the official seal of the valuer and it has been filed by regulatory authorities of state-owned assets or funding enterprises;
- (VI) The valuation conclusion disclosed in this asset valuation report is only valid for the economic behaviour described in the asset valuation report, and the valuation conclusion shall be valid for one year from the date of valuation.

**XIII. DATE OF ASSET VALUATION REPORT**

The date of the asset valuation report is 20 February 2024.

**XIV. SIGNATURE OF VALUER AND ASSET APPRAISER**

Asset appraiser: Zhu Wei

Asset appraiser: Lu Boya

Beijing Guorongxinghua Assets Appraisal Co., Ltd.

20 February 2024

## (I) DETERMINATION OF FUTURE REVENUE OF TOP-E

## 1. Forecast of operating income

## (1) Historical operating income

Top-E is a chain enterprise authorized by GCGC to implement the integrated operation of expressway service zones solely owned or controlled by GCGC 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 operating right, 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 company's revenue from principal business includes revenue from oil sales, revenue from convenience store goods sales, revenue from commercial development, revenue from energy merchant solicitation and revenue from management platform safety and properties as well as others.

The main historical statistics are as follows:

*Unit of amount: RMB*

Item	Indicator	2019	2020	2021	2022	January to September 2023
Revenue from oil sales	Annual sales volume of the enterprise (tons)	125,281.41	176,901.67	188,523.72	188,222.33	211,173.97
	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
Revenue from convenience store goods sales		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 energy merchant solicitation		307,146,689.57	299,014,653.35	279,195,963.11	216,615,203.60	160,223,658.43
Revenue from management platform safety and properties as well as others		57,934,645.94	60,627,773.83	61,131,297.36	50,648,598.38	39,812,680.24
Total revenue from principal business		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

Notes:

- (i) revenue from oil sales represents revenue from self-owned gas stations
- (ii) revenue from energy merchant solicitation represents revenue from outsourced gas stations

As noted from the analysis in the table above, operating income from 2019 to September 2023 has been increasing year by year, mainly due to the increase in service zones.

For revenue from the energy segment, the actual sales volume of oil from proprietary oil stations in 2023 was 283,066.40 tons, an increase of approximately 50% compared to that in 2022; sales volume of oil remains relatively stable in 2024, and considering the penetration of new energy vehicles, sales volume of oil will decrease from 2026 to 2028. Due to the expiration of outsourced oil station contracts in each of the forecast years, it is expected that such oil stations will be repossessed and operated by Top-E after the expiration of the contracts. Based on the expiration date of the contracts, there will be a 3-month period reserved to carry out renovation and obtain permits in respect of the repossessed oil stations. Sales volume of oil at the repossessed oil stations for future years is calculated based on sales volume of oil at the repossessed oil stations in 2023. Meanwhile, oil price at the valuation benchmark date was at historical high and is expected to gradually decrease to historical averages over two years. The plan for repossession of oil stations by Top-E is as follows:

Name of service zone	Date of outsourced operation contract	Number of months in operation in 2023	Number of months in operation in 2024	Number of months in operation in 2025	Number of months in operation in 2026	Number of months in operation in 2027	Number of months in operation in 2028
Shatian Service Zone Oil Station	20 August 1998 to 19 August 2023	1	12	12	12	12	12
Yuwan Service Zone Oil Station	8 September 2003 to 17 August 2023	1	12	12	12	12	12
Yuebei Service Zone Oil Station	3 April 2003 to 2 April 2023	6	12	12	12	12	12
Yunyan Service Zone Oil Station	3 April 2003 to 2 April 2023	6	12	12	12	12	12
Taimei Service Zone Oil Station	20 December 2003 to 19 June 2024	0	3	12	12	12	12
Reshui Service Zone Oil Station	30 December 2005 to 29 June 2024	0	3	12	12	12	12
Puning Service Zone Oil Station	29 December 2003 to 28 June 2024	0	3	12	12	12	12

**APPENDIX V****ADDITIONAL INFORMATION  
REGARDING THE ASSET VALUATION**

<b>Name of service zone</b>	<b>Date of outsourced operation contract</b>	<b>Number of months in operation in 2023</b>	<b>Number of months in operation in 2024</b>	<b>Number of months in operation in 2025</b>	<b>Number of months in operation in 2026</b>	<b>Number of months in operation in 2027</b>	<b>Number of months in operation in 2028</b>
Zhongxin Service Zone Oil Station	30 December 2005 to 29 June 2024	0	3	12	12	12	12
Heping Service Zone Oil Station	30 December 2005 to 29 June 2024	0	3	12	12	12	12
Yangxi Service Zone Oil Station	26 November 2004 to 25 November 2024	0	0	10	12	12	12
Dianbai Service Zone Oil Station	26 November 2004 to 25 November 2024	0	0	10	12	12	12
Wayaogang Service Zone Oil Station	26 June 2004 to 25 June 2024	0	3	12	12	12	12
Xiangang Service Zone Oil Station	15 December 2004 to 14 February 2024	0	0	9	12	12	12
Antang Service Zone Oil Station	24 December 2004 to 23 December 2024	0	0	9	12	12	12
Huangzhuping Service Zone Oil Station (Single)	19 December 2004 to 18 December 2024	0	0	0	2	12	12
Lankou Service Zone Oil Station	30 June 2005 to 29 June 2025	0	0	3	12	12	12
Xingning Service Zone Oil Station	30 October 2005 to 29 October 2023	0	0	0	11	12	12

**APPENDIX V****ADDITIONAL INFORMATION  
REGARDING THE ASSET VALUATION**

Name of service zone	Date of outsourced operation contract	Number of months in operation in 2023	Number of months in operation in 2024	Number of months in operation in 2025	Number of months in operation in 2026	Number of months in operation in 2027	Number of months in operation in 2028
Chaozhou Service Zone Oil Station	23 November 2025	0	0	0	10	12	12
Doumen Service Zone Oil Station	27 December 2005 to 26 December 2023	0	0	0	9	12	12
Hengshan Service Zone Oil Station	1 March 2006 to 28 February 2024	0	0	0	9	12	12
Daqiao Service Zone Oil Station	6 January 2010 to 15 October 2026				0	12	12
Ruyuan Service Zone Oil Station	8 January 2009 to 17 October 2026				0	12	12
Service Zone Oil Station	30 October 2005 to 29 October 2027						12
Hengshishui Service Zone Oil Station	1 January 2018 to 18 October 2026					11	12
Liangjinshan Service Zone Oil Station	1 July 2020 to 3 November 2026					11	12

For revenue from convenience store goods sales and merchant solicitation business segments, considering that the revenue level in 2023 has recovered to that in 2019, Top-E will focus on operations in existing service zones in the subsequent years, and the expressway retail industry will experience saturated development with stable revenue growth.

This appraisal is based on the historical data of the prior periods of the enterprise and the profit forecast data submitted by the appraised entity and is conducted in combination with a review on the rationality of forecasted revenue after taking into account factors such as current macroeconomic environment, current industry development, project and future development plans and development trend of comparable enterprises in the industry.

(2) Forecasted revenue for future years is as follows:

*Unit of amount: RMB*

Item	Indicator	October to December 2023	2024	2025	2026	2027	2028
Revenue from oil sales	Annual sales volume of the entity (tons)	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
	Revenue from convenience store goods sales	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 energy merchant solicitation	69,598,848.63	235,237,800.00	185,330,600.00	175,785,700.00	172,105,800.00	167,849,600.00	
Revenue from management platform safety and property as well as others	14,364,535.94	56,886,100.00	59,730,400.00	62,716,900.00	65,852,700.00	69,145,300.00	
<b>Total revenue from principal business</b>		<b>910,534,827.23</b>	<b>4,195,907,300.00</b>	<b>4,984,876,800.00</b>	<b>5,138,215,600.00</b>	<b>5,298,337,600.00</b>	<b>5,186,775,200.00</b>

*Note:*

- (i) As forementioned, Top-E expected that such oil stations which are outsourced to and operated by third parties will be repossessed and operated by Top-E after the expiration of the contracts, resulting in an increase in the number of self-operated gas stations. The increase in self-operated gas stations is expected to lead to a decline in the gross profit margin of oil sales. Considering that the operation of Top-E has returned to normal in 2023, the Valuer adopted the gross profit margin of oil sales in 2023 as the basis for forecasting the future gross profit margin of oil sales. Due to the significant increase in the number of self-operated gas stations (27 and 10 respectively) in 2024 and 2025, the costs of self-operated gas stations increased accordingly, resulting in a decrease in the gross profit margin of oil sales in these years. However, gross margins will stabilize over time as the growth in the number of self-operated stations declines.
- (ii) As mentioned above, Top-E expected that such oil stations which are outsourced to and operated by third parties will be repossessed and operated by Top-E after the expiration of the contracts. These third-party contractors are not entitled to operation rights to the outsourced oil stations upon expiration. As the outsourced gas stations of Top-E will continue to provide the same quality oil to the customers of the gas stations, and these gas stations are in relatively closed environments including expressways, where there are no alternative gas stations usually, customers will therefore continue to purchase oil from these gas stations based on their

past consumption choices. Due to the impact of the COVID-19 pandemic, the sales volume of oil in years 2020 to 2022 may not reflect the sales volume of oil in the normal years. However, after the end of the COVID-19 pandemic in 2023, the Company's production and operation returned to normal, and the sales volume of oil returned to normal. Therefore, it is reasonable to project the volume of oil sale from the at the repossessed oil stations for future years based on oil sales in 2023.

- (iii) As shown in the above table, the expected revenue of energy merchant solicitation will decrease year by year in the future. The revenues of energy merchant solicitation for future years are expected to decrease, which is mainly based on (i) the year by year decrease of the historical income of energy merchant solicitation (details are set out in the section headed "Determination of Future Revenue of Top-E – Forecast of operating income – Historical operating income"), (ii) the expected decrease in revenue from energy merchant solicitation business as the number of outsourced oil stations will decline due to the anticipated repossessions of those outsourced oil stations upon the expiry of relevant contact terms.
- (iv) As shown in the above table, revenue from convenience store goods sales, revenue from commercial development and revenue from management platform safety and property as well as others are expected to maintain steady growth in the future years. Considering that Top-E has recovered to the income level before the COVID-19 pandemic in 2023, it is expected that the occupancy rate of the existing expressway service zones will increase in the future years and their rentals will increase over the rentals agreed in the existing leases. Therefore, the forecasted revenue from convenience store goods sales and the forecasted revenue from commercial development of expressway service zones in the future will increase steadily over the revenue in 2023. The revenue from management platform safety and property as well as others is determined based on the rental unit area. Therefore, the revenues in the future years will increase correspondingly with the increase in the occupancy rate of the service zones, and are expected to demonstrate a steady growth.
- (v) Revenue from oil sales represents revenue from self-operated gas stations. Revenue from energy merchant solicit represents revenue from outsourced gas stations.



## 2. Forecast of operating costs

### (1) Historical operating costs

*Unit of amount: RMB*

Item	Nature	2019	2020	2021	2022	January to September 2023
<b>Oil sales cost</b>	Oil purchase cost	841,180,187.98	907,527,615.87	1,222,634,444.83	1,484,394,081.88	1,616,205,444.24
	Non-oil goods purchase cost	6,934,325.81	10,816,968.24	13,462,759.53	14,096,221.69	15,844,640.90
	Labor cost	34,941,065.88	42,936,155.78	50,717,865.54	56,728,695.42	44,698,492.15
	Operation and management cost	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
	Sales volume	125,281.41	176,901.67	188,523.72	188,222.33	211,173.97
	Unit cost	7,155.77	5,532.14	6,914.35	8,364.84	8,012.45
<b>Convenience store goods sales cost</b>	Goods purchase cost	312,298,344.61	258,867,391.34	227,373,677.60	177,799,489.75	222,857,166.27
	Labor cost	46,079,077.03	49,024,820.53	60,961,276.15	69,140,057.99	54,300,153.15
	Operation and management cost	44,416,459.62	36,503,726.18	29,490,889.75	26,040,659.86	22,760,092.39
	Total cost	402,793,881.26	344,395,938.05	317,825,843.50	272,980,207.60	299,917,411.81
<b>Management platform cost</b>	Contracting cost	104,071,875.75	121,289,108.30	146,964,563.67	152,908,320.77	120,884,161.73
	Labor cost	192,943,444.30	223,107,109.58	252,342,813.99	247,646,476.54	183,847,986.44
	Operation and management cost	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 cost	116,469,394.07	118,372,545.80	121,259,084.42	137,452,578.70	110,419,104.92
	Total cost	500,746,439.13	579,817,598.37	639,737,537.35	657,656,749.06	497,157,270.51
<b>Total cost in aggregation</b>		<b>1,800,025,488.31</b>	<b>1,902,858,663.21</b>	<b>2,261,081,988.86</b>	<b>2,505,087,035.51</b>	<b>2,489,094,777.19</b>

As noted from the above table, the gross profit margin of Top-E has remained relatively stable in the historical years. Due to the difficulty in forecasting raw material prices in the medium to long term and that gross profit is also subject to the combined effect of other factors such as selling price, considering that the enterprise's operations have returned to normal level in 2023, gross profit margin in 2023 is used as the basis for forecasting future gross profit margin.

**APPENDIX V**
**ADDITIONAL INFORMATION  
REGARDING THE ASSET VALUATION**

Meanwhile, for costs that are not highly sensitive to revenue such as management platform costs, a comprehensive analysis and prediction has been made based on historical contract amounts, the enterprise's accounting policies on depreciation and amortization and employee compensation policies.

(2) Forecasted operating costs for future years are as follows:

*Unit of amount: RMB*

Item	Nature	October to December 2023	2024	2025	2026	2027	2028
<b>Oil sales cost</b>	Oil purchase cost	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
	Non-oil goods purchase cost	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 cost	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 cost	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
	Sales volume	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
<b>Convenience store goods sales cost</b>	Goods purchase cost	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 cost	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 cost	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 cost	85,572,310.30	404,764,200.00	425,002,400.00	446,252,600.00	468,565,300.00	491,993,500.00
<b>Management platform cost</b>	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 cost	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 cost	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 cost	234,617,725.95	767,079,728.27	782,953,783.36	799,057,652.73	815,843,552.73	833,305,252.73
<b>Total cost in aggregation</b>		<b>871,904,380.01</b>	<b>3,843,078,828.27</b>	<b>4,550,158,683.36</b>	<b>4,687,546,452.73</b>	<b>4,825,393,352.73</b>	<b>4,726,961,552.73</b>

*Notes:*

- (i) Effect of the increase in self-operated gas stations has been reflected in the forecasted operating costs.
- (ii) As set out in the above table, the convenience store goods sales cost is expected to maintain steady growth in the future years. Since the operation of Top-E has returned to normal in 2023, the valuer uses the revenue from convenience store goods sales in 2023 as basis and projects that the convenience store goods sales cost will maintain the same proportionate growth in the future years along with the revenue from convenience store

goods sales. In addition, it is expected that the management platform cost will maintain a low growth rate in the future years. The growth of costs from management platform safety and property and others in the future years are forecasted after comprehensive analysis and prediction based on historical contract amounts, the enterprise's policies on depreciation and amortization and employee compensation policies.

### 3. Forecast of taxes and surcharges

Taxes and surcharges include city construction tax, education surcharge, local education surcharge, property tax, land use tax, stamp duty, etc. Guangdong Top-E Expressway Service Zone Limited is subject to value-added tax at the rates of 13% and 6% on its operating income. It is subject to urban construction tax, education surcharge and local education surcharge at the rates of 7%, 3% and 2%, respectively, based on the turnover tax. Land use tax and property tax are forecast based on historical data. The applicable tax rates are expected to remain unchanged for each year during the forecast period. Forecasted taxes and surcharges are as follows:

*Unit of amount: RMB*

Item	October to 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
Education 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 education 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 duty	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 of selling expenses

Selling expenses of the appraised entity mainly include advertising expenses, consulting expenses, security service fees, travel expenses, entertainment expenses, sales department office expenses, employee compensation and other expenses. For employee compensation, the management is of the view that existing sales employees are sufficient to satisfy future business needs, and it is expected that the number of employees will remain unchanged. Salary per employee is expected to increase by 3% annually according to the group's existing compensation policy. As the correlation between other selling expenses and revenue is insignificant, this appraisal is based on actual data of historical years with an average annual growth rate of 5% for future years.

Forecasted selling expenses for future years are as follows:

*Unit of amount: RMB*

Item	October to	2024	2025	2026	2027	2028
	December 2023					
Advertising expenses	635,106.25	1,216,500.00	1,277,300.00	1,341,200.00	1,408,300.00	1,478,700.00
Consulting expenses	217,475.73	315,340.00	331,110.00	347,670.00	365,050.00	383,300.00
Security service fees	53,767.59	436,520.00	458,350.00	481,270.00	505,330.00	530,600.00
Travel expenses	275,359.64	1,010,600.00	1,061,100.00	1,114,200.00	1,169,900.00	1,228,400.00
Entertainment 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 expenses	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
<b>Total selling expenses</b>	<b>10,121,990.62</b>	<b>34,994,860.00</b>	<b>36,175,590.00</b>	<b>37,398,480.00</b>	<b>38,664,940.00</b>	<b>39,976,540.00</b>

## 5. Forecast of general and administrative expenses

General and administrative expenses of the appraised entity mainly include depreciation and amortization expenses, employee compensation, office expenses, vehicle usage expenses, IT and maintenance expenses, repairment expenses, travel expenses, consulting expenses, party building work expenses, environmental protection and greening expenses, audit expenses, business entertainment expenses and other expenses.

The forecast of general and administrative expenses is conducted in respect of fixed components and variable components. Fixed components mainly consist of depreciation and amortization, which do not change with revenue from principal business; and variable components mainly include labor costs, which vary with increase of business volume.

### (1) Forecast of fixed components

In this appraisal, depreciation charges of fixed assets and amortization expenses of intangible assets are calculated based on existing fixed assets and intangible assets in accordance with existing accounting policies after taking into account additional capital expenditures required for replacement of fixed assets.

*(2) Forecast of variable components*

For employee compensation, the management is of the view that existing management employees are sufficient to satisfy future business needs, and it is expected that the number of management employees will remain unchanged. Salary per employee is expected to increase by 3% annually according to the group's existing compensation policy. For other variable expenses, this appraisal is based on actual data of historical years with an average annual growth rate of 5% for future years. For research and development expenses, the project as verified is a one-year R&D project and is not expected to incur in subsequent years.

