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**T! IS CIRC# AR IS IM' ORTANT AND RE" #IRES , O#R IMMEDIATE ATTENTION**

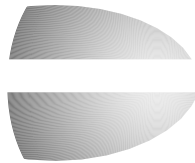
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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shenzhen Expressway Company Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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- (1) MAJOR TRANSACTION AND CONNECTED TRANSACTION IN  
RELATION TO THE ACQUISITION OF SHARES IN INVESTMENT  
INTERNATIONAL CAPITAL HOLDINGS (STRUCTURED CO)\* LTD  
(+) CHANGE OF COMPANY NAME AND AMENDMENTS TO ARTICLES OF  
ASSOCIATION  
(-) NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING (+/+1



Independent Financial Adviser to the Independent Board of Directors  
and the Independent Shareholders

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" Letter from the Independent Board Committee is set out on pages 10 to 11 of this circular. " Letter from DAKIN Capital, the Independent Financial Adviser, is set out on pages 12 to 13 of this circular.

The second extraordinary general meeting (+/+1) of Shenzhen Expressway Company Limited (Company) is to be held at the conference room of the Company at 11:00 a.m. at 30th Levels 48, 5th Floor, 6th Floor, (Tian District, Shenzhen, the 37th on (Friday, 11, December 2011). The notice of the EGM is set out on pages 14-15 of this circular. The proxy form for the EGM is enclosed hereto.

Whether or not you intend to attend the said meetings, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the registrar of H Shares of the Company, Hong Kong Registrars Limited, at 19th Floor, Hopewell Centre, 18 Queen's Road East, Victoria Harbour, Hong Kong for H Shareholders or to the Company at 30th Levels 48, 5th Floor, 6th Floor, (Tian District, Shenzhen, the People's Republic of China for Mainland Shareholders as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the relevant meetings. Completion and return of the proxy form will not preclude you from attending and voting in at the EGM and/or any adjourned meeting(s) thereof in person if you so wish.

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE .....	%&
LETTER FROM DA4IN CAPITAL .....	%)
APPENDIX I 5 .....	

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## DEFINITIONS

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

/E0	per cent.
/" c<u>isition0	the ac<u>isition of the Sale Shares as contemplated under the Sale and Purchase " greement
/acting in concert0	has the meaning ascribed thereto in the !akeovers Code
/" greed 3eriod0	three months prior to the fifth anniversary of the 3revious 3lacing Completion ' ate
/" mount 3ayable0	H F+,&%, ,, : &, >, %, ->, being the amount payable by the 3urchaser to the Seller for the Sale Shares under the Sale and Purchase " greement
/" Shareholders0	holders of " Shares
/" Shares0	domestic shares with nominal value of 79\$-.,, each in the ordinary share capital of the Company, which are listed on the Shanghai Stock Exchange and traded in 79\$ .Security Code2 ), , %&>1
/" mended 5D " rticles0	the amended articles of the Gintang 5D dated -, September +, +, entered into and adopted by the 3arties
/" rticles of " ssociation0	the articles of association of the Company .as amended from time to time1
/associate.s10	has the meaning ascribed thereto under the Listing 7ules
/\$ay " rea ' evelopment0	Shenzhen #nvestment Holdings \$ay " rea ' evelopment Company Limited, a company incorporated in the Cayman #slands with limited liability and the shares of which are listed on the 9ain \$oard of the Stock Exchange .Stock Code2 ,, =: =1, and is a non4 wholly4owned subsidiary of the !arget Company
/\$ay " rea ' evelopment 8roup0	\$ay " rea ' evelopment and its subsidiaries
/\$ay " rea ' evelopment Share.s10	ordinary share.s1 of par value H F, .- each in the share capital of \$ay " rea ' evelopment
/\$idding0	the bidding for the land use rights of the 3roject Land by the Gintang 5D

/Board0

the board of directors of the Company

/Business ' ays0

working days of licensed banks in the 37C and Hong ong, except Saturdays, Sundays and statutory holidays in the 37C and Hong ong

/C9( ' isposal0

disposal of the 3revious

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## DEFINITIONS

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/controlling shareholder.s10	has the meaning ascribed thereto under the Listing Rules
/' irector.s10	the director.s1 of the Company
/' isposal0	the Target Group through Shenwan Infrastructure and 83C8 through Guangdong Highway Construction disposed of an aggregate of 1,000,000,000 equity interest in the Gintang 5D representing 100% equity interest held by Shenwan Infrastructure and 100% equity interest held by Guangdong Highway Construction together with their respective rights in the corresponding proportion of the shareholder's loan to Gintang 5D including the outstanding accrued interests thereof through public listing
/Encumbrances0	.i) any valid mortgage, pledge, charge, lien, rights of preemption, guarantee, trust arrangements or any other similar restriction on rights securing, or conferring any priority of payment in respect of, any obligation of any person, .ii) any valid lease, sublease, occupancy agreement or covenant granting a right of use or occupancy to any person, .iii) any valid proxy, power of attorney, voting trust agreement, beneficial interest, option, right of first offer or refusal or other transfer restriction in favour of any person and .iv) any adverse, legal and valid claim as to title, possession or use
/Enlarged Group0	the Group as enlarged by the Acquisition
/Executive0	The Executive Director of the Corporate Finance Division of the SFC or any of his delegates
/E890	the second extraordinary general meeting of the Company to be held at the conference room of the Company at 30th Floor, 51st Floor, 52nd Floor, 53rd Floor, 54th Floor, 55th Floor, 56th Floor, 57th Floor, 58th Floor, 59th Floor, 60th Floor, 61st Floor, 62nd Floor, 63rd Floor, 64th Floor, 65th Floor, 66th Floor, 67th Floor, 68th Floor, 69th Floor, 70th Floor, 71st Floor, 72nd Floor, 73rd Floor, 74th Floor, 75th Floor, 76th Floor, 77th Floor, 78th Floor, 79th Floor, 80th Floor, 81st Floor, 82nd Floor, 83rd Floor, 84th Floor, 85th Floor, 86th Floor, 87th Floor, 88th Floor, 89th Floor, 90th Floor, 91st Floor, 92nd Floor, 93rd Floor, 94th Floor, 95th Floor, 96th Floor, 97th Floor, 98th Floor, 99th Floor, 100th Floor, at 10:00 a.m., (Friday, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, or any adjournment thereof
/83C80	Guangdong Provincial Communication Group Company Limited and its subsidiaries collectively including Guangdong Highway Construction, Lealu Investment and Leaxin Investment
/Group0	the Company and its subsidiaries
/S Expressway0	Guangzhou-Shenzhen section of the Beijing-Hong Kong Expressway

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## DEFINITIONS

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/8S 5D0	Guangzhou-Shenzhen-Juhai Expressway Company Limited, the joint venture established for the 8S Expressway, which says "development is entitled to 80% profit distribution right"
/Guangdong Highway Construction0	Guangdong Provincial Highway Construction Company Limited (Guangdong Highway Construction Company Limited), the 37C joint venture partner of 8S 5D and a company established in the 37C with limited liability and a non-wholly-owned subsidiary of Guangdong Provincial Communication Group Company Limited (Guangdong Provincial Communication Group Company Limited), being a state-owned enterprise established in the 37C
/8J ; est Expressway0	Guangzhou-Juhai ; est Expressway, also known as the ; eastern ; elta 7oute
/8J ; est 5D0	Guangzhou-Juhai ; est Expressway Company Limited, the joint venture company established for the 8J ; est Expressway, which says "development is entitled to 80% profit distribution right"
/H \$ or /H ' 0	Hong Kong dollars, the lawful currency of Hong Kong
/Hong Kong0	the Hong Kong Special Administrative Region of the 37C
/H Share.s10	the overseas listed foreign shares with nominal value of 79\$-., , each in the ordinary share capital of the Company, which are listed on the Main Board of Stock Exchange and traded in Hong Kong in H F .Stock Code2 , , %>1
/H Shareholders0	holders of H Shares
/#Independent Board Committee0	the independent board committee of the Company formed to advise the Independent Shareholders in respect of the Sale and Purchase Agreement, Payment Obligation Agreement and the transactions contemplated thereunder
/#Independent (Financial Adviser0 or /' akin Capital0	Wakin Capital Limited, a corporation licensed by the S(C to conduct (type ) .advising on corporate finance1 regulated activity under the S(H and the independent financial adviser appointed to advise the Independent Shareholders in respect of the Sale and Purchase Agreement, Payment Obligation Agreement and the transactions
/#Independent Shareholder.s10	Shareholders who are independent of S#HCL and its associates .including Shenzhen International and its associates1 and are not required to abstain from voting on the relevant resolution at E89 of the Company