Forecasted general and administrative expenses for future years are as follows:

*Unit of amount: RMB*

Item	October to December 2023	2024	2025	2026	2027	2028
<b>Fixed components</b>						
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
<b>Total of fixed components</b>	1,385,327.43	6,621,035.57	6,621,035.57	6,621,035.57	6,621,035.57	6,621,035.57
<b>Variable components</b>						
Human resources expenses	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 usage expenses	937,838.03	1,605,800.00	1,686,100.00	1,770,400.00	1,858,900.00	1,951,800.00
IT and maintenance expenses	3,329,013.58	5,898,400.00	6,193,300.00	6,503,000.00	6,828,200.00	7,169,600.00
Repairment expenses	41,621.80	68,120.00	71,530.00	75,110.00	78,870.00	82,810.00
Travel expenses	110,232.42	421,460.00	442,530.00	464,660.00	487,890.00	512,280.00
Consulting expenses	81,149.11	730,910.00	767,460.00	805,830.00	846,120.00	888,430.00
Party building work expenses	201,011.41	402,880.00	423,020.00	444,170.00	466,380.00	489,700.00
Environmental protection and greening expenses	283,279.24	297,440.00	312,310.00	327,930.00	344,330.00	361,550.00

**APPENDIX V**

**ADDITIONAL INFORMATION  
REGARDING THE ASSET VALUATION**

<b>Item</b>	<b>October to December 2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
Audit expenses	301,498.12	316,570.00	332,400.00	349,020.00	366,470.00	384,790.00
Business entertainment expenses	91,119.40	411,000.00	431,550.00	453,130.00	475,790.00	499,580.00
Research and development expenses	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
<b>Total of variable components</b>	<b>20,268,037.88</b>	<b>55,141,480.00</b>	<b>54,034,000.00</b>	<b>56,045,850.00</b>	<b>58,137,550.00</b>	<b>60,312,440.00</b>
<b>Total general and administrative expenses</b>	<b>21,653,365.31</b>	<b>61,762,515.57</b>	<b>60,655,035.57</b>	<b>62,666,885.57</b>	<b>64,758,585.57</b>	<b>66,933,475.57</b>

**6. Forecast of finance expenses**

As at the valuation benchmark date, finance expenses of the appraised entity are interest income, interest expenses and handling fees. Interest expenses are forecasted based on the fundraising plan of Top-E and interest rates of its borrowings at the valuation benchmark date. Handling fees are considered based on their proportion of historical revenue. The forecasted finance expenses for future years are as follows:

*Unit of amount: RMB*

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

**7. Forecast of 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. Forecast of capital expenditure**

Capital expenditure of Top-E mainly consists of supplementary investments in existing assets. For capital expenditure on replacement of existing fixed assets at the valuation benchmark date for future years, the forecast is made based on the depreciation amount of such assets for the year of the valuation benchmark date from the long-term and balanced perspective; as for the years after 2028, capital expenditure is forecasted under the premise of unexpanded scale and retaining simple reproduction based on the depreciation amount for the year from the long-term and balanced perspective.

**9. Forecast of depreciation and amortization****① Forecast of depreciation**

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

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

Amortization mainly comprises amortization of intangible assets and amortization of long-term deferred expenses. In this appraisal, amortization amount is forecasted according to the account policies of the enterprise as at the valuation benchmark date.

**10. Appraisal of increase in working capital**

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. 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 the meantime, in economic activities, the provision of business credit can reduce instant payment of cash correspondingly. Usually, most of other receivables and other payables are accounted for in respect of related party or non-operating transactions; taxes and wages payable are mostly incurred during business operations, with relatively fast turnover, relatively short overdue period and relatively small amounts. In the appraisal, it is assumed that the balance at the valuation benchmark date will remain stable. Therefore, in principle, in the appraisal of 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, increase in working capital is defined as:

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

Working capital = Operating cash + inventories + accounts receivable – accounts payable

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 accounts receivable, notes receivable, prepayments and other accounts receivable related to operating activities.

Inventories = Total operating costs/inventory turnover rate

Payables = Total operating costs/turnover rate of accounts payable

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



**APPENDIX V****ADDITIONAL INFORMATION  
REGARDING THE ASSET VALUATION**

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 increase in working capital in each year during the future operating period can be obtained. The calculation is as follows:

*Unit of amount: 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
<b>Full cost</b>	<b>910,589,867.26</b>	<b>3,960,526,932.79</b>	<b>4,672,854,979.76</b>	<b>4,814,427,786.40</b>	<b>4,955,712,234.11</b>	<b>4,860,737,312.41</b>
<b>Period</b>						
<b>expenses</b>	<b>31,775,355.93</b>	<b>96,757,375.57</b>	<b>96,830,625.57</b>	<b>100,065,365.57</b>	<b>103,423,525.57</b>	<b>106,910,015.57</b>
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
General and						
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
<b>Depreciation</b>						
<b>and</b>						
<b>amortization</b>	<b>36,076,527.30</b>	<b>143,703,063.84</b>	<b>144,060,918.93</b>	<b>144,026,988.30</b>	<b>144,026,988.30</b>	<b>144,026,988.30</b>
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
<b>Cash cost</b>	<b>874,513,339.96</b>	<b>3,816,823,868.95</b>	<b>4,528,794,060.83</b>	<b>4,670,400,798.10</b>	<b>4,811,685,245.80</b>	<b>4,716,710,324.10</b>
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
<b>Working</b>						
<b>capital</b>	<b>7,140,437.64</b>	<b>8,705,322.38</b>	<b>11,456,636.28</b>	<b>12,140,304.09</b>	<b>13,192,475.44</b>	<b>12,835,407.72</b>
<b>Increase in</b>						
<b>working</b>						
<b>capital</b>	<b>-98,262,579.01</b>	<b>1,564,884.74</b>	<b>2,751,313.90</b>	<b>683,667.81</b>	<b>1,052,171.35</b>	<b>-357,067.72</b>

**11. Results of the appraisal 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 statements of the enterprise, and in accordance with comprehensive circumstances such as 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 of amount: RMB0'000*

Year	October to 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: Amortization 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: Increase in working capital	-9,826.26	156.49	275.13	68.37	105.22	-35.71	
VI. Free cash flow of enterprise	2,438.58	23,372.09	34,881.42	35,796.75	33,645.55	32,628.87	23,671.62

**(II) KEY INPUTS OF VALUATION****1. 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 enterprise, 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:

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

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

**(2) Valuation process of specific parameters:****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 24 months and are actively traded.
- III. The comparable listed companies are in the same industry as the appraised entity or affected by the same economic policies.
- IV. Main product names and main revenue composition are similar.

Based on the above selection criteria, we used Wind Information 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. (深圳市廣聚能源股份有限公司)

Stock code: 000096.SZ

Stock abbreviation: Guangju Energy

Date of establishment: 1999-2-18

Listing Date: 2000-07-24

Registered address: 22 Floor, Tianli Central Business Plaza, Haide Third Road, Nanshan District, Shenzhen (深圳市南山區海德三道天利中央商務廣場22樓)

Business scope: Its general operating projects include: setting up industrial enterprises (specific projects shall be reported separately); domestic commerce and material supply and sale (excluding franchised, exclusively controlled, and monopolized goods); investment in electric power enterprises (specific projects shall be reported separately); import and export business in accordance with the Certificate of Approval for Enterprises with Foreign Trade Rights in the PRC (《中華人民共和國進出口企業資格證書》); refined oil (operated by branches); operation of liquefied petroleum gas (limited to bottled, separate license for operation site).

Company profile:

The company is a comprehensive energy state-owned listed company that integrates refined oil, liquid chemical storage and transportation, hazardous chemicals storage, transportation and trade, liquefied petroleum gas operation, power investment, and real estate operation. It is classified as a Class I enterprise in Shenzhen. The company's main business is energy investment and operation. It is rooted in Shenzhen and radiates to southern China. Through investment, construction, acquisitions and mergers, it has acquired high-quality assets such as petrochemical warehouses, oil depots, automobile gas stations, and liquefied gas storage and distribution stations, as well as equity interests in enterprises such as Nanshan Power (南山熱電), Shennan Gas (深南燃氣), Mawan Power (媽灣電力), Xiefu Energy (協孚能源), Baosheng Bank (寶生銀行). The company currently has six holding subsidiaries, namely Nanshan Oil (南山石油), Guangju Yisheng (廣聚億升), Guangju Yida (廣聚億達), Guangju Industrial (廣聚實業), Guangju Real Estate (廣聚房地產) and Guangju Hong Kong (廣聚香港). In the petrochemical industry, the company always regards safety as the top priority. The company has established a complete set of safety management system, and each hazardous chemical business unit has strictly implemented the relevant safety management regulations to achieve safe operation for many years.

The relevant financial indicators of the company in the past three years are as follows:

Reporting Period	2020 Annual Report	2021 Annual Report	2022 Annual Report
Main revenue composition (%)	Petroleum products: 71.23%	Petroleum products: 75.21%	Petroleum products: 79.57%
	Chemical revenue: 26.62%	Chemical revenue: 20.5%	Chemical revenue: 17.71%
	Others: 1.21%	Others: 3.49%	Others: 2.1%
	Gas station convenience stores: 0.86%	Gas station convenience stores: 0.8%	Gas station convenience stores: 0.62%
	Storage revenue: 0.08%		

Source: Wind Information

Comparable company 2: Xinjiang International Industry Co., Ltd. (新疆國際實業股份有限公司)

Stock code: 000159.SZ

Stock abbreviation: International Industry

Date of establishment: 1999-03-28

Listing Date: 2000-09-26

Registered address: 9th Floor, Dacheng International Building, No. 358 Beijing South Road, High-tech Industrial Development Zone, Urumqi, Xinjiang (新疆烏魯木齊高新技術產業開發區北京南路358號大成國際大廈9樓)

Business scope: Operating import and export business (specific matters shall be subject to the approval of the Ministry of Foreign Trade and Economic Cooperation); import of fuel oil and export of coke operations; sales of fuel oil, heavy oil, oxidizers and organic peroxides; production and sales of coking coal, coal chemical products and coal products (except for products subject to special approval requirements of the state); wholesale of coal export business and border trade refined oil export business; coal tar, coal tar pitch, naphtha, solvent oil, petroleum crude oil, liquefied petroleum gas (except for unlicensed hazardous chemicals); export of ephedrine and ephedrine products; equity investment; sales of mechanical and electrical equipment, chemical products (except for automobiles and products subject to special requirements of the state), petrochemical products, light industrial products, building materials, metal materials, modern office supplies, livestock products, agricultural and sideline products (grain collection, storage and wholesale), needles and cotton textiles; planting of tomatoes and processing and sales of tomato products; real estate development, sales and leasing; cotton sales; operation of small-scale border trading business. (For projects that are subject to approval in accordance with the law, business activities can only be carried out after approval by the relevant authorities)

Company profile:

Relying on the advantageous resources of Xinjiang, the company has implemented diversification, industrialization and internationalization strategies, and has gradually developed into a large and medium-sized energy enterprise across industries and regions. The company will rely on Xinjiang's resource advantages and location advantages, with the energy industry as its pillar, the real estate industry as a supplement, and the international trade as a link to actively explore Central Asia, Europe and domestic markets, in order to achieve sustainable development of the company. The industrial fields the company is involved in include 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 the coal and coke industries; real estate development, sales, leasing, etc. The company has relatively complete petroleum and petrochemical product operation qualifications. It has hazardous chemicals warehousing, wholesale, retail and railway transportation operation qualifications, and import qualifications for fuel oil, heavy oil, etc.; it has its own dedicated railway lines, oil tank storage bases, and complete transportation facilities. The company has been engaged in energy trade business in Central Asia for a long time, has accumulated rich experience in international energy trade, has a certain customer base, and has formed a strong competitive advantage in the same industry in the region.

The relevant financial indicators of the company in the past three years are as follows:

Reporting Period	2020 Annual Report	2021 Annual Report	2022 Annual Report
Main revenue composition (%)	Oil products; 76.44%	Oil products; 65.77%	Oil products; 52.49%
	Real Estate: 10.8%	Manufacturing: 25.28%	Photovoltaic bracket: 31.07%
	Disposal of investment properties: 6.42%	Other businesses: 5.65%	Other steel structures: 6.49%
	Warehousing services: 3.35%	Real Estate: 3.04%	Angle steel tower: 5.76%
	Others: 2.79%	Others: 0.27%	Steel pole: 2.14%
	Other businesses: 0.19%		Others: 1.34%
			Real Estate: 0.59%
			Warehousing services: 0.08%
			Disposal of investment properties: 0.03%

Source: Wind Information

Comparable company 3: SINOPEC Shandong Taishan Petroleum CO., LTD. (中國石化山東泰山石油股份有限公司)

Stock code: 000554.SZ

Stock abbreviation: Taishan Petroleum

Date of establishment: 1993-03-17

Listing Date: 1993-12-15

Registered address: No. 369, Dongyue Street, Tai'an City, Shandong Province (山東省泰安市東嶽大街369號)

Business scope: Licensed projects: retail of refined oil; wholesale of refined oil; warehousing of refined oil; gas operation; food sales; retail of publications; retail of tobacco products; retail of pesticides; wholesale of pesticides; real estate development and operations; accommodation services; catering services; power supply business; power generation business, power transmission business, power supply (distribution) business; motor vehicle inspection and testing services. (Projects that require approval according to law can only be carried out with the approval of relevant departments. Specific operating projects are subject to the approval documents or licenses of relevant departments) General projects: food sales (only sales of pre-packaged food); sales of infant formula milk powder and other infant formula food; sales of health food (prepackaged); sales of petroleum products (excluding hazardous chemicals); sales of chemical products (excluding licensed chemical products); sales of lubricating oil; sales of general merchandises; sales of daily necessities; retail of cosmetics; retail of clothing and apparel; sales of labor protection supplies; sales of tires; retail of hardware products; sales of home appliances; sales of new cars; wholesale of auto parts; repair and maintenance of motor vehicles; distribution of used cars; retail of stationeries; retail of sporting goods and equipment; sales of building materials; sales of knitted textiles; retail of edible agricultural products; wholesale of edible agricultural products; sales 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); sales of gifts and flowers; sales of electronic products; sales of fertilizers; ticket agency services; sales agents; car wash services; property management; housing leasing; land use rights leasing; information consulting services (excluding licensing information consulting services); sales of solar thermal power generation equipment; repair of electrical equipment; conference and exhibition services; advertisement release (not on radio stations, TV stations, newspapers and periodical publishing units); advertisement production; road cargo transportation of ordinary freight vehicles with a total mass of 4.5 tons and below (except online freight and dangerous goods); research and development of emerging energy technologies; sales of charging piles; sales of Class I medical devices; sales of Class II medical devices; business training (excluding education training, vocational skills training and other training that require a license) operation of branches; centralized fast charging stations; operation of electric vehicle charging Infrastructure; sales of motor vehicle charging; sales of new energy vehicle electrical accessories; sales of power exchange facilities for new energy vehicles; sales of batteries; sales of station hydrogenation and hydrogen storage facilities; research and development of carbon emission reduction, carbon conversion, carbon capture, and carbon storage technologies. (Except for projects that require approval according to law, business activities shall be carried out independently with a business license and in accordance with the law)



Company profile:

The company is one of the 44 key enterprise groups in Shandong Province. The company is mainly engaged in the wholesale and retail of refined oil products; natural gas refueling business for vehicles and non-oil products business. The non-oil business mainly relies on the company's main business to provide consumers with serialized and convenient services, mainly including the operation of convenience stores, car maintenance, in-station outdoor advertising and other commercial service businesses at the company's gas stations. The company is the largest distributor of refined oil products and natural gas for vehicles in Tai'an City, Shandong Province. It plays a decisive role in the refined oil market of Tai'an City and has strong social influence and operation radiation. The company is well-received by the market for its operational integrity and service standards.

The relevant financial indicators of the company in the past three years are as follows:

Reporting Period	2020 Annual Report	2021 Annual Report	2022 Annual Report
Main revenue composition (%)	Gasoline: 69.19%	Gasoline: 69.98%	Gasoline: 62.65%
	Diesel: 27.31%	Diesel: 26.67%	Diesel: 34.79%
	Other businesses: 3.43%	Other businesses: 3.33%	Other businesses: 2.55%
	Liquefied gas (natural gas): 0.07%	Liquefied gas (natural gas): 0.02%	Liquefied gas (natural gas): 0.01%

Source: Wind Information

*B. Determination of risk-free return rate  $R_f$*

Yield of treasury bonds is generally considered risk-free as the risk of non-payment of the debt is remote and negligible. We used Wind Information to select treasury bonds in Shanghai and Shenzhen with a remaining term of more than 10 years from the valuation benchmark date to the maturity date of treasury bonds, and calculated the yield to maturity. The average yield to maturity of all treasury bonds is used as the risk-free return rate, and the  $R_f$  is calculated as 2.97%.

*C. Determination of equity risk premium (ERP)*

By reference to the research methods of relevant domestic and foreign institutions, and calculating the annual yield of each constituent stock of the CSI 300 Index based on the closing price of each constituent stock of the CSI 300 Index at the end of each year, the ERP (rm-rf) is determined by averaging the annual returns of the constituent stocks (rm) and subtracting the risk-free return rate for the respective years (rf). Since the geometric mean can better express the growth of yield, the ERP (rm-rf) estimated by the geometric mean method is used as the excess yield of the current domestic market, and the equity risk premium (rm-rf) is calculated as 6.52%.

*D. Determination of the risk coefficient  $\beta$  of comparable companies relative to the stock market**I. Conduct correlation t test on  $\beta$  coefficient of the above comparable listed companies*

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

Name of comparable company	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  $\beta$  coefficient without financial leverage of comparable companies

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

No.	Company name	Interest-bearing liabilities <i>RMB'0000</i> (D)	Equity fair market value <i>RMB'0000</i> (E)	Financial leverage coefficient (Di/Ei)	Income tax rate	$\beta$ with capital structure	$\beta$ 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 Pectroleum	28,538.35	294,726.30	9.69%	25.00%	0.7524	0.7014
	Average value						0.8876

Source: Wind Information

III. Calculation of  $\beta$  coefficient with target capital structure of the appraised entity

We have calculated it based on the average value of  $\beta$  coefficients without financial leverage of comparable companies and the target capital structure to the following formula:

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

Of which:  $\beta_L$  is the  $\beta$  coefficient with target capital structure of the appraised entity;

$\beta_U$  is the average value of the beta coefficients of comparable companies without financial leverage;

D/E is the capital structure, using the iterative approach, with the annual capital structure of the appraised entity as the corresponding annual capital structure;

T is the income tax rate of the appraised entity of 25%.