/5D "greement0

the Joint venture agreement dated +\* Covember +, -\* entered into among the 3arties in respect of the establishment, management and operation of the Gintang 5D

/5D "rticles0

the articles of the Gintang 5D dated +\* Covember +, -\* entered into and adopted by the 3arties, in conbunction with the 5D "greement

/Latest 3racticable 'ate0

-> Covember +, +-, being the latest practicable date for ascertaining certain information for inclusion in this circular

/Lealu #nvestment0

Guangzhou Lealu #nvestment Company Limited ( .k?to; lu8o† IHt' sfl 1, a company established in the 37C with limited liability and a wholly4owned subsidiary of Guangdong Highway Construction

/Leaxin #nvestment0

Guangzhou Leaxin #nvestment Company Limited ( .k?to; u-lu8 oIHt' sfl 1, a company established in the 37C with limited liability and a wholly4owned subsidiary of Guangdong Leatop 7eal Estate #nvestment Co., Ltd. ( .k?ypo; hu8oIHt' sfl 1

/Listing 7ules0

the 7ules 8overning the Listing of Securities on !he Stock Exchange of Hong ong Limited

/9easures0

9easures for the Supervision and " dministration of State4owned Shares of Listed Companies jointly issued by the State4owned " ssets Supervision and " dministration Commission of the State Green 1.805.3802

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## DEFINITIONS

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/3ayment Hbligation " greement0	the agreement dated -, " ugust +, +- and entered into between S#HCL, the Seller, the 3urchaser and the Company in relation to the 3ayment Hbligation " rrament
/3ayment Hbligation " rrament0	the performance of the payment obligation of S#HCL and the Seller to C9( (und under the Supplemental " greement by the Company and the 3urchaser .if any1 pursuant to the 3ayment Hbligation " greement upon Completion
/3engxin " ppraisal0	Shenzhen 3engxin " ppraisal Limited .hctt9voyJHh*rYoHszfiÒ tñi*oHkyt' sfl 1, an independent institution established in the 37C with the <ualifications for assets valuation
/3engxin " ppraisal Daluation 7eport0	the valuation report on the ! arget Company issued by 3engxin " ppraisal on -, " ugust +, +-
/3ost4Daluation ' ate #nterests0	the interests further accrued on the shareholders@ loans advanced to the Gintang 5D corresponding to the respective percentages of e<uity interest .including the outstanding interests accrued thereon1 to be disposed of under the ' isposal as at : - ' eember +, -* at the rate of > per cent per annum during the period from - 5anuary +, +, up to the date of full settlement of the total consideration under the ' isposal on a dollar4for4dollar basis
/3ost4Daluation ' ate Shareholders@ Loans and #nterests0	the shareholders@ loans further advanced to the Gintang 5D during the period from - 5anuary +, +, up to the date of full settlement of the total consideration under the ' isposal corresponding to the respective percentages of e<uity interest in the Gintang 5D to be transferred to Shenzhen 7un #nvestment under the ' isposal together with interests accrued thereon at the rate of > per cent per annum from the date of advancement of such shareholders@ loans up to the date of full settlement of the total consideration under the ' isposal on a dollar4for4dollar basis
/37C0	the 3eople@s 7epublic of China, which