IV.  $\beta$  coefficient Blume adjustment

The  $\beta$  coefficient of comparable listed companies estimated by us using historical data represents the historical  $\beta$  coefficients, and the discount rate is used to discount the expected future revenue, the discount rate that needs to be estimated should also be the expected future discount rate, therefore, it is necessary to estimate the expected future  $\beta$  coefficient. In this appraisal, we used the Blume Adjustment method to adjust the  $\beta$  coefficients estimated using historical data.

In practice, the adjustment ideas and methods proposed by Blume are as follows:

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

Of which:  $\beta_a$  is the adjusted  $\beta$  value, and  $\beta_L$  is the measured historical  $\beta$  value.

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

E. *Determination of specific risk return  $\varepsilon$* 

Specific risk return  $\varepsilon$  represents the return rate for non-systematic risks caused by the specific factors of the appraised entity. In this appraisal, we adopted comprehensive analysis method to determine specific risk return  $\varepsilon$ , that is, comprehensively considering factors such as asset size, development stage, market competition, internal corporate governance, capital structure and other factors of the appraised entity. The market competition of the industry in which the appraised entity is located is fierce and various risks may still occur, and specific risk return is determined as 3%.

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 ( $R_d$ )*

It is determined based on the actual loan interest rate of 2.33% on the benchmark date of the appraised entity and the enterprise's own capital structure.

*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:

<b>Project</b>	<b>Projected year</b>
Risk-free rate (Rf)	2.97%
Equity risk premium (Rm-Rf)	6.52%
Capital structure (D/E)	13.30%
Expected return on equity (Re)	12.38%
Expected return on debt (Rd)	2.33%
WACC of the appraised entity	11.13%

**2. Determination of terminal growth rate**

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 date of valuation 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 after 2028 follows the projection of 2028.

**(III) DCF MODEL AND CALCULATIONS**

The basic route of this income approach is to estimate the value of the operating assets of the subject of valuation by using the discounted cash flow method (DCF) in terms of income and take into account the value of the surplus assets, non-operating assets or liabilities of the subject of valuation on the valuation benchmark date to give the value of total shareholders' equity based on the audited financial statements of the subject of valuation. The forecast is conducted in terms of parent company with the scope of valuation covering Guangdong Top-E Expressway Service Zone Company Limited. 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 valuation benchmark date. 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 valuation benchmark date;

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

$A_{i0}$ : 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, i.e. mid-year discount, with the base date of 30 September 2023 and the discount periods of 0.125, 0.75, 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 amortization – capital expenditure – increase in working capital

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 appraisal results of operating assets

*Unit of amount: RMB'0000*

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			

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

## 2. Value of non-operating assets

As at the valuation benchmark date, other equity instruments, long-term equity investments, other receivables, prepayments, other current assets, deferred tax assets and others included certain non-operating assets. See table below:

*Unit of amount: RMB*

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 Co., Ltd.	11,937,008.94	79,078,000.00
Long-term equity investments	Guangdong Top-E Landscaping Co., Ltd.	20,357,642.00	35,199,000.00
Long-term equity investments	Guangdong Zhong Yue Tong Oil Products Operation Co., Ltd.	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 Expressway Media Co., Ltd.	34,407,333.67	34,407,333.67
Construction in progress	Unimplemented construction in progress projects	8,639,323.12	4,805,132.18
Other receivables	Non-deposits receivables from the acquirer of Yueyun	1,307,048.04	1,307,048.04
Prepayments	Construction prepayment	626,755.31	626,755.31
Other current assets	Deductible input VAT	5,641,950.90	5,641,950.90
Deferred tax assets	Lease expenses, accrued expenses and other expenses	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

**3. Non-operating liabilities**

As at the valuation benchmark date, accounts payable, other payables, non-current liabilities due within one year, lease liabilities, deferred revenue and others included non-operating liabilities. See table below:

*Unit of amount: RMB*

Item	Business content	Book value	Appraised value
Accounts payable	Construction payables	156,202,178.53	156,202,178.53
Other payables	Construction quality security deposits	5,942,191.65	5,942,191.65
Deferred revenue	Advances from contractors	149,459,139.02	149,459,139.02
Total		311,603,509.20	311,603,509.20

**4. Surplus funds**

Based on the calculation, there were no surplus funds of the Company as at the valuation benchmark date.

In conclusion,

Value of total shareholders' equity of entity = 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

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 of amount: RMB'0000*

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



**(IV) APPRECIATION**

The long-term investment entity of Top-E with significant appreciation of long-term equity investment are Guangdong Jindaoda Expressway Economic Development Company Limited, Guangdong Top-E Landscaping Co., Ltd. and Guangdong Zhong Yue Tong Oil Products Operation Co., Ltd. The calculation of the appraised value of the three long-term equity investments is as follows:

**1. Guangdong Jindaoda Expressway Economic Development Company Limited**

The appraisal route and appraisal model used in the valuation of all equity of the shareholders of Guangdong Jindaoda Expressway Economic Development Company Limited are the same as those of Top-E, and the calculation is as follows:

**(1) Determination of future earnings****① Forecast of income of principal businesses****A. Historical income**

As at the valuation benchmark date, Jindaoda's income was mainly derived from the sales of oil products and outsourcing.

The main historical data are as follows:

*Unit of amount: RMB*

Product category	Parameters	2019	2020	2021	2022	January to September 2023
Oil sales	Annual sales volume (t)	3,738.23	6,585.96	5,706.04	3,882.10	2,820.20
	Unit selling price (RMB/t)	7,594.40	5,995.33	7,260.71	9,118.57	8,459.21
	Sales income	28,389,621.27	39,484,995.82	41,429,874.34	43,552,201.32	23,856,711.48
Outsourcing income		16,770,070.62	10,281,101.90	9,237,030.18	3,341,791.68	4,166,095.25
<b>Total income of principal businesses</b>		<b>45,159,691.89</b>	<b>49,766,097.72</b>	<b>50,666,904.52</b>	<b>46,893,993.00</b>	<b>28,022,806.73</b>

As shown in the above table, the annual growth rate of operating income from 2019 to September 2023 showed a fluctuated decreasing trend, mainly due to: in 2019, Shunjing oil station operated by Jindaoda was shut down for several months as the expressway where it was situated underwent a renovation, which resulted in a sharp decrease in its sales volume of oil products, and after the renovation of the expressway, Shunjing oil station was in a geographically disadvantaged position as new oil stations were built by Sinopec in its vicinity, which caused the sales volume of oil products of Jindaoda to show a downward trend due to competition.

In respect of income from oil sales, it was expected that the sales volume would be relatively stable in 2024 and 2025. From 2026 to 2028, considering the penetration of new energy vehicles, the sales volume of oil products would decline on a full-year basis as compared to 2025. After 2025, the average level of oil prices in the previous six years (2018-2023) would be adopted as the unit price of oil products, while in 2024, the average level of oil prices in 2023 and 2025 would be adopted as the unit price of oil products.

In respect of outsourcing income, according to the enterprise's plan, only the outsourcing income of Shachong service zone would remain in its future annual outsourcing income, which would be calculated based on the actual contracts signed for contracted operation.

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 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, and the development trend of similar entities in the industry.

B. The forecast data of income in future years are as follows:

*Unit of amount: RMB*

Product category	Parameters	October to December					
		2023	2024	2025	2026	2027	2028
Oil sales	Annual sales volume (t)	839.89	3,660.09	3,660.09	3,477.08	3,303.23	3,138.07
	Unit selling price (RMB/t)	8,813.27	8,276.17	7,739.07	7,739.07	7,739.07	7,739.07
	Sales income	8,400,652.14	30,291,521.81	28,325,680.01	26,909,396.01	25,563,926.21	24,285,729.90
Outsourcing income		1,009,523.81	1,904,761.90	1,904,761.90	1,904,761.90	1,904,761.90	1,904,761.90
<b>Total income of principal businesses</b>		<b>9,410,175.95</b>	<b>32,196,283.72</b>	<b>30,230,441.91</b>	<b>28,814,157.91</b>	<b>27,468,688.11</b>	<b>26,190,491.80</b>

## ② Forecast of costs of principal businesses

## A. Historical operating costs

Unit of amount: RMB

Product name	Content	2019	2020	2021	2022	January to September 2023
Costs of principal businesses	Oil material costs	22,040,431.39	31,196,248.83	32,517,780.92	29,106,293.68	19,863,725.94
	Material costs/income	78%	79%	78%	67%	83%
	Oil station labour costs	715,532.85	660,015.40	750,360.71	736,292.99	543,083.49
	Labour costs/Income	3%	2%	2%	2%	2%
	Rental costs	2,066,906.01	2,242,350.52	4,654,120.59	2,873,061.26	739,700.00
	Other costs	6,391,579.13	6,987,600.96	5,034,254.18	4,537,656.35	2,848,964.97
	Of which: Depreciation	2,271,181.76	2,205,004.62	549,660.36	549,660.36	411,722.82
	Total costs	31,214,449.38	41,086,215.71	42,956,516.40	37,253,304.28	23,995,474.40
	Sales volume	3,738.23	6,585.96	5,706.04	3,882.10	2,820.20
	Unit cost	8350.058546	6238.451236	7528.260194	9596.173277	8,508.43
1	<b>Total costs</b>	<b>31,214,449.38</b>	<b>41,086,215.71</b>	<b>42,956,516.40</b>	<b>37,253,304.28</b>	<b>23,995,474.40</b>
	<b>Total material costs</b>	<b>22,040,431.39</b>	<b>31,196,248.83</b>	<b>32,517,780.92</b>	<b>29,106,293.68</b>	<b>19,863,725.94</b>
	<b>Of which: Depreciation</b>	<b>2,271,181.76</b>	<b>2,205,004.62</b>	<b>549,660.36</b>	<b>549,660.36</b>	<b>411,722.82</b>
	<b>Manufacturing costs</b>	<b>6,391,579.13</b>	<b>6,987,600.96</b>	<b>5,034,254.18</b>	<b>4,537,656.35</b>	<b>2,848,964.97</b>
2	<b>Income of principal businesses</b>	45,159,691.89	49,766,097.72	50,666,904.52	46,893,993.00	28,022,806.73
3	<b>Total costs as a ratio of income of principal businesses</b>	69%	83%	85%	79%	86%

As shown in the above table, oil material costs accounted for a higher percentage of income in 2022 due to the impact of international oil prices. As such, the percentage of income represented by oil material costs in 2023 will be adopted as the percentage of income represented by oil material costs in future years. Labour costs were based on historical annual data with an annual increase of 3%. Oil station rental costs was calculated based on lease contracts. Other costs were mainly entrusted management fees and safety expenses. Safety expenses were accrued in proportion to revenue and entrusted management fees were estimated based on contracts.

B. The forecast data of operating costs in future years are as follows:

*Unit of amount: RMB*

Product name	Content	October to December					
		2023	2024	2025	2026	2027	2028
Costs of principal businesses	Oil material costs	6,720,297.29	24,963,928.52	23,343,833.80	22,176,642.11	21,067,810.01	20,014,419.51
	Material costs/income	82%	82%	82%	82%	82%	82%
	Oil station labour costs	251,336.50	818,252.59	842,800.17	868,084.17	894,126.70	920,950.50
	Labour costs/income	2%	2%	2%	2%	2%	2%
	Rental costs	-172,225.06	1,128,440.37	1,128,440.37	1,128,440.37	1,128,440.37	1,128,440.37
	Other costs	1,102,926.43	3,137,808.98	2,949,820.89	2,814,385.52	2,685,721.91	2,563,491.49
	Of which: Depreciation	105.26	41,113.42	41,113.42	41,113.42	41,113.42	41,113.42
	Total costs	7,902,335.16	30,048,430.45	28,264,895.23	26,987,552.17	25,776,098.99	24,627,301.86
	Sales volume	839.89	3,660.09	3,660.09	3,477.08	3,303.23	3,138.07
	Unit cost	9,408.78	8,209.75	7,722.46	7,761.55	7,803.30	7,847.92
<b>1</b>	<b>Total costs</b>	<b>7,902,335.16</b>	<b>30,048,430.45</b>	<b>28,264,895.23</b>	<b>26,987,552.17</b>	<b>25,776,098.99</b>	<b>24,627,301.86</b>
<b>2</b>	<b>Income of principal businesses</b>	<b>9,410,175.95</b>	<b>32,196,283.72</b>	<b>30,230,441.91</b>	<b>28,814,157.91</b>	<b>27,468,688.11</b>	<b>26,190,491.80</b>
<b>3</b>	<b>Total costs as a ratio of income of principal businesses</b>	<b>84%</b>	<b>93%</b>	<b>93%</b>	<b>94%</b>	<b>94%</b>	<b>94%</b>

③ *Forecast of taxes and surcharges*

Taxes and surcharges include city construction tax, educational fee surcharge, local educational fee surcharge, property tax, land use tax, stamp duty, etc. The value-added tax rates for Jindaoda's operating income were 13% and 5%. City construction tax, educational fee surcharge and local education fee were charged at turnover tax of 5%, 3% and 2%, respectively. Land use tax and property tax were estimated by reference to historical data. 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 of amount: RMB*

Item	Tax rate	October to December					
		2023	2024	2025	2026	2027	2028
City maintenance and construction tax	5%	21,277.92	34,219.08	31,971.72	30,352.62	28,814.48	27,353.24
Educational fee surcharge	3%	9,119.10	20,531.45	19,183.03	18,211.57	17,288.69	16,411.94
Local educational fee surcharge	2%	6,079.40	13,687.63	12,788.69	12,141.05	11,525.79	10,941.30
Property tax		63,058.81	63,058.81	63,058.81	63,058.81	63,058.81	63,058.81
Land use tax		6,895.12	51,964.20	51,964.20	51,964.20	51,964.20	51,964.20
Stamp duty		1,737.56	18,639.23	17,501.15	16,681.23	15,902.31	15,162.33
<b>Total taxes and surcharges</b>		<b>108,167.91</b>	<b>202,100.40</b>	<b>196,467.61</b>	<b>192,409.49</b>	<b>188,554.27</b>	<b>184,891.82</b>

④ *Forecast of general and administrative expenses*

General and administrative expenses of the appraised unit mainly include salaries, fixed-line telephone expenses, other office expenses, audit fees and other administrative expenses.

In the future, variable expenses will be evaluated based on historical annual data, with labour costs increasing by 3% year-on-year and the remaining costs increasing by 5% year-on-year in subsequent years.

The forecast data of general and administrative expenses in future years are as follows:

*Unit of amount: RMB*

Item	October to December 2023	2024	2025	2026	2027	2028
Salaries	70,494.49	227,006.49	233,816.68	240,831.18	248,056.12	255,497.80
Other office expenses	260.00	1,714.98	1,800.72	1,890.76	1,985.30	2,084.56
Consultation fee	29,800.00					
Litigation costs	18,500.00					
Audit fee	31,400.00	34,339.63	34,339.63	34,339.63	34,339.63	34,339.63
Other administrative expenses		120,000.00	120,000.00	120,000.00	120,000.00	120,000.00
<b>Total general and administrative expenses</b>	150,454.49	383,061.10	389,957.04	397,061.58	404,381.05	411,922.00
<b>Income of principal businesses</b>	9,410,175.95	32,196,283.72	30,230,441.91	28,814,157.91	27,468,688.11	26,190,491.80
<b>General and administrative expenses/ income of principal businesses</b>	2%	1%	1%	1%	1%	2%

⑤ *Forecast of finance expenses*

As at the valuation benchmark date, the finance expenses of the appraised unit are interest income and handling fees. Handling fees are considered by reference to their historical proportions in the income. Interest income is not forecasted due to surplus assets. The forecasted finance expenses in future years are as follows:

*Unit of amount: RMB*

Item	October to	2024	2025	2026	2027	2028
	December					
	2023					
<b>Interest income</b>	9,356.88					
<b>Handling fees</b>	1,036.80	3,475.48	3,263.27	3,110.39	2,965.15	2,827.17
<b>Total finance expenses</b>	-8,320.08	3,475.48	3,263.27	3,110.39	2,965.15	2,827.17

⑥ *Forecast of 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 items.

⑦ *Forecast of capital expenditure*

The capital expenditures of Jindaoda are mainly replenishment for existing assets. Capital expenditures for renewal of existing fixed assets on valuation benchmark dates in future years are projected based on the depreciation amount of the assets in the year of valuation with a long-term and balanced perspective. As for the years after 2028, capital expenditures are 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.

⑧ *Forecast of depreciation and amortization*

## A. Forecast of 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 estimated according to the depreciation policy actually implemented by the entity.

Fixed assets of the enterprise mainly comprise buildings and structures, 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. The forecasted depreciation in future years is as follows:

*Unit of amount: RMB*

Item	October to December 2023	2024	2025	2026	2027	2028
<b>Total</b>						
<b>Original value of fixed assets</b>						
Opening balance	29,977,245.29	29,977,245.29	30,189,170.15	30,189,170.15	30,189,170.15	30,189,170.15
Increase in current period	0.00	211,924.86	0.00	0.00	0.00	0.00
Decrease in current period	0.00	0.00	0.00	0.00	0.00	0.00
Closing balance	29,977,245.29	30,189,170.15	30,189,170.15	30,189,170.15	30,189,170.15	30,189,170.15
<b>Accumulated depreciation</b>						
Opening balance	27,775,707.65	27,775,812.91	27,816,926.33	27,858,039.75	27,899,153.18	27,940,266.60
Increase in current period	<b>105.26</b>	<b>41,113.42</b>	<b>41,113.42</b>	<b>41,113.42</b>	<b>41,113.42</b>	<b>41,113.42</b>
Decrease in current period	0.00	0.00	0.00	0.00	0.00	0.00
Closing balance	27,775,812.91	27,816,926.33	27,858,039.75	27,899,153.18	27,940,266.60	27,981,380.02
<b>Net value of fixed assets</b>						
Closing balance	2,201,432.38	2,372,243.82	2,331,130.40	2,290,016.97	2,248,903.55	2,207,790.13

#### B. Forecast of amortization

As at the valuation benchmark date, Jindaoda had no amortization of intangible assets and long-term deferred expenses.



## ⑨ Forecast of amount of increase in working capital

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 increase in working capital in each year during the future operating period can be obtained. The calculation is as follows:

*Unit of amount: RMB*

Item	2023	2024	2025	2026	2027	2028
Total income	37,432,982.68	32,196,283.72	30,230,441.91	28,814,157.91	27,468,688.11	26,190,491.80
Total costs	32,019,962.08	30,250,513.21	28,461,345.20	27,179,944.02	25,964,635.62	24,812,176.04
<b>Full costs</b>	<b>32,510,886.04</b>	<b>30,633,574.31</b>	<b>28,851,302.24</b>	<b>27,577,005.60</b>	<b>26,369,016.67</b>	<b>25,224,098.04</b>
Expenses in the period	490,923.96	383,061.10	389,957.04	397,061.58	404,381.05	411,922.00
Selling expenses	-	-	-	-	-	-
Administrative expenses	490,923.96	383,061.10	389,957.04	397,061.58	404,381.05	411,922.00
<b>Depreciation and amortization</b>	<b>411,828.08</b>	<b>41,113.42</b>	<b>41,113.42</b>	<b>41,113.42</b>	<b>41,113.42</b>	<b>41,113.42</b>
Depreciation	411,828.08	41,113.42	41,113.42	41,113.42	41,113.42	41,113.42
Amortization	-	-	-	-	-	-
Out-of-pocket costs	32,099,057.96	30,592,460.88	28,810,188.82	27,535,892.17	26,327,903.25	25,182,984.62
Minimum cash on hand	2,674,921.50	2,549,371.74	2,400,849.07	2,294,657.68	2,193,991.94	2,098,582.05
Inventory	539,601.21	509,782.41	479,631.31	458,037.10	437,556.70	418,135.42
Receivables	1,589,231.61	1,366,905.55	1,283,444.98	1,223,316.10	1,166,193.67	1,111,927.36
Payables	4,068,888.31	3,844,038.27	3,616,682.45	3,453,850.33	3,299,416.85	3,152,969.79
Working capital	734,866.01	582,021.44	547,242.91	522,160.56	498,325.45	475,675.04
<b>Increase in working capital</b>	<b>3,543,290.82</b>	<b>-152,844.57</b>	<b>-34,778.52</b>	<b>-25,082.35</b>	<b>-23,835.11</b>	<b>-22,650.42</b>

**APPENDIX V**
**ADDITIONAL INFORMATION  
REGARDING THE ASSET VALUATION**

⑩ *Estimated free cash flow of the enterprise*

*Unit of amount: RMB'0000*

Year	October to December 2023	2024	2025	2026	2027	2028	Perpetual
Item							
I. Operating income	941.02	3,219.63	3,023.04	2,881.42	2,746.87	2,619.05	
Income of principal businesses	941.02	3,219.63	3,023.04	2,881.42	2,746.87	2,619.05	
Income of other businesses	–	–	–	–	–	–	
II. Operating costs	790.23	3,004.84	2,826.49	2,698.76	2,577.61	2,462.73	
Costs of principal businesses	790.23	3,004.84	2,826.49	2,698.76	2,577.61	2,462.73	
Costs of other businesses	–	–	–	–	–	–	
Taxes and surcharges	10.82	20.21	19.64	19.24	18.85	18.49	
Selling expenses	–	–	–	–	–	–	
Administrative expenses	15.05	38.31	39.00	39.71	40.44	41.19	
Finance expenses	-0.83	0.35	0.33	0.31	0.30	0.28	
Add: other incomes	–	–	–	–	–	–	
Investment income	–	–	–	–	–	–	
Net exposure hedging gains	–	–	–	–	–	–	
Gains on changes in fair value	–	–	–	–	–	–	
Credit impairment loss	-1.20	–	–	–	–	–	
Asset impairment loss	–	–	–	–	–	–	
Income from disposal of assets	–	–	–	–	–	–	
III. Operating profit	124.55	155.92	137.59	123.40	109.67	96.36	
Non-operating income	–	–	–	–	–	–	
Non-operating expenses	37.81	–	–	–	–	–	
IV. Total profit	86.74	155.92	137.59	123.40	109.67	96.36	
Less: income tax expense	47.18	38.98	34.40	30.85	27.42	24.09	
V. Net profit	39.55	116.94	103.19	92.55	82.25	72.27	72.27
Add: Depreciation of fixed assets	0.01	4.11	4.11	4.11	4.11	4.11	4.11
Add: Amortization of long- term deferred expenses of intangible assets	–	–	–	–	–	–	–
Add: Interest on borrowings (after tax)	–	–	–	–	–	–	–
Less: Capital expenditure	–	21.19	–	–	–	–	4.11
Less: Amount of increase in working capital	354.33	-15.28	-3.48	-2.51	-2.38	-2.27	–
VI. Free cash flow of entity	-314.77	115.15	110.78	99.17	88.75	78.64	72.27

(2) *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:

$$\text{WACC} = k_e \times [E / (D + E)] + k_d \times (1 - t) \times [D / (D + E)]$$

Where:  $K_e$ : cost of equity capital

E: market value of equity capital

D: market value of debt capital

$K_d$ : 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 names of the principal products and the composition of the principal incomes 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.  
Comparable company 2: Xinjiang International Industry Co., Ltd.  
Comparable company 3: Sinopec Shandong Taishan Petroleum Co., Ltd.

B. Determination of risk-free return rate  $R_f$

Yield of treasury bond is generally considered risk-free as the risk of non-payment of the debt is remote and negligible. We used Wind Information to select treasury bonds in Shanghai and Shenzhen with a remaining term of more than 10 years from the valuation benchmark date to the maturity date of treasury bonds, and calculated the yield to maturity. The average yield to maturity of all treasury bonds is used as the risk-free return rate, and the  $R_f$  is calculated as 2.97%.

C. Determination of equity risk premium (ERP)

By reference to the research methods of relevant domestic and foreign institutions, and calculating the annual yield of each constituent stock of the CSI 300 Index based on the closing price of each constituent stock of the CSI 300 Index at the end of each year, the ERP (rm-rf) is determined by averaging the annual returns of the constituent stocks (rm) and subtracting the risk-free return rate for the respective years (rf). Since the geometric mean can better express the growth of yield, the ERP (rm-rf) estimated by the geometric mean method is used as the excess yield of the current domestic market, and the equity risk premium (rm-rf) is calculated as 6.52%.

D. Determination of the risk coefficient  $\beta$  of comparable companies relative to the stock market

I. Conduct correlation t test on  $\beta$  coefficient of the above comparable listed companies

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

Name of comparable company	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  $\beta$  coefficient without financial leverage of comparable companies

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

No.	Company name	Interest-bearing liabilities <i>RMB'0000</i> (D)	Equity fair market value <i>RMB'0000</i> (E)	Financial leverage coefficient (Di/Ei)	Income tax rate	$\beta$ with capital structure	$\beta$ 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 Information

III. Calculation of  $\beta$  coefficient with target capital structure of the appraised entity

Adjusted risk coefficient  $\beta$  of the appraised entity = Original Beta  $\times$  0.65 + 0.35 = 0.9269

E. Determination of specific risk return  $\varepsilon$ 

Specific risk return  $\varepsilon$  represents the return rate for non-systematic risks caused by the specific factors of the appraised entity. In this appraisal, we adopted comprehensive analysis method to determine specific risk return  $\varepsilon$ , that is, comprehensively considering factors such as asset size, development stage, market competition, internal corporate governance, capital structure and other factors of the appraised entity. The market competition of the industry in which the appraised entity is located is fierce and various risks may still occur, and specific risk return is determined as 2%.

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 11.01%.

## G. Determination of cost of debt capital

Determined based on the one-year loan prime rate of 3.45% and the average capital structure of the comparable companies.

## 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	Projected year
Risk-free rate (Rf)	2.97%
Equity risk premium (Rm-Rf)	6.52%
Capital structure (D/E)	0%
Expected return on equity (Re)	11.01%
Expected return on debt (Rd)	3.45%
WACC of the appraised entity	11.01%

## (3) Value of operating assets

Based on the forecasted net cash flow and discount rate, the value of operating assets is RMB4,700,200. See table below:

Table of appraisal results of operating assets

Unit of amount: RMB'0000

Item	October to						2029 to	
	December	2023	2024	2025	2026	2027	2028	perpetual period
Free cash flow of the enterprise		-314.77	115.15	110.78	99.17	88.75	78.64	72.27
Discount life		0.1250	0.7500	1.7500	2.7500	3.7500	4.7500	
Discount rate		11.01%	11.01%	11.01%	11.01%	11.01%	11.01%	11.01%
Discount coefficient		0.9870	0.9247	0.8329	0.7503	0.6759	0.6089	5.5304
Discounted value		-310.68	106.48	92.27	74.41	59.98	47.89	399.67
Value of operating assets					470.02			

**(4) Value of non-operating assets (liabilities) and surplus assets**

Upon verification, as at 30 September 2023, being the valuation benchmark date, the value of the following assets (liabilities) of the enterprise was not taken into account in the estimated free cash flow of the enterprise, 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**

As at the valuation benchmark date, some non-operating assets exist in fixed assets, other current assets, deferred income tax assets and other non-current assets. See table below:

*Unit of amount: RMB'0000*

<b>Item</b>	<b>Business content</b>	<b>Book value</b>	<b>Estimated value</b>
Fixed assets	Fixed assets of Houmen Service Zone, Longgang Service Zone and Chaozhou Tiepu Service Zone	218.93	1,740.04
Other current assets	Input tax to be deducted	33.78	33.78
Deferred income tax assets	Equity investment in Lufeng Shenshan Expressway Company Limited	439.58	439.58
Deferred income tax assets	Deferred income tax assets arising from provision for bad debts, etc.	81.33	81.33
<b>Total</b>		<b>773.62</b>	<b>2,294.73</b>

**② Non-operating liabilities**

As at the valuation benchmark date, some non-operating liabilities exist in accounts payable and other payables. See table below:

*Unit of amount: RMB'0000*

<b>Item</b>	<b>Business content</b>	<b>Book value</b>	<b>Appraised value</b>
Account payables	Project payment payable	1.22	1.22
Other payables	Project margin	4.79	4.79
<b>Total</b>		<b>6.00</b>	<b>6.00</b>

③ *Surplus funds*

As operating monetary funds has been taken into account in working capital, the monetary funds on the benchmark date are taken as surplus funds, upon verification, the appraised value of the surplus assets of the appraised entity was RMB55,653,000 on the valuation benchmark date.

(5) *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 + non-operating assets – non-operating liabilities

Based on the above calculation, the value of total shareholders' equity of Jindaoda was RMB83,240,000. See table below:

*Unit of amount: RMB'0000*

<b>Item</b>	<b>Amount</b>
Value of operating assets	470.02
Less: Value of interest-bearing debts	0.00
Add: Value of non-operating assets	2,294.73
Value of surplus assets	5,565.30
Less: Value of non-operating liabilities	6.00
Value of total shareholders' equity (rounded)	8,324.00

(6) *Appraisal results under 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 Jindaoda Oil Products Management Co., Ltd. (廣東金道達油品經營有限公司). As at the valuation benchmark date, the value of total shareholders' equity of Guangdong Jindaoda Expressway Economic Development Co., Ltd. was RMB83,240,000.



## 2. Guangdong Top-E Landscaping Co., Ltd.

## (1) Determination of future earnings

## ① Forecast of income of principal businesses

Principal businesses of the appraised entity include sale of saplings, greening engineering, decoration engineering, and other supporting engineering and income related to landscape engineering. The statistics on relevant indicators of historical principal business income are as follows:

Unit of amount: RMB

Product category	Parameter	2019	2020	2021	2022	January to September 2023
Income of sale of saplings	Exterior of Top-E	531,085.21	995,766.64	198,198.95	0.00	0.00
	Interior of Top-E	0.00	0.00	0.00	0.00	0.00
	Sub-total	531,085.21	995,766.64	198,198.95	0.00	0.00
Income of greening engineering	Exterior of Top-E	8,253,874.39	8,045,325.65	4,348,322.64	7,119,162.07	1,227,458.08
	Interior of Top-E	4,346,712.23	383,631.39	1,179,429.22	170,966.46	151,611.24
	Sub-total	12,600,586.62	8,428,957.04	5,527,751.86	7,290,128.53	1,379,069.32
Income of decoration engineering	Exterior of Top-E	0.00	0.00	0.00	105,074.74	0.00
	Interior of Top-E	14,232,252.06	9,490,768.59	9,119,639.67	762,749.76	794,718.50
	Sub-total	14,232,252.06	9,490,768.59	9,119,639.67	867,824.50	794,718.50
Income of sewage treatment facility maintenance	Exterior of Top-E	0.00	256,727.00	296,657.66	265,321.38	0.00
	Interior of Top-E	7,554,318.91	6,111,758.60	4,520,270.86	2,811,442.22	1,255,835.37
	Sub-total	7,554,318.91	6,368,485.60	4,816,928.52	3,076,763.60	1,255,835.37
Income of green maintenance	Exterior of Top-E	682,268.62	712,976.32	457,000.00	619,120.73	203,130.19
	Interior of Top-E	339,215.32	328,727.35	638,291.03	516,235.24	58,239.00
	Sub-total	1,021,483.94	1,041,703.67	1,095,291.03	1,135,355.97	261,369.19
Income of contracting (Humen Bridge)		890,616.08	945,154.54	715,330.58	0.00	0.00
Total income of principal businesses		36,830,342.82	27,270,836.08	21,473,140.61	12,370,072.60	3,690,992.38

As shown in the above table, from 2020 to 2022, income of principal businesses of the appraised entity showed a downward trend, which was mainly due to the impact of the pandemic and market competition, leading to a significant decrease in the income of the appraised entity since 2020.

Despite the impact of the pandemic and the slowdown of economic growth on its businesses, the appraised entity positioned itself for the future expansion beyond 2023 by recruiting more competent technicians on the basis of the original staffing. In 2023, the appraised entity had extensively expanded its external businesses, achieving good performance. However, due to the longer life cycle of the engineering businesses, most orders were recognized as income in the fourth quarter in 2023, and the business volume in 2023 was significantly higher than that in 2022. It is expected that by 2024, the appraised entity will basically regain its business volume for 2019-2020.

Based on the above forecast, the income projections of principal businesses are as follows:

*Unit of amount: RMB*

Category	Parameter	October to December					
		2023	2024	2025	2026	2027	2028
Income of greening engineering	Exterior of Top-E	12,184,371.85	18,349,000.00	18,899,500.00	19,466,500.00	20,050,500.00	20,652,000.00
	Interior of Top-E	561,450.68					
	Sub-total	12,745,822.53	18,349,000.00	18,899,500.00	19,466,500.00	20,050,500.00	20,652,000.00
Income of decoration engineering	Exterior of Top-E		1,835,000.00	1,890,100.00	1,946,800.00	2,005,200.00	2,065,400.00
	Interior of Top-E	2,984,883.37	7,339,000.00	7,559,200.00	7,786,000.00	8,019,600.00	8,260,200.00
	Sub-total	2,984,883.37	9,174,000.00	9,449,300.00	9,732,800.00	10,024,800.00	10,325,600.00
Income of sewage treatment facility maintenance	Exterior of Top-E						
	Interior of Top-E	1,960,882.07	5,660,000.00	5,829,800.00	6,004,700.00	6,184,800.00	6,370,300.00
	Sub-total	1,960,882.07	5,660,000.00	5,829,800.00	6,004,700.00	6,184,800.00	6,370,300.00
Income of green maintenance	Exterior of Top-E	169,918.88	566,000.00	583,000.00	600,500.00	618,500.00	637,100.00
	Interior of Top-E	283,279.24	283,000.00	291,500.00	300,200.00	309,200.00	318,500.00
	Sub-total	453,198.12	849,000.00	874,500.00	900,700.00	927,700.00	955,600.00
Total income		18,144,786.09	34,032,000.00	35,053,100.00	36,104,700.00	37,187,800.00	38,303,500.00

## ② Forecast of costs of principal businesses

## A. Historical costs of principal businesses:

The statistics on relevant indicators of historical costs of principal businesses are as follows:

*Unit of amount: RMB*

Category	Content	2019	2020	2021	2022	January to September 2023
Sales cost of saplings	Exterior of Top-E	320,319.78	584,185.72	152,507.18	0.00	0.00
	Interior of Top-E	0.00	19,213.38	0.00	0.00	0.00
	Sub-total of cost	320,319.78	603,399.10	152,507.18	0.00	0.00
Cost of greening engineering	Exterior of Top-E	6,650,907.49	6,065,249.81	2,673,936.01	5,782,685.83	1,074,130.71
	Interior of Top-E	4,004,850.89	240,135.94	1,031,879.32	-157,501.89	145,323.93
	Sub-total of cost	10,655,758.38	6,305,385.75	3,705,815.33	5,625,183.94	1,219,454.64
Cost of decoration engineering	Exterior of Top-E	0.00	0.00	0.00	20,664.49	0.00
	Interior of Top-E	12,115,836.78	8,235,354.64	8,011,617.77	64,547.08	636,997.18
	Sub-total of cost	12,115,836.78	8,235,354.64	8,011,617.77	85,211.57	636,997.18
Cost of sewage treatment facility maintenance	Exterior of Top-E	0.00	168,069.88	200,767.31	178,474.84	-2,019.80
	Interior of Top-E	5,297,984.39	4,081,820.50	3,115,693.08	1,440,473.42	551,712.83
	Sub-total of cost	5,297,984.39	4,249,890.38	3,316,460.39	1,618,948.26	549,693.03
Cost of green maintenance	Exterior of Top-E	550,331.58	567,523.64	315,456.78	467,588.39	145,924.98
	Interior of Top-E	141,168.17	115,387.49	155,594.35	112,289.67	26,255.98
	Sub-total of cost	691,499.75	682,911.13	471,051.13	579,878.06	172,180.96
	Total cost	29,081,399.08	20,076,941.00	15,657,451.80	7,909,221.83	2,578,325.81
	Total costs as a ratio of income of principal businesses	79%	74%	73%	64%	70%

B. The future annual cost projections of principal businesses

From the perspective of historical annual cost of principal businesses, the proportion of cost to revenue of the appraised entity is stable. Therefore, the future annual cost of principal businesses will be projected based on the proportion of historical annual costs to revenue.

Based on the above forecast, the cost projections of principal businesses are as follows:

*Unit of amount: RMB*

Category	Content	October to December					
		2023	2024	2025	2026	2027	2028
Cost of greening engineering	Exterior of Top-E	11,268,224.53	14,498,800.00	14,933,800.00	15,381,800.00	15,843,300.00	16,318,600.00
	Interior of Top-E	438,199.15	0.00	0.00	0.00	0.00	
	Sub-total of cost	11,706,423.68	14,498,800.00	14,933,800.00	15,381,800.00	15,843,300.00	16,318,600.00
Cost of decoration engineering	Exterior of Top-E	1,585,000.00	1,632,600.00	1,681,600.00	1,732,000.00	1,784,000.00	
	Interior of Top-E	2,604,049.59	6,339,100.00	6,529,300.00	6,725,200.00	6,927,000.00	7,134,800.00
	Sub-total of cost	2,604,049.59	7,924,100.00	8,161,900.00	8,406,800.00	8,659,000.00	8,918,800.00
Cost of sewage treatment facility maintenance	Exterior of Top-E	0.00	0.00	0.00	0.00	0.00	
	Interior of Top-E	1,017,049.12	3,475,700.00	3,580,000.00	3,687,400.00	3,798,000.00	3,911,900.00
	Sub-total of cost	1,017,049.12	3,475,700.00	3,580,000.00	3,687,400.00	3,798,000.00	3,911,900.00
Cost of green maintenance	Exterior of Top-E	107,878.41	322,600.00	332,300.00	342,200.00	352,500.00	363,100.00
	Interior of Top-E	131,780.74	161,300.00	166,100.00	171,100.00	176,200.00	181,500.00
	Sub-total of cost	239,659.15	483,900.00	498,400.00	513,300.00	528,700.00	544,600.00
	Total cost	15,567,181.54	26,382,500.00	27,174,100.00	27,989,300.00	28,829,000.00	29,693,900.00
	Total costs as a ratio of income of principal businesses	86%	78%	78%	78%	78%	78%

③ *Forecast of taxes and surcharges*

Taxes and surcharges include city construction tax and educational fee surcharge, etc. City construction tax, educational fee surcharge and local education fee were charged at turnover tax of 7%, 3% and 2%, respectively. Stamp duties were estimated by reference to the proportion of historical annual costs to revenue. The applicable tax rates are expected to remain unchanged for each year during the projection period. The taxes and surcharges are estimated as follows:

Estimation table of taxes and surcharges

*Unit of amount: RMB*

Item	October to	2024	2025	2026	2027	2028
	December					
	2023					
City maintenance and construction tax	7,993.55	38,763.41	41,368.67	42,633.29	43,935.50	45,276.98
Educational fee surcharge	3,594.66	16,612.89	17,729.43	18,271.41	18,829.50	19,404.42
Local educational fee surcharge	2,396.44	11,075.26	11,819.62	12,180.94	12,553.00	12,936.28
Vehicle and vessel use tax	0.00	3,360.00	3,360.00	3,360.00	3,360.00	3,360.00
Stamp duty	2,502.34	15,607.90	16,076.20	16,558.49	17,055.22	17,566.91
Total taxes and surcharges	16,486.99	85,419.46	90,353.92	93,004.13	95,733.22	98,544.59

④ *Forecast of selling expenses*

Historical annual data of selling expenses is as follows:

*Unit of amount: RMB*

Item	2019	2020	2021	2022	January to
					September
					2023
Selling expenses					
Payroll expenses	1,277,563.87	1,028,854.78	1,211,383.30	1,548,758.13	835,498.71
Office expenses	25,034.77	18,474.82	15,248.84	15,922.01	8,522.78
Entertainment expenses	3,822.00	6,800.00	3,494.00	14,502.80	21,511.90
Travel expenses	29,977.49	21,088.40	24,727.52	28,033.91	62,299.00
Depreciation expenses	6,048.62	4,323.33	2,492.52	1,871.42	3,456.11
Other selling expenses	-31,724.25	0.00	317.68		
Selling expenses/total revenue	1,310,722.50	1,079,541.33	1,257,663.86	1,609,088.27	931,288.50
	4%	4%	4%	13%	25%

As shown in the above table, selling expenses accounted for 4%-6% of the total revenue from 2019 to 2021. Among selling expenses, the fixed salary increased at an annual rate of 3%; office expenses and other expenses are estimated based on the proportion of historical annual income to revenue.

Based on the above forecast, the future annual projections of selling expenses are as follows:

*Unit of amount: RMB*

Item	October to December					
	2023	2024	2025	2026	2027	2028
Payroll expenses	497,572.55	1,266,000.00	1,304,000.00	1,343,100.00	1,383,400.00	1,424,900.00
Office expenses	6,880.03	38,000.00	24,200.00	24,900.00	25,600.00	26,400.00
Entertainment expenses	60,000.00	6,000.00	6,200.00	6,400.00	6,600.00	
Travel expenses	25,831.32	40,000.00	32,000.00	33,000.00	33,900.00	35,000.00
Depreciation expenses	1,224.52	-	-	-	-	-
Total selling expenses	531,508.42	1,404,000.00	1,366,200.00	1,407,200.00	1,449,300.00	1,492,900.00
Selling expenses/total revenue	3%	4%	4%	4%	4%	4%

It is estimated that selling expenses accounted for approximately 4% of the total revenue, which is equivalent to the historical proportion of annual selling expenses to revenue. In 2022, the proportion of selling expenses to revenue was relatively higher mainly due to the sharp decline in revenue while the fixed expenses such as wages remained unchanged, so the forecast is reasonable.

#### ⑤ *General and administrative expenses*

Historical annual data and future forecast of general and administrative expenses are as follows:

*Unit of amount: RMB*

Item	2019	2020	2021	2022	January to September
					2023
Depreciation expense	106,608.69	89,680.91	46,287.27	41,301.29	30,811.51
Amortization expenses	7,865.01				
Payroll expenses	3,386,004.40	2,885,443.38	2,406,418.10	2,648,020.80	1,912,888.81
Office expenses	383,497.78	368,583.53	359,248.17	369,236.17	277,676.52
Maintenance fee	1,300.44	625.67	461.06	1,047.14	423.44

Item	2019	2020	2021	2022	January to September 2023
Vehicle use fee	96,753.81	98,087.85	99,738.11	103,883.49	89,392.77
Entertainment expenses	4,747.80	0.00	0.00	11,734.00	11,649.14
Conference fee	2,999.50	2,954.00	4,469.40	2,896.70	2,218.00
Consultation fee	22,233.01	0.00	59,150.94		
Travel expenses	9,965.70	3,278.64	1,749.97	7,275.30	12,807.38
Sewage fee	1,638.52	1,697.92	1,827.39	1,708.79	1,740.92
Auditing fee	23,584.90	23,584.90	23,584.90	23,113.20	-2,358.50
Amortization of low- value consumables	404.29	8,416.77	2,234.92	11,131.44	1,543.65
Other general and administrative expenses	-420,084.26	34,038.64	40,111.48	33,045.62	16,467.54
Total general and administrative expenses	3,619,654.58	3,516,392.21	3,045,281.71	3,254,393.94	2,363,126.19
General and administrative expenses/income of principal businesses	10%	13%	14%	26%	64%

The projections of general and administrative expenses are 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 cost, etc., which change with changes in business volume.

**A. Forecast of fixed fees**

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

**B. Forecast of variable fees**

Staff salaries include wages, welfare expenses, labor insurance premiums, etc., which are based on the actual data in historical years with an average increase of 5% year-on-year for each subsequent year.

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Office expenses, maintenance fee and other fees are mainly based on historical annual data and are estimated according to the historical annual proportion for each subsequent year.

Based on the above forecasts, the general and administrative expenses for future years are forecasted as follows:

*Unit of amount: RMB*

Item	October to December 2023	2024	2025	2026	2027	2028
Fixed components						
Depreciation	2,693.48	15,629.30	17,569.30	19,509.30	20,796.10	11,182.08
Amortization of intangible assets	2,621.67	1,747.87	0.00	0.00	0.00	0.00
Total of fixed components	5,315.15	17,377.17	17,569.30	19,509.30	20,796.10	11,182.08
Variable components						
Payroll expenses	1,145,675.14	3,211,500.00	3,372,100.00	3,540,700.00	3,717,700.00	3,903,600.00
Office expenses	112,148.90	432,000.00	445,000.00	458,400.00	472,200.00	486,400.00
Maintenance fee	195.13	14,000.00	14,100.00	14,100.00	14,100.00	14,100.00
Vehicle use fee	42,552.69	140,000.00	120,000.00	120,000.00	120,000.00	120,000.00
Business reception expenses	0.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
Conference fee	2,782.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Consulting fee	65,242.45	403,500.00	100,000.00	100,000.00	100,000.00	100,000.00
Travel expenses	2,964.09	20,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Sewage charge	450.38	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Audit fees	24,000.00	30,000.00	30,000.00	30,000.00	30,000.00	30,000.00
Amortization of low value consumables						
Other general and administrative expenses	68,393.15	1,450,000.00	50,000.00	50,000.00	50,000.00	50,000.00
Total of variable components	1,464,403.93	5,728,000.00	4,168,200.00	4,350,200.00	4,541,000.00	4,741,100.00
Total general and administrative expenses	1,469,719.08	5,745,377.17	4,185,769.30	4,369,709.30	4,561,796.10	4,752,282.08
General and administrative expenses/income of principal businesses	8%	17%	12%	12%	12%	12%

After the above forecast, the proportion of the general and administrative expenses to revenue for each year in the future will be approximately 12%, which is basically the same as that of historical annual general and administrative expenses. In 2024, it is mainly due to the need to apply for second-level electronic and intelligent qualification and environmental protection engineering qualification. The costs of these two qualifications are relatively high and will return to normal levels in the coming years, so the forecast is reasonable.



⑥ *Forecast of finance expenses*

According to the borrowing status of the entity on the benchmark date and the borrowing plan for the next five years, the entity has no borrowing plan in the next five years. The future annual financial expenses are mainly handling fees. The finance expenses in the future are mainly handling fees, which are forecasted based on the proportion of historical annual handling fees to revenues. The finance expenses are as follows:

*Unit of amount: RMB*

Item	October to December 2023	2024	2025	2026	2027	2028
Total finance expenses	-20,603.41	8,039.53	8,280.75	8,529.17	8,785.04	9,048.61

⑦ *Forecast of depreciation and amortization*

## A. Forecast of depreciation of fixed assets

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 estimated according to the depreciation policy actually implemented by the entity.

Fixed assets of the enterprise mainly comprise 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.

Under the premise of maintaining the current scale of operations, only the depletion (depreciation) of existing assets will be renewed in each future year. The estimation of depreciation during the future operating period is as follows:

*Unit of amount: RMB*

Item	October to December 2023	2024	2025	2026	2027	2028
<b>Original value of fixed assets</b>						
Opening balance	1,467,978.48	1,467,978.48	1,477,978.48	1,487,978.48	1,497,978.48	1,507,978.48
Increase in current period	0.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Decrease in current period	0.00	0.00	0.00	0.00	0.00	0.00
Closing balance	1,467,978.48	1,477,978.48	1,487,978.48	1,497,978.48	1,507,978.48	1,517,978.48

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Item	October to December 2023	2024	2025	2026	2027	2028
<b>Accumulated depreciation</b>						
Opening balance	1,392,573.03	1,396,491.03	1,412,120.33	1,429,689.63	1,449,198.93	1,469,995.03
Increase in current period	3,918.00	15,629.30	17,569.30	19,509.30	20,796.10	11,182.08
Decrease in current period	3,918.00	15,629.30	17,569.30	19,509.30	20,796.10	11,182.08
Closing balance	0.00	0.00	0.00	0.00	0.00	0.00
<b>Net value of fixed assets</b>	0.00	0.00	0.00	0.00	0.00	0.00
Closing balance	1,396,491.03	1,412,120.33	1,429,689.63	1,449,198.93	1,469,995.03	1,481,177.11

**B. Forecast of amortization**

The intangible assets of the entity on the benchmark date are mainly the amortization of software, which are amortized according to the account policies of the entity. The forecast is as follows:

*Unit of amount: RMB*

Item	October to December 2023	2024	2025	2026	2027	2028
<b>Intangible assets</b>						
Original value at the beginning of the period	20,973	20,973	20,973	20,973	20,973	20,973
Accumulated amortization at the beginning of the period	16,604	19,226	20,973	20,973	20,973	20,973
<b>Amortization for the year</b>	2,622	1,748	–	–	–	
<b>Original value of additions during year</b>						
Original value of disposals during the year						
Original value at the end of the period	20,973	20,973	20,973	20,973	20,973	20,973
<b>Amortization on disposals for the year</b>						
Accumulated amortization at the end of the period	19,226	20,973	20,973	20,973	20,973	20,973
Provision for impairment						
Amortized balance at the end of the period	1,748	–	–	–	–	–
<b>Net book value</b>	1,748	–	–	–	–	–

⑧ *Estimation of additional capital*

Additional capital represents the additional working capital and long-term capital investments for over one year required by the enterprise to maintain operation on an on-going basis without changing its current business conditions, such as capital investments (the acquisition of fixed assets or other long-term assets) required for expansion of production capacity; additional working capital required for changes of operation scale and asset renewal necessary for continuing operations.

In this valuation, it was assumed that the entity would no longer make capital investments in its existing operating capabilities. The additional capital during the future operating period mainly includes the renewal of assets and the increase in working capital necessary for continuing operations. Therefore, the additional capital as defined in this report is:

Additional capital = asset renewal investment + increase in working capital

Asset renewal investment = renewal of fixed asset = renewal of machinery and equipment + renewal of buildings and structures + renewal of other equipment

## A. Asset renewal investment

In accordance with the premise and basis of the income estimation, under the premise of maintaining the existing scale, the capital investment in the future years will not be considered to be expanded, and only the renewal investment expenditure necessary to maintain the existing production and operation capacity shall be satisfied. Therefore, it is only necessary to estimate the renewal expenses after the depletion (depreciation) of the existing assets. The capital expenditure incurred in the estimated renewal investment of vehicles and office equipment is calculated based on the carrying amount of the renewed asset as at the benchmark date. That is, when the accumulated depreciation of the asset is close to the original value of the asset or when the net asset value is close to the estimated residual value of the asset, it is assumed that the asset has been depreciated and is required to be supplemented and renewed according to the original value of the asset. At the same time as the expenditure incurred for the renewal of assets, depreciation will be made according to the original value of the renewed assets until the end of the operating period. The expenditure on asset renewal in the future is forecasted with reference to the enterprise's expenditure on asset renewal in the past years.

## B. Estimation of amount of increase in working capital

Based on the survey on the operation of the appraised object, the audited statistical analysis of the assets, profits and losses, income and costs of the historical operation, 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 increase in working capital in each year during the future operating period can be obtained. The estimated results are set out in the following table.

Future working capital forecast of the enterprise

*Unit of amount: RMB*

Item	2023	2024	2025	2026	2027	2028
Minimum monetary funds						
on hand	1,945,422.75	2,800,663.25	2,733,927.89	2,820,686.11	2,910,318.19	3,002,957.77
Working capital	4,351,688.99	10,842,830.57	11,014,720.19	11,350,003.30	11,695,514.31	12,051,817.12
Amount of increase in						
working capital	1,208,135.75	6,491,141.58	171,889.62	335,283.10	345,511.02	356,302.80

⑨ *Estimated net cash flow*

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 net cash flow of the enterprise is estimated as follows, and the perpetual period remains at the level of 2028.

Estimated future cash flow of the enterprise

*Unit of amount: RMB'0000*

Year	October to December 2023	2024	2025	2026	2027	2028	Perpetual period
I. Operating income	1,814.48	3,403.20	3,505.31	3,610.47	3,718.78	3,830.35	3,830.35
Income of principal businesses	1,814.48	3,403.20	3,505.31	3,610.47	3,718.78	3,830.35	3,830.35
Income of other businesses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
II. Operating costs	1,556.72	2,638.25	2,717.41	2,798.93	2,882.90	2,969.39	2,969.39
Costs of principal businesses	1,556.72	2,638.25	2,717.41	2,798.93	2,882.90	2,969.39	2,969.39
Costs of other businesses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Taxes and surcharges of businesses	1.65	8.54	9.04	9.30	9.57	9.85	9.85
Operating expenses	53.15	140.40	136.62	140.72	144.93	149.29	149.29

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Year	October to December 2023	2024	2025	2026	2027	2028	Perpetual period
General and administrative expenses	146.97	574.54	418.58	436.97	456.18	475.23	475.23
Finance expenses	-2.06	0.80	0.83	0.85	0.88	0.90	0.90
Loss of assets impairment				53.15			
Investment income	0.00	0.00	0.00	0.00	0.00	0.00	0.00
III. Operating profit	4.90	40.67	222.84	223.70	224.32	225.68	225.68
Non-operating income	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non-operating expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
IV. Total profit	4.90	40.67	222.84	223.70	224.32	225.68	225.68
Less: Income tax expenses	-22.64	0.00	0.00	28.58	22.56	56.74	56.74
V. Net profit	27.54	40.67	222.84	195.12	201.76	168.95	168.95
Add: Depreciation of fixed assets	0.39	1.56	1.76	1.95	2.08	1.12	1.12
Add: Amortization of long-term deferred expenses of intangible assets	0.26	0.17	0.00	0.00	0.00	0.00	0.00
Add: Interest on borrowings (after tax)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Capital expenditure	0.00	1.00	1.00	1.00	1.00	1.00	1.12
Less: Amount of increase in working capital	120.81	649.11	17.19	33.53	34.55	35.63	0.00
VI. Free cash flow of entity	-92.61	-607.71	206.41	162.54	168.29	133.43	168.95

(2) *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:

$$\text{WACC} = k_e \times [E/(D + E)] + k_d \times (1 - t) \times [D/(D + E)]$$

Where:  $k_e$ : cost of equity capital

E: market value of equity capital

D: market value of debt capital

$k_d$ : cost of debt capital

T: income tax rate

2) *Determination of cost of equity capital*

To calculate the cost of equity capital, we use the capital asset pricing model (“CAPM”). CAPM model is a generally applied method for evaluating the cost of investor return and equity capital. The CAPM model can be represented by the following mathematical formula:

$$R_e = R_{f1} + \beta (R_m - R_{f2}) + \text{Alpha}$$

Where:  $R_e$ : Expected return on equity, i.e. cost of equity capital

$R_{f1}$ : Risk-free rate of return

$\beta$ : Beta factor

$R_m$ : Market expected rate of return

$R_{f2}$ : Expected turn rate of long-term market

Alpha: Special risk premium

$(R_m - R_{f2})$ : Excess risk return in the equity market, also known as ERP

In particular:

- ① Determination of risk-free return rate ( $R_f$ ). We searched information from the WIND Financial Terminal by selecting the bond module and utilizing bond information browser to search treasury bonds under WIND's classification. We selected analysis index – risk return index – remaining maturity (year) and closing yield to maturity (compound interest for calculation method) to export data and screened such data by maturity.

As at 30 September 2023, the risk-free return rate was 2.97%.

- ② Determination of ERP, which means equity risk premium ( $R_m - R_{f2}$ ).

ERP refers to the expected excess return required by investors for equity investments with the same overall market average risk, i.e. risk compensation in excess of the risk-free rate. Stock market investment yield is a typical example of capital market yield. Stock market risk yield is the portion expected by investors to invest in the stock market in excess of risk-free yield, and it can also be considered as a typical example of market risk.

With reference to the idea of calculating ERP domestically and overseas, we calculated the investment yield of the PRC stock market ( $R_m$ ) and ERP ( $R_m - R_f$ ) based on the following approaches.

A. Selection of index for measuring investment yields

The CSI 300 Index is an index covering both the Shanghai and Shenzhen stock markets, reflecting the comprehensive changes in the stock prices of representative stocks with strong liquidity and large scale. The constituent stocks of the index can more truly reflect the returns of mainstream investment in the market. Therefore, we selected the CSI 300 Index to estimate the investment yield of the PRC stock market.

B. 10 years is selected as the time span for calculation of investment yield.

For each constituent stock of CSI 300, the investment yield for the past ten years is calculated to minimize the impact of non-systematic stock volatility. The term used to calculate the investment yield for 2022 is from 2013 to 2022, and the investment yield for subsequent years is calculated similarly.

C. Calculation of annual investment yield ( $R_m$ )

Two calculation methods are adopted: the arithmetic mean and geometric mean.

Based on our comparative analysis, we believe the geometric mean can better reflect the growth of the yield rate, and therefore the geometric mean is used as the calculation of final annual investment yield ( $R_m$ ).

D. Determination of equity risk premium (ERP) ( $R_m - R_f$ )

Projects with revenue period of over 10 years

We selected the yield to maturity of treasury bonds with a remaining maturity of more than 10 years at the end of each year as the risk-free interest rate  $R_f$ . After the above steps, we estimated the ERP for 2023 to be 6.52%.

③ Determination of  $\beta$  coefficient

A. Determination of comparable companies

The selection criteria for comparable companies in this appraisal are as follows:

- The industry in which the comparable companies are engaged or the principal business of the comparable companies is the landscape engineering industry;
- The comparable companies are profit-making companies in recent years;
- The comparable companies have been listed for at least two years;
- The comparable companies only issued A shares.

Based on the above four principles, we selected the following three listed companies as comparable companies:

Comparable company I: LingNan

LingNan Eco & Culture-Tourism Co., Ltd, stock abbreviation: LingNan, stock code: 002717.SZ.

Description: The company is a national group company integrating ecological environment and landscape construction, culture and tourism, investment and operation. It is mainly engaged in landscape engineering construction, landscape planning and design, greening maintenance and seedling production and sales. The company has first-grade qualification for general contracting of water conservancy and hydropower construction, first-grade qualification for national landscape engineering design, first-grade qualification for general contracting of municipal



public works construction, first-grade unit for production safety standardization in water conservancy, first-grade qualification for integrated engineering and construction of exhibition and display projects and other professional capabilities and qualifications, and has won dozens of major national awards in ecological and cultural tourism projects. The company is awarded the title of National High and New Technology Enterprise and the Grand Gold Award of China Excellent Landscape Engineering Award and has won the China Landscape Architecture Excellent Management Award, the China Excellent Landscape Engineering Gold Award and the title of Contract-abiding and Trustworthy Enterprise in Guangdong Province for many consecutive years. The company has been ranked among the best in China in terms of comprehensive strength and competitiveness and is honored as one of the Top 50 Urban Landscaping Enterprises in China, the Top Ten Landscape Engineering/Design/Technological Innovation Enterprises in China and the Leading Agricultural Enterprise in Guangdong Province.

Comparable company II: Palm

Palm Eco-Town Development Co., Ltd., stock abbreviation: Palm, stock code: 002431.SZ.

Description: The company is mainly engaged in landscape architecture design and construction and is a comprehensive landscape enterprise with a first-grade qualification for urban landscaping issued by the former Ministry of Construction and a special grade A qualification for landscape engineering design issued by the Ministry of Housing and Urban-Rural Development. Its business covers the entire process of landscape architecture construction, including landscape planning, design and consultation, landscape engineering construction and maintenance, landscape seedling production and sales, and research and development of landscape technology and materials. The company's green seedling production and sales bases are located in Beijing, Shanghai, Chengdu, Changsha and various cities in Guangdong Province. Its nursery stock base was rated as one of the Top Ten National Nurseries by China Flower & Gardening News and the National Trustworthy Nurseries by the State Forestry Administration.

Comparable company III: Wenke Landscape

Shenzhen Wenke Landscape Co., Ltd., stock abbreviation: Wenke Landscape, stock code: 002775.SZ.

Description: The company has been focusing on environmental business for many years, and is mainly engaged in landscape architecture planning and design, tourist attractions planning and design, urban and rural planning and design, ecological environmental protection technology research and development, landscape and municipal engineering construction, comprehensive management of

ecological environment, investment and development of cultural tourism projects, PPP projects investment and operation, etc. The company has a special grade A qualification for landscape architecture design, a grade B qualification for urban and rural planning preparation and a grade II qualification for general contracting of municipal public works construction. It is one of the top 500 enterprises in Guangdong Province, one of the top ten enterprises in terms of comprehensive competitiveness in urban landscaping in China, a key environmental protection enterprise in Guangdong Province and a national high and new technology enterprise. The company regards quality as the core competitiveness for enterprise development, and has passed GB/T19001-2016, GB/T24001-2016 and GB/T28001-2011 certifications. With a long-term commitment to product quality, the company has obtained the certification as a famous trademark in Guangdong Province and has become a well-known brand in the landscape industry in China.

B. Determination of  $\beta$  coefficient without financial leverage

At present, Wind Information Company in China is a company engaged in the research of  $\beta$  and formulates the formula for calculating the  $\beta$  value. In this appraisal, we selected the  $\beta$  calculator published by the company to calculate the  $\beta$  values of the comparable companies. Such  $\beta$  values are  $\beta$  values of the comparable companies with their own capital structures. After screening, three listed companies (Dahu, CNFC Fisheries and Haid Group), which are similar to the appraised company in terms of business content and asset-liability ratio, were selected as comparable companies. We obtained the risk coefficient  $\beta$  relative to the Shanghai and Shenzhen stock markets (using the CSI 300 Index) of each comparable company (with at least two years of listing history) calculated by using common yield rate within 36 months from the valuation benchmark date and the  $\beta$  coefficient without financial leverage of each comparable company, and took their average value as the  $\beta$  coefficient of the appraised enterprise without financial leverage. The  $\beta$  coefficient without financial leverage is 0.3591.

C. Determination of the capital structure ratio of the appraised enterprise

When determining the target capital structure of the appraised enterprise, the capital structure of the appraised enterprise based on its own book value is adopted in this appraisal.

- D. Estimation of the  $\beta$  coefficient of the appraised enterprise under the above determined capital structure ratio.

We have calculated the  $\beta$  coefficient with financial leverage of the appraised entity by adding the determined capital structure ratio of the appraised entity to the following formula:

$$\begin{aligned} \beta \text{ with financial leverage} &= \beta \text{ without financial leverage} \times [1 + D/E \times (1 - T)] \\ &= 0.6801 \end{aligned}$$

The beta coefficient was determined to be 0.5834 by calculation.

- E.  $\beta$  coefficient Blume adjustment

$$\begin{aligned} \text{Adjusted Beta} &= \text{Original Beta} \times 0.65 + 0.35 \\ &= 0.5834 \end{aligned}$$

- ④ Determination of special risk premium Alpha

We considered the risk premium of the following factors:

- A. Determination of scale risk return rate

According to various researches in the world, the average return rate of small enterprises is higher than that of large enterprises. Shareholders of small enterprises assume greater risks than shareholders of large enterprises. As a result, shareholders of small enterprises are looking for higher returns.

Comparing with the constituent companies included in the CSI 300 Index, the size of the appraised unit is relatively small, therefore we consider it necessary to make adjustment to the scale compensation. Based on our comparison and judgement, the appraiser considered that an additional 2.5% scale risk return rate is reasonable.

- B. Determination of individual risk return rate

The individual risk return rate is determined to be 1% in this appraisal.

The specific risk premium of the entity is determined to be 3.5% from the above analysis.

## ⑤ Calculation of cost of equity capital

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 10.27%.

3) *Determination of cost of debt capital*

As at the valuation benchmark date, the appraised entity has no interest-bearing liabilities, and the cost of debt capital is 3.45% when taking the market rate of one-year bank loan as the cost of debt capital.

4) *Determination of weighted cost of capital*

Using the WACC model to calculate the weighted average cost of capital and substituting the above parameters into the WACC model, the weighted average cost of capital is 10.27%.

The discount rate is 10.27%.

(3) *Value of operating assets*

Based on the forecasted net cash flow and discount rate, the value of operating assets is RMB8.7637 million. See table below:

Table of appraisal results of operating assets

*Unit of amount: RMB'0000*

Item	October to December						Perpetual period
	2023	2024	2025	2026	2027	2028	
Net cash flows	-92.61	-607.71	206.41	162.54	168.29	133.43	168.95
Discount rate	10.27%	10.27%	10.27%	10.27%	10.27%	10.27%	10.27%
Discount coefficient	0.9879	0.9293	0.8428	0.7643	0.6931	0.6285	6.1198
Discounted value	-91.49	-564.74	173.96	124.23	116.64	83.86	1,033.91
Value of operating assets							876.37

(4) *Value of non-operating assets (liabilities) and surplus assets*

Upon verification, as at 30 September 2023, being the valuation benchmark 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*

As at the valuation benchmark date, the book value of non-operating assets was RMB26,435,800.61, which were centralized deposits of funds and deferred income tax assets, etc. and were appraised under cost approach as follows:

<b>Asset name</b>	<b>Net book value</b>	<b>Appraised value</b>
Deferred income tax assets	183,593.81	183,593.81
Centralized deposits of funds	26,252,206.80	26,252,206.80
Total non-operating assets	26,435,800.61	26,435,800.61

The appraised value of non-operating assets was RMB26,435,800.61.

2) *Value of non-operating liabilities*

Upon verification, the appraised entity had no non-operating liabilities as at the valuation benchmark date.

3) *Value of surplus assets*

Upon verification, the appraised entity had no surplus assets as at the valuation benchmark date.

(5) *Value of interest-bearing debts*

As at the valuation benchmark date, as disclosed in the audited balance sheet, the book value of interest-bearing debts of the appraised entity was RMB0.

(6) *Determination of the value of total shareholders' equity*

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

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 Landscaping Co., Ltd. was RMB35,199,000. See table below:

*Unit of amount: RMB'0000*

<b>Item</b>	<b>Amount</b>
Accumulated discounted free cash flow of entity	876.37
Less: Present value of interest-bearing liabilities	0.00
Add: Surplus assets	0.00
Add: Non-operating assets	2,643.58
Less: Non-operating liabilities	0.00
Appraised value of shareholders' equity of enterprise	3,519.90

**(7) *Appraisal results under 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 Landscaping Co., Ltd. As at the valuation benchmark date, the value of total shareholders' equity of Guangdong Top-E Landscaping Co., Ltd. was RMB35,199,000.

**3. Guangdong Zhong Yue Tong Oil Products Operation Co., Ltd.**

**(1) *Determination of future earnings***

① *Forecast of income of principal businesses*

A. Historical income

As at the valuation benchmark date, Zhong Yue Tong manages the south and north gas stations in the Dongsheng Service Zone of Jiangzhong Expressway in Zhongshan City, the east and west gas stations in the Gaogang Service Zone of Jing-Zhu Expressway in Qingyuan City and the east and west gas stations in the Yayao Service Zone of Yayao Town, Heshan City, Jiangmen, the east and west gas stations in the Minzhong Service Zone of Jing-Zhu Expressway in Zhongshan City and the south and north gas stations in Liangjinshan Service Zone in Kaiping City, Jiangmen City. Zhong Yue Tong's income was mainly derived from the sales of oil products, the sales of convenience stores and the rental income of convenience stores.

The main historical data are as follows:

*Unit of amount: RMB*

Product category	Parameters						January to
		2019	2020	2021	2022	2023	September
Oil products	Annual sales volume (t)	34,240.80	103,823.48	142,575.10	111,008.34	101,363.09	
	Unit selling price (RMB/t)	7,791.19	6,406.19	7,782.15	9,439.83	9,144.00	
	Sales income	266,776,431.44	665,112,831.65	1,109,541,138.33	1,047,899,671.16	926,864,196.63	
Sales income of convenience stores		349,749.39	765,520.31	709,493.64	76,427.89	10,307.98	
Rental income of convenience stores			293,826.67		276,640.37	23,761.47	
Total income of principal businesses		267,126,180.83	666,172,178.63	1,110,250,631.97	1,048,252,739.42	926,898,266.08	

As shown in the above table, the annual growth rate of operating income from 2019 to September 2023 showed a fluctuated increasing trend, mainly due to: firstly, there is an increase in the number of the service zone; secondly, it is affected by the pandemic and oil price fluctuations.

In respect of the income from oil product sales, in 2019, Zhong Yue Tong only had three service zones, namely Gaogang, Dongsheng and Yaoyao, while in mid-2020, two new service zones, namely Minzhong and Liangjinshan, were added. Therefore, the income from oil product sales of 2021 derived from 5 service zones throughout the year. As the operation of Dongsheng Gas Station will be suspended for one year due to renovation in 2024, the oil product sales in 2024 will be forecasted after excluding the oil product sales of Dongsheng Gas Station in previous years. Considering the increasing penetration of new energy vehicles, the oil product sales from 2026 to 2028 will decrease as compared with that for the whole year of 2023. The unit selling price of oil products in 2024 will be based on the 2023 level, and the unit selling price of oil products in 2025 and subsequent years will be based on the average selling price of the past six years (2018-2023).

In respect of the sales income of convenience stores, according to the enterprise's plan, the subsequent annual income of the convenience store will only derive from the sales of lubricating oil, and the remaining sections will be leased out.

In respect of the rental income of convenience stores, it is estimated based on the lease contract provided by the enterprise.

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 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, and the development trend of similar entities in the industry.

B. The forecast data of income in future years are as follows:

*Unit of amount: RMB*

Product category	Parameters	October to December					
		2023	2024	2025	2026	2027	2028
Oil products	Annual sales volume (t)	32,413.04	116,661.04	133,776.13	127,087.32	120,732.96	114,696.31
	Unit selling price (RMB/t)	9,104.23	8,097.01	8,097.01	8,097.01	8,097.01	8,097.01
	Sales income	291,065,055.97	944,606,082.00	1,083,187,220.56	1,029,027,859.53	977,576,466.56	928,697,643.23
Sales income of convenience stores		1,653.63	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
Rental income of convenience stores		89,917.88	23,761.47	115,099.82	115,099.82	117,383.28	124,233.65
Total income of principal businesses		291,156,627.48	944,644,843.47	1,083,317,320.38	1,029,157,959.35	977,708,849.83	928,836,876.88

② *Forecast of major operating costs*

A. Operating costs in historical years:

*Unit: RMB*

Product name	Item	January to September			
		2020	2021	2022	2023
Oil products	Material costs	493,149,201.82	880,855,260.88	844,030,675.31	769,993,837.88
	Material costs/income	74%	79%	81%	83%
	Subtotal cost	493,149,201.82	880,855,260.88	844,030,675.31	769,993,837.88
	Sales volume	103,823.48	142,575.10	111,008.34	101,363.09
	Unit cost	4,749.88	6,178.18	7,603.31	7,596.39
Commodity at convenient stores	Material fee	571,295.99	508,408.39	63,965.55	5,207.78
	Material costs/income	75%	72%	84%	51%
	Subtotal cost	571,295.99	508,408.39	63,965.55	5,207.78
Cost of sales	Salary expenses	12,655,377.11	20,804,472.23	23,948,358.40	18,577,137.94
	Office expenses	1,268,430.51	1,787,769.35	1,436,611.93	757,302.58



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Product name	Item	2020	2021	2022	January to September 2023
	Maintenance fees	1,054,016.50	1,497,229.95	1,945,850.30	585,922.29
	Vehicle use fees	86,224.46	111,600.23	147,365.06	88,495.76
	Business reception expenses	32,670.00	39,443.50	40,120.00	30,062.00
	Advertising and promotion fees	32,051.35	95,556.56	79,773.08	50,134.61
	Training fees				
	Consultancy fees	169,099.58			
	Travelling expenses	28,287.38	31,176.73	17,245.80	24,198.44
	Family planning fee	62,746.33	66,567.04	69,053.75	
	Sewage charges			28,271.03	
	Property insurance premiums	72,026.39	218,218.82	224,824.57	140,594.06
	Commercial insurance premiums	101,354.14			
	Amortization of long-term deferred expenses	170,131.57	81,283.32	114,710.40	86,032.80
	Amortization of low-value consumables	198,897.74	67,032.66		52,110.79
	Amortization of intangible assets		247,197.60	247,197.60	127,718.92
	Depreciation expenses	3,620,733.33	4,629,202.34	4,473,875.22	4,310,414.57
	Gas station rental	15,358,459.98	15,318,559.65	12,172,462.42	9,439,614.82
	Property management fees	1,352,134.19	1,586,863.01	2,358,620.77	1,313,468.16
	Other selling expenses	4,808,765.73	7,538,647.55	8,377,400.08	4,400,947.09
	Subtotal cost	41,071,406.29	54,120,820.54	55,681,740.41	39,984,154.83
<b>Safety production and operating costs</b>		6,045,521.68	5,030,860.89	6,920,501.26	5,641,129.08
<b>1</b>	<b>Total cost</b>	<b>540,837,425.78</b>	<b>940,515,350.70</b>	<b>906,696,882.53</b>	<b>815,624,329.57</b>
	<b>Total material costs</b>	<b>493,720,497.81</b>	<b>881,363,669.27</b>	<b>844,094,640.86</b>	<b>769,999,045.66</b>
	<b>Of which: depreciation expenses</b>	<b>3,620,733.33</b>	<b>4,629,202.34</b>	<b>4,473,875.22</b>	<b>4,310,414.57</b>
<b>2</b>	Revenue from principal businesses	666,172,178.63	1,110,250,631.97	1,048,252,739.42	926,898,266.08
<b>3</b>	<b>Costs as a percentage of revenue from principal businesses</b>	<b>81%</b>	<b>85%</b>	<b>86%</b>	<b>88%</b>

As can be seen from the above table, in recent years, Zhong Yue Tong's cost of materials for oil products as a percentage of revenue has been increasing year by year. For prudential reasons, the cost of materials for oil products as a percentage of revenue for 2024 is taken as the average of the cost of materials for the last two years, while the cost of materials for oil products as a percentage of revenue after 2024 is taken as the average of the cost of materials for the last three years (2018-2023). Convenience store commodity's forecasted annual material cost to revenue ratio is taken at the level of 2023, and among the cost of sales, amortization of long-term deferred expenses, depreciation of fixed assets and amortization of intangible assets are calculated in accordance with the accounting policies of the enterprise on depreciation and amortization. Oil station rent and property management fees are calculated in accordance with the lease contracts. Safety production and operating costs are accrued in accordance with relevant standards. Labor costs are based on historical annual data and increased at a growth rate of 3%. The remaining costs are based on the corresponding costs of the historical years and increased at a growth rate of 5%.

B. 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
Oil products	Material costs	234,095,493.75	778,755,323.84	875,130,330.13	831,373,813.63	789,805,122.94	750,314,866.80
	Material costs/income	82%	82%	81%	81%	81%	81%
	Subtotal cost	234,095,493.75	778,755,323.84	875,130,330.13	831,373,813.63	789,805,122.94	750,314,866.80
	Sales volume	32,413.04	116,661.04	133,776.13	127,087.32	120,732.96	114,696.31
	Unit cost	7,222.26	6,675.37	6,541.75	6,541.75	6,541.75	6,541.75
Commodity at convenient stores	Material costs	1,962.84	7,578.27	7,578.27	7,578.27	7,578.27	7,578.27
	Material costs/income	51%	51%	51%	51%	51%	51%
	Subtotal cost	1,962.84	7,578.27	7,578.27	7,578.27	7,578.27	7,578.27
Cost of sales	Salary expenses	8,024,421.54	27,399,606.26	28,221,594.45	29,068,242.29	29,940,289.55	30,838,498.24
	Office expenses	572,223.69	1,396,002.58	1,465,802.71	1,539,092.85	1,616,047.49	1,696,849.87
	Maintenance fees	857,636.97	1,515,737.22	1,591,524.08	1,671,100.29	1,754,655.30	1,842,388.07
	Vehicle use fees	32,753.39	127,311.61	133,677.19	140,361.05	147,379.10	154,748.05
	Business reception expenses	10,360.00	42,443.10	44,565.26	46,793.52	49,133.19	51,589.85
	Advertising and promotion fees	6,063.35	59,007.86	61,958.25	65,056.16	68,308.97	71,724.42
	Travelling expenses	7,275.17	33,047.29	34,699.66	36,434.64	38,256.37	40,169.19
	Property insurance premiums	60.00	147,686.76	155,071.10	162,824.66	170,965.89	179,514.18
	Amortization of long- term deferred expenses	28,677.60	114,710.43	114,710.43	114,710.43	114,710.43	114,710.43

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Product name	Item	October to December					
		2023	2024	2025	2026	2027	2028
	Amortization of low-value consumables	8,121.47	63,243.87	66,406.07	69,726.37	73,212.69	76,873.32
	Amortization of intangible assets		14,229.40	14,229.40	14,229.40	14,229.40	14,229.40
	Depreciation expenses	1,457,458.52	5,158,011.44	4,668,966.39	4,108,798.96	3,528,429.45	3,061,153.28
	Gas station rental	2,916,807.39	12,479,986.43	12,604,786.30	12,730,834.16	12,858,142.50	12,986,723.93
	Property management fees	468,932.15	1,782,400.31	1,782,400.31	1,782,400.31	1,782,400.31	1,782,400.31
	Other selling expenses	996,917.65	5,667,757.98	5,951,145.88	6,248,703.17	6,561,138.33	6,889,195.24
	Subtotal cost	15,387,708.89	56,001,182.54	56,911,537.46	57,799,308.24	58,717,298.98	59,800,767.78
<b>Safety production and operating costs</b>		1,880,376.40	3,889,212.16	7,115,936.10	6,845,139.30	6,587,882.33	6,343,488.22
<b>1</b>	<b>Total cost</b>	251,365,541.88	838,653,296.83	939,165,381.97	896,025,839.43	855,117,882.53	816,466,701.07
<b>2</b>	<b>Revenue from principal businesses</b>	291,156,627.48	944,644,843.47	1,083,317,320.38	1,029,157,959.35	977,708,849.83	928,836,876.88
<b>3</b>	<b>Costs as a percentage of revenue from principal businesses</b>	86%	89%	87%	87%	87%	88%

**③ Forecast of taxes and surcharges**

Taxes and surcharges include city construction tax, educational fee surcharge, local educational fee surcharge, property tax, land use tax, stamp duties, etc. The value-added tax rates of Zhong Yue Tong's operating income are 13% and 9%. Urban construction tax, educational fee surcharges and local educational fee surcharge were charged at turnover tax rates of 5%, 3% and 2%, respectively. Land use tax and property tax are projected based on historical data. The applicable tax rates are expected to remain unchanged for each year during the projection period. The forecasted taxes and surcharges are as follows:

*Unit: RMB*

Item	October to December					
	2023	2024	2025	2026	2027	2028
<b>City maintenance and construction tax</b>	494,850.73	1,002,643.49	1,280,721.25	1,216,925.00	1,153,292.91	1,093,100.75
<b>Educational fee surcharge</b>	262,286.00	601,586.09	768,432.75	730,155.00	691,975.74	655,860.45

Item	October to	2024	2025	2026	2027	2028
	December					
	2023					
Local educational fee						
surcharge	174,857.34	401,057.40	512,288.50	486,770.00	461,317.16	437,240.30
Property tax	66,272.39	235,197.01	235,197.01	235,197.01	235,197.01	235,197.01
Land use tax	12,619.90	50,479.60	50,479.60	50,479.60	50,479.60	50,479.60
Stamp duties	154,893.63	395,303.23	453,333.16	430,669.22	409,139.44	388,688.11
Total taxes and						
surcharges	1,165,779.99	2,686,266.82	3,300,452.27	3,150,195.83	3,001,401.87	2,860,566.21

④ *Forecast of 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, travel expenses, consultancy fees, Party building expenses, green and environmental protection expenses, audit fees, business reception expenses and other fees.

The forecast of 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.

A. Forecast of fixed expenses

The forecast 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.

B. Forecast of variable expenses

The 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.

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

*Unit: RMB*

Item	October to December 2023	2024	2025	2026	2027	2028
<b>Fixed components</b>						
Depreciation	39,887.24	130,629.01	118,243.72	104,057.22	89,359.09	77,525.11
Amortization of intangible assets	3,881.70	1,297.40	1,297.40	1,297.40	1,297.40	1,297.40
Amortization of long-term deferred expenses	24,727.69	98,910.74	98,910.74	98,910.74	98,910.74	98,910.74
<b>Total of fixed components</b>	<b>68,496.63</b>	<b>230,837.15</b>	<b>218,451.86</b>	<b>204,265.36</b>	<b>189,567.24</b>	<b>177,733.25</b>
<b>Variable components</b>						
Payroll expenses	3,086,917.40	8,136,402.06	8,380,494.13	8,631,908.95	8,890,866.22	9,157,592.21
Office expenses	193,602.89	811,329.44	851,895.91	894,490.70	939,215.24	986,176.00
Repairing fees	1,650.44	11,275.28	11,839.04	12,430.99	13,052.54	13,705.17
Vehicle use fees	136,035.08	356,650.53	374,483.05	393,207.21	412,867.57	433,510.95
Business reception expenses	103,968.49	302,229.36	317,340.83	333,207.87	349,868.27	367,361.68
Conference fee	16,764.83	48,117.56	50,523.44	53,049.61	55,702.09	58,487.20
Travel expenses	37,363.70	94,329.35	99,045.82	103,998.11	109,198.02	114,657.92
<b>Sewage charge</b>	<b>1,165.83</b>	<b>4,702.77</b>	<b>4,937.91</b>	<b>5,184.81</b>	<b>5,444.05</b>	<b>5,716.25</b>
<b>Party building expenses</b>	<b>224.58</b>	<b>11,834.53</b>	<b>12,426.26</b>	<b>13,047.57</b>	<b>13,699.95</b>	<b>14,384.94</b>
Audit fees		100,000.00	100,000.00	100,000.00	100,000.00	100,000.00
Green and environmental protection expenses	13,207.55	24,762.73	26,000.86	27,300.91	28,665.95	30,099.25
Amortization of low value consumables	1,600.30	13,521.07	14,197.12	14,906.98	15,652.33	16,434.95
Cleaning and sanitation expenses		817.74	858.63	901.56	946.64	993.97
Other administrative expenses	16,347.19	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
<b>Total of variable components</b>	<b>3,608,848.28</b>	<b>9,965,972.43</b>	<b>10,294,043.01</b>	<b>10,633,635.27</b>	<b>10,985,178.86</b>	<b>11,349,120.48</b>
<b>Total administrative expenses</b>	<b>3,677,344.91</b>	<b>10,196,809.57</b>	<b>10,512,494.86</b>	<b>10,837,900.64</b>	<b>11,174,746.10</b>	<b>11,526,853.73</b>
<b>Income of principal businesses</b>	<b>291,156,627.48</b>	<b>1,003,396,525.79</b>	<b>1,083,317,320.38</b>	<b>1,029,157,959.35</b>	<b>977,708,849.83</b>	<b>928,836,876.88</b>
<b>Variable administrative expenses/income of principal businesses</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>

⑤ *Forecast of 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 interest income and handling fee are determined with reference to the proportion of historical income. The forecasted finance expenses in the following years are as follows:

*Unit: RMB*

Item	October to December 2023	2024	2025	2026	2027	2028
Interest income	868,352.75					
Handling fees	602,231.94	1,731,424.52	1,985,595.10	1,886,327.27	1,792,027.02	1,702,450.35
Others	135,544.07					
<b>Total finance expenses</b>	-130,576.74	1,731,424.52	1,985,595.10	1,886,327.27	1,792,027.02	1,702,450.35

⑥ *Forecast of 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 in 2024 and subsequent years.

⑦ *Forecast of capital expenditure*

Zhong Yue Tong'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.

## ⑧ Forecast of depreciation and amortization

## A. Forecast of 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 estimated 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.

The forecasted depreciation in the following years are as follows:

*Unit: RMB*

Item	October to December 2023	2024	2025	2026	2027	2028
Total						
<b>Original value of fixed assets</b>						
Opening balance	84,886,113.46	85,452,381.38	87,534,606.47	89,016,915.88	89,822,018.72	90,445,923.93
Increase during the period	566,267.92	2,082,225.09	1,482,309.41	805,102.83	623,905.21	410,832.26
Decrease during the period	0.00	0.00	0.00	0.00	0.00	0.00
Ending balance	85,452,381.38	87,534,606.47	89,016,915.88	89,822,018.72	90,445,923.93	90,856,756.19
<b>Accumulated depreciation</b>						
Opening balance	38,636,601.30	40,154,307.80	45,522,016.52	50,387,279.81	54,676,933.04	58,370,749.19
Increase during the period	1,517,706.50	5,367,708.72	4,865,263.29	4,289,653.23	3,693,816.15	3,205,426.96
Decrease during the period	0.00	0.00	0.00	0.00	0.00	0.00
Ending balance	40,154,307.80	45,522,016.52	50,387,279.81	54,676,933.04	58,370,749.19	61,576,176.15
<b>Net fixed assets</b>						
Ending balance	45,298,073.58	42,012,589.95	38,629,636.07	35,145,085.67	32,075,174.73	29,280,580.04

## B. Forecast of amortization

Amortization mainly comprises amortization of long-term deferred expenses. In this appraisal, amortization amount is projected according to the account policies of the entity as at the valuation benchmark date. The forecasted amortization in the following years are as follows:

*Unit: RMB*

Item	October to December 2023	2024	2025	2026	2027	2028
<b>Intangible assets</b>						
Original value at the beginning of the period	896,861.00	896,861.00	896,861.00	896,861.00	896,861.00	896,861.00
Accumulated amortization at the beginning of the period	764,364.32	768,246.02	783,772.82	799,299.62	814,826.42	830,353.22
<b>Amortization for the year</b>	<b>3,881.70</b>	<b>15,526.80</b>	<b>15,526.80</b>	<b>15,526.80</b>	<b>15,526.80</b>	<b>15,526.80</b>
<b>Original value of additions during year</b>						
Original value of disposals during the year						
Original value at the end of the period	896,861.00	896,861.00	896,861.00	896,861.00	896,861.00	896,861.00
Amortization on disposals for the year						
Accumulated amortization at the end of the period	768,246.02	783,772.82	799,299.62	814,826.42	830,353.22	845,880.02
Provision for impairment						
Amortized balance at the end of the period	128,614.98	113,088.18	97,561.38	82,034.58	66,507.78	50,980.98
<b>Net book value</b>	<b>128,614.98</b>	<b>113,088.18</b>	<b>97,561.38</b>	<b>82,034.58</b>	<b>66,507.78</b>	<b>50,980.98</b>
<b>Amortization of long-term deferred expenses</b>						
Original value at the beginning of the period	2,055,430.05	2,055,430.05	2,055,430.05	2,055,430.05	2,055,430.05	2,055,430.05
Accumulated amortization at the beginning of the period	695,351.90	748,757.19	962,378.36	1,175,999.53	1,389,620.69	1,603,241.86
<b>Amortization for the year</b>	<b>53,405.29</b>	<b>213,621.17</b>	<b>213,621.17</b>	<b>213,621.17</b>	<b>213,621.17</b>	<b>213,621.17</b>
<b>Original value of additions during the year</b>						
Original value of disposals during the year						
Original value at the end of the period	2,055,430.05	2,055,430.05	2,055,430.05	2,055,430.05	2,055,430.05	2,055,430.05



**APPENDIX V**

**ADDITIONAL INFORMATION  
REGARDING THE ASSET VALUATION**

Item	October to December					
	2023	2024	2025	2026	2027	2028
Amortization of disposals during the year						
Accumulated amortization at the end of the period	748,757.19	962,378.36	1,175,999.53	1,389,620.69	1,603,241.86	1,816,863.03
Amortized balance at end of period	1,306,672.86	1,093,051.69	879,430.52	665,809.36	452,188.19	238,567.02
<b>Net book value</b>	<b>1,306,672.86</b>	<b>1,093,051.69</b>	<b>879,430.52</b>	<b>665,809.36</b>	<b>452,188.19</b>	<b>238,567.02</b>

⑨ *Estimation of amount of increase in working capital*

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 increase in working capital in each year during the future operating period can be obtained. The calculation is as follows:

*Unit: RMB*

Item	October to December					
	2023	2024	2025	2026	2027	2028
Total revenue	1,218,054,893.56	944,644,843.47	1,083,317,320.38	1,029,157,959.35	977,708,849.83	928,836,876.88
Total costs	1,070,663,828.00	841,339,563.65	942,465,834.24	899,176,035.26	858,119,284.39	819,327,267.27
<b>Costs in total</b>	<b>1,080,688,797.21</b>	<b>851,536,373.22</b>	<b>952,978,329.10</b>	<b>910,013,935.90</b>	<b>869,294,030.49</b>	<b>830,854,121.00</b>
Expenses for the period	10,024,969.21	10,196,809.57	10,512,494.86	10,837,900.64	11,174,746.10	11,526,853.73
Selling expenses	-	-	-	-	-	-
Administrative expenses	10,024,969.21	10,196,809.57	10,512,494.86	10,837,900.64	11,174,746.10	11,526,853.73
<b>Depreciation and amortization</b>	<b>6,855,235.72</b>	<b>5,517,788.41</b>	<b>5,016,358.08</b>	<b>4,442,004.14</b>	<b>3,846,936.51</b>	<b>3,367,826.36</b>
Depreciation	6,498,368.87	5,288,640.44	4,787,210.11	4,212,856.18	3,617,788.55	3,138,678.39
Amortization	356,866.85	229,147.97	229,147.97	229,147.97	229,147.97	229,147.97
Cash costs	1,073,833,561.48	846,018,584.81	947,961,971.03	905,571,931.75	865,447,093.97	827,486,294.65
Minimum cash on hand	89,486,130.12	70,501,548.73	78,996,830.92	75,464,327.65	72,120,591.16	68,957,191.22
Inventories	5,205,189.89	4,090,296.20	4,581,936.46	4,371,476.73	4,171,873.29	3,983,280.18
Receivables	31,040,437.60	24,072,962.12	27,606,837.64	26,226,661.53	24,915,552.41	23,670,118.05
Payables	21,941,379.55	17,241,780.49	19,314,186.25	18,427,037.65	17,585,651.47	16,790,677.03
Working capital	103,790,378.06	81,423,026.58	91,871,418.77	87,635,428.25	83,622,365.40	79,819,912.42
<b>Increase in working capital</b>	<b>-50,950,993.78</b>	<b>-22,367,351.49</b>	<b>10,448,392.20</b>	<b>-4,235,990.52</b>	<b>-4,013,062.85</b>	<b>-3,802,452.98</b>

## ⑩ Results of the appraisal 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 statements of the enterprise, and in accordance with comprehensive circumstances such as 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

Year	October to December 2023	2024	2025	2026	2027	2028	Perpetual period
Item							
I. Operating income	29,115.66	94,464.48	108,331.73	102,915.80	97,770.88	92,883.69	
Income from principal businesses	29,115.66	94,464.48	108,331.73	102,915.80	97,770.88	92,883.69	
Income from other businesses	-	-	-	-	-	-	
II. Operating costs	25,136.55	83,865.33	93,916.54	89,602.58	85,511.79	81,646.67	
Costs of principal businesses	25,136.55	83,865.33	93,916.54	89,602.58	85,511.79	81,646.67	
Costs of other businesses	-	-	-	-	-	-	
Business tax and surcharges	116.58	268.63	330.05	315.02	300.14	286.06	
Business expenses	-	-	-	-	-	-	
Administrative expenses	367.73	1,019.68	1,051.25	1,083.79	1,117.47	1,152.69	
Finance expenses	-13.06	173.14	198.56	188.63	179.20	170.25	
Add: Other gains	2.49	-	-	-	-	-	
Investment gains	-	-	-	-	-	-	
Net exposure hedging gains	-	-	-	-	-	-	
Gains from changes in fair value	-	-	-	-	-	-	
Credit impairment losses	15.64	-	-	-	-	-	
Asset impairment losses	-	-	-	-	-	-	
Gains from disposal of assets	-	-	-	-	-	-	
III. Operating profit	3,525.98	9,137.70	12,835.34	11,725.77	10,662.28	9,628.03	
Non-operating income	0.00	-	-	-	-	-	
Non-operating expenses	0.15	-	-	-	-	-	
IV. Total profit	3,525.83	9,137.70	12,835.34	11,725.77	10,662.28	9,628.03	
Less: Income tax expenses	914.24	2,287.87	3,212.45	2,935.24	2,669.56	2,411.20	

Year	October to	2024	2025	2026	2027	2028	Perpetual period
	December 2023						
V. Net profit	2,611.60	6,849.83	9,622.89	8,790.53	7,992.72	7,216.83	7,216.83
Add: Depreciation of fixed assets	149.73	528.86	478.72	421.29	361.78	313.87	313.87
Add: Amortization of long-term deferred expenses of intangible assets	5.73	22.91	22.91	22.91	22.91	22.91	22.91
Add: Interest on borrowings (after tax)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less: Capital expenditure	1.78	208.58	148.62	80.94	62.82	41.41	336.78
Less: Increase in working capital	-5,095.10	-2,236.74	1,044.84	-423.60	-401.31	-380.25	-
VI. Free cash flow of enterprise	7,860.37	9,429.77	8,931.07	9,577.38	8,715.90	7,892.45	7,216.83

**(2) 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 enterprise, 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:

$$\text{WACC} = k_e \times [E/(D + E)] + k_d \times (1 - t) \times [D/(D + E)]$$

Where:  $k_e$ : cost of equity capital

E: market value of equity capital

D: market value of debt capital

$k_d$ : cost of debt capital

T: income tax rate

Valuation process of specific parameters:

A. Selection of comparable companies

The comparable companies have been selected with reference to the following criteria:

- I. The comparable listed companies only issued RMB-denominated A shares.
- II. The shares of comparable listed companies have been listed for trading for not less than 60 months with active trading.
- III. The comparable listed companies are in the same industry as the entity being appraised or affected by the same economic policies.
- IV. Names of principal products and the composition of revenue from principal businesses are similar.

Based on the above selection criteria, we use the information from WIND Info 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. (深圳市廣聚能源股份有限公司)

Comparable company 2: Xinjiang International Industry Co., Ltd. (新疆國際實業股份有限公司)

Comparable company 3: SINOPEC Shandong Taishan Petroleum Co., Ltd. (中國石化山東泰山石油股份有限公司)

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 until maturity without repayment 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 two cities, namely Shanghai and Shenzhen, according to WIND Info, 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,  $R_f$ , which is calculated to be 2.97%.

C. Determination of market 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 closing prices of the constituents at the end of each year, and the average annual return is used to determine the rate of market return,  $r_m$ , which is then used to minus the

risk-free return rate of the corresponding year,  $r_f$ , to determine the market risk premium,  $rm-r_f$ . As the geometric average provides a better representation of the growth in return, the  $rm-r_f$  estimated by adopting the geometric average is the current domestic market excess return and the calculated market risk premium  $rm-r_f$  is 6.52%.

D. Determination of the risk coefficient  $\beta$  of comparable companies relative to the stock market

I. Conduct correlation t test on  $\beta$  coefficient of the above comparable companies

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

Name of comparable companies	Stock code	Degree of freedom (n-2)	t test statistics	95% two-tailed test confidence interval	
				critical value	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  $\beta$  coefficient without financial leverage of comparable companies

For the  $\beta$  coefficient with financial leverage ( $\beta_L$ ) available for these comparable listed companies, we have reverted it to the  $\beta$  coefficient without financial leverage ( $\beta_U$ ) according to the capital structure of the corresponding listed companies. The calculation is as follows:

No.	Name of company	Interest-bearing liabilities RMB'0000 (D)	Equity fair market value RMB'0000 (E)	Financial leverage coefficient (Di/Ei)	Income tax rate	$\beta$ with capital structure	$\beta$ without capital structure
1	Guangju	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  $\beta$  coefficient with target capital structure of the appraised entity

It is calculated based on the average value of the  $\beta$  coefficients of comparable companies without financial leverage and the capital structure of the enterprise itself, the calculation formula is as follows:

$$\beta L = (1 + (1 - T) \times D/E) \times \beta U$$

Where:  $\beta L$  is  $\beta$  coefficient with target capital structure of the appraised entity;

$\beta U$  is the average value of  $\beta$  coefficient of comparable companies without financial leverage;

$D/E$  is the capital structure, with the capital structure of the appraised entity in each year to be the capital structure of the corresponding year through the iteration method;

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

IV. Blume adjustment of the  $\beta$  coefficient

The  $\beta$  coefficient of comparable listed companies is estimated based on historical data and represents the historical  $\beta$  coefficient. The discount rate is used in discounting the future expected income, so 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  $\beta$  coefficient in the future. We adopted the Blume Adjustment method to adjust the  $\beta$  coefficient estimated based on historical data in the valuation.

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

$$\beta a = 0.35 + 0.65\beta L$$

Where  $\beta a$ , is the adjusted  $\beta$ , while  $\beta L$  is the estimated historical  $\beta$ .

Adjusted risk coefficient  $\beta$  of the appraised entity = original Beta  $\times$  0.65 + 0.35  
= 0.9845

E. Determination of the specific risk return  $\varepsilon$ 

The specific risk return  $\varepsilon$  is the return on non-systemic risks arising from the specific factors of the appraised entity. The specific risk return  $\varepsilon$  is determined by adopting the comprehensive analysis method in the valuation, namely, after comprehensively considering the relevant factors, such as the asset size, development stage, market competition, internal corporate governance and capital structure of the appraised entity, the specific risk return is determined at 2% as market competition in the industry where the appraised entity operates is fierce and various risks may occur.

F. Calculation of the cost of equity capital ( $R_e$ )

Based on the above analysis and calculation, we have determined the expected return on equity used in this appraisal, or the cost of equity capital, to be 11.01%.

## G. Determination of the cost of debt capital

It is determined based on the market quoted interest rate for one-year term loans at 3.45% and the capital structure of the enterprise itself.

## H. Determination of the weighted cost of capital

The calculation formula for the 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:

<b>Item</b>	<b>Year under forecast</b>
Risk-free interest rate ( $R_f$ )	2.97%
Market risk premium ( $R_m - R_f$ )	6.52%
Capital structure ( $D/E$ )	0%
Expected return on equity ( $R_e$ )	11.01%
Expected return on debts ( $R_d$ )	3.45%
WACC of the appraised enterprise	11.01%

**(3) Value of operating assets**

Based on the forecast net cash flow and discount rate, the value of operating assets is valued at RMB817,112,500. See the table below:

Table of valuation results of operating assets

Unit: RMB'0000

Item	October to December 2022	2023	2024	2025	2026	2027	2028 to perpetual period
Free cash flow of the enterprise	7,860.37	9,429.77	8,931.07	9,577.38	8,715.90	7,892.45	7,216.83
Discount life	0.1250	0.7500	1.7500	2.7500	3.7500	4.7500	
Discount rate	11.01%	11.01%	11.01%	11.01%	11.01%	11.01%	11.01%
Discount coefficient	0.9870	0.9247	0.8329	0.7503	0.6759	0.6089	5.5304
Discounted value	7,758.19	8,719.71	7,438.68	7,185.91	5,891.07	4,805.71	39,911.98
Value of operating assets				81,711.25			

**(4) 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 has not been taken into account in the estimated free cash flow of the enterprise, and shall be considered as 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 value of the enterprise.

**1) Value of non-operating assets**

On valuation base date, there are certain non-operating assets existing in the prepayments, other current assets, deferred income tax assets and other non-current assets. See the table below:

Unit: RMB'0000

Item	Business content	Book value	Appraised value
Prepayments	Project progress payment	13.10	13.10
Other current assets	Input VAT to be deducted	282.97	282.97
Deferred income tax assets		82.01	82.01
Other non-current assets	Advance payment for purchase of long-term asset	304.39	304.39
Total		682.47	682.47



2) *Non-operating liabilities*

On the valuation base date, there are certain non-operating liabilities existing in the trade payables and other payables. See the table below:

*Unit: RMB*

<b>Item</b>	<b>Business content</b>	<b>Book value</b>	<b>Appraised value</b>
Trade payables	Project amount payables	624.45	624.45
Other payables	Project deposits	25.60	25.60
Total		650.05	650.05

3) *Surplus capital*

Since operating monetary fund has been considered in the operating fund, so the monetary fund of the base date will be considered as surplus capital, after verification, as at the valuation base date, the surplus assets of the appraised entity are valued at RMB117,434,000.

(5) *Determination of equity capital value*

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

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

Based on the above estimation, the value of the total shareholders' equity of Zhong Yue Tong (Guangdong Zhong Yue Tong Oil Products Operation Co., Ltd.) shall be RMB934,871,000. See the table below:

*Unit: RMB'0000*

<b>Item</b>	<b>Amount</b>
Value of operating assets	81,711.25
Less: Value of interest-bearing debts	0.00
Add: Value of non-operating assets	682.47
Value of surplus assets	11,743.40
Less: Value of non-operating liabilities	650.05
Value of total shareholders' equity (rounding)	93,487.10

**(6) Valuation results under the income approach**

According to the income approach, the discounted cash flow (DCF) approach has been adopted to estimate the value of total shareholders' equity of Guangdong Zhong Yue Tong Oil Products Operation Co., Ltd. As at the valuation base date, the value of total shareholders' equity of Guangdong Zhong Yue Tong Oil Products Operation Co., Ltd. was RMB934,871,000.

**(V) DIFFERENCES BETWEEN THE BOOK VALUE AND APPRAISED VALUE**

When the valuation results are compared with the book value of the appraised assets, there are some increases and decreases in value.

Such differences are mainly reflected in the following aspects:

- ① Current assets, mainly represented by the inclusion of reasonable profit in the selling price of finished products.
- ② Long-term equity investment, mainly represented by an increase in the appraised value due to better operating conditions of the investee entity.
- ③ Increase in the value of fixed assets mainly due to certain differences exist between the term of years for depreciation of equipment and vehicles of the enterprise and the term of years of economic life in valuation.
- ④ Intangible assets – land use rights, represented by an increase in overall value mainly due to the higher price of land in recent years.

**(VI) SENSITIVITY ANALYSIS**

The asset valuation report is a statutory valuation report prepared in accordance with the PRC asset appraisal standards and filed with the regulatory authorities of the State-owned Assets Supervision and Administration Commission of the State Council. The regulatory requirements for statutory asset valuation reports in Mainland China do not explicitly require sensitivity analysis and disclosure. The Valuer may decide whether to conduct a sensitivity analysis and whether to disclose the results of the sensitivity analysis based on the actual situation and the requirements of any given project. The Valuer has carefully read the asset valuation report and believes that: (1) the market conditions for Top-E's business are relatively stable, and it is expected that there will be little changes in various influencing factors. Moreover, the methods used in this asset appraisal themselves can well reflect the sensitivity of value of assets to key variable changes, therefore no additional sensitivity analysis is required; (2) the asset valuation report complies with the relevant requirements of the PRC asset appraisal standards and contains necessary analysis and disclosure.

## 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 there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, there had not been any material adverse changes in the financial or trading position of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

## 3. DIRECTORS AND SUPERVISORS' INTERESTS

Long positions in the shares, underlying shares and debentures of the Company and associated corporations of the Company:

Name of associated corporation	Name of Director/ Supervisor	Capacity	Number of shares held	Approximate percentage in the relevant class of share capital
Guangdong Provincial Expressway Development Co. Ltd.	Chen Chuxuan	Beneficial owner	5,987	0.00046%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, the Supervisors or the chief executives of the Company had any interests or short positions in any shares or underlying shares or interests in debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) of the Company which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, Mr. Chen Chuxuan is an employee director of GCGC which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors is 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 Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

#### 4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, and so far as was known to the Directors, the following persons (not being any of the Directors, the Supervisors and the chief executives of the Company) had an interest (or long position) 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 who was directly or indirectly, interested in 5% 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 member of the Group:

Name of Shareholder	Class of Shares	Number of Shares/ Underlying Shares held (Note 1)	Capacity	Approximate percentage in the relevant class of share capital	Approximate percentage in the total share capital
GCGC	Domestic Shares	592,847,800	Beneficial owner	100%	74.12%
China Petrochemical Corporation	H Shares	33,570,000 (Note 2)	Interests of controlled corporations	16.22%	4.20%
China Petroleum & Chemical Corporation	H Shares	33,570,000 (Note 2)	Interests of controlled corporations	16.22%	4.20%
Sinopec Sales Company Limited	H Shares	33,570,000 (Note 2)	Interests of controlled corporations	16.22%	4.20%
Sinopec (Hong Kong) Limited	H Shares	33,570,000 (Note 2)	Beneficial owner	16.22%	4.20%
Pope Asset Management, LLC	H Shares	23,585,247	Investment manager	11.39%	2.95%
Shah Capital Management	H Shares	18,040,000	Investment manager	8.71%	2.26%

*Note 1:* The number of H shares are based on records filed by the Shareholders and/or enquiries made by the Company with the Shareholders, taking into account the issue of bonus shares by the Company in 2015.

*Note 2:* Sinopec (Hong Kong) Limited is a wholly-owned subsidiary of Sinopec Sales Company Limited and China Petroleum & Chemical Corporation holds approximately 70.42% of equity interests of Sinopec Sales Company Limited while China Petrochemical Corporation holds approximately 68.31% of equity interests of China Petroleum & Chemical Corporation. Accordingly, China Petrochemical Corporation, China Petroleum & Chemical Corporation and Sinopec Sales Company Limited are deemed to be interested in 33,570,000 H shares held by Sinopec (Hong Kong) Limited, respectively.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any persons, other than Directors or Supervisors of the Company, who had interests or short positions in the Shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

#### **5. DIRECTORS AND SUPERVISORS' SERVICE CONTRACTS**

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

#### **6. DIRECTORS AND SUPERVISORS' INTEREST IN COMPETING INTERESTS**

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or Supervisors of the Company or their respective close associates had any interest in a business which competes or may compete with the business of the Group or has or may have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

#### **7. DIRECTORS AND SUPERVISORS' INTEREST IN ASSETS, CONTRACTS OR ARRANGEMENT**

As at the Latest Practicable Date, none of the Directors or Supervisors of the Company had: (i) any direct or indirect interests in any asset which have been since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up) 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; or (ii) any subsisting material interest in any contract or arrangement at the date of this circular which is significant in relation to the business of the Group.

#### **8. EXPERT AND CONSENT**

- (a) The following is the qualification of the experts who have been named in this circular or have given opinions, letters or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Vinco Financial Limited	a corporation licensed to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

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

- (b) As at the Latest Practicable Date, the above experts did not have any shareholding in any member of the Group or nor did they have the right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.
- (c) As at the Latest Practicable Date, the above experts have given and have not withdrawn their written consent to the issue of this circular with the inclusion of their reports or letters (as the case may be) and references to their names in the form and context in which they respectively appear.
- (d) As at the Latest Practicable Date, 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.

## 9. GENERAL

- (a) The registered office of the Company is located at 8th Floor, No. 1731-1735 Airport Road, Guangzhou, the PRC.
- (b) The principal place of business in Hong Kong is located at Rooms 3108-3112, 31/F, Hong Kong Plaza, 188 Connaught Road West, Hong Kong.
- (c) The H Share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (d) The company secretary of the Company is Ms. Zhang Li. Ms. Zhang is the chief legal adviser and the manager of the Securities and Legal Department of the Company.
- (e) This circular is in both English and Chinese. In the event of inconsistency, the English text shall prevail.

**10. DOCUMENTS ON DISPLAY**

The Equity Transfer Contract and this circular will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.gdyueyun.com>) from the date of this circular for no less than 14 days.

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# NOTICE OF 2024 FIRST EXTRAORDINARY GENERAL MEETING

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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)**

## NOTICE OF 2024 FIRST EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Guangdong Yueyun Transportation Company Limited (the “**Company**”) will be held at 24/F, Yueyun Building, No. 3 Zhongshan Second Road, Guangzhou, Guangdong Province on Tuesday, 30 July 2024 at 3:00 p.m. (the “**EGM**”) (or at any adjournment thereof) for the purpose of considering and, if thought fit, passing the following resolution as ordinary resolution of the Company. Unless otherwise defined, capitalised terms used in this notice shall have the same meaning as those defined in the circular of the Company dated 9 July 2024.

### ORDINARY RESOLUTION

To consider and, if thought fit, pass with or without amendment, the following resolution as ordinary resolution of the Company:

1. “**THAT:**

- (i) the Equity Transfer Contract dated 22 March 2024 entered into between the Company and Guangdong Provincial Expressway Company Limited in relation to the acquisition by the Company of a 4.44% equity interest in Guangdong Top-E Expressway Service Zone Limited at a total consideration of RMB109,482,084, a copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for the purpose of identification) and the transaction contemplated thereunder be and are hereby approved, ratified and confirmed; and



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## NOTICE OF 2024 FIRST EXTRAORDINARY GENERAL MEETING

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- (ii) the directors of the Company be and are hereby authorised for and on behalf of the Company to sign, execute, perfect, perform and deliver all such other agreements, instruments, deeds and documents and do all such acts or things and take all such steps as they may in their absolute discretion consider to be necessary, desirable, appropriate or expedient to implement or give effect to or otherwise in connection with, incidental or ancillary to the Equity Transfer Contract referred to in paragraph (i) and the transaction contemplated thereunder and to agree to such variations, amendments or waivers as are, in the opinion of the directors of the Company, in the interests of the Company and its shareholders.”

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

Guangzhou, the PRC

9 July 2024

*Notes:*

1. The resolution to be proposed, and if thought fit, to be passed at the EGM, shall be passed by way of poll.
2. For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 25 July 2024 to 30 July 2024, both days inclusive, during which period no transfer of shares will be registered. Holders of H Shares whose names appear on the register of members of the Company on 30 July 2024 are entitled to attend and vote at the EGM. In order to attend and vote at the EGM, all transfer documents accompanied by relevant share certificates must be lodged with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 24 July 2024.
3. A Shareholder entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote in his stead. A proxy need not to be a Shareholder.
4. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised in writing. If the Shareholder is a corporation, that instrument must be either under its common seal or under the hand of its director(s) or duly authorised attorney(s). If that instrument is signed by an attorney of the Shareholder, the power of attorney authorising that attorney to sign or other authorisation document must be notarised.
5. In order to be valid, the form of proxy together with the power of attorney or other authorization document (if any) must be deposited at the registered office of the Company (for holders of domestic shares of the Company) or at the Company's H shares registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares of the Company) not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude a Shareholder from attending and voting in person at the EGM if he so wishes.
6. Shareholders or their proxies attending the EGM shall produce their identity documents.
7. As at the date of this notice, 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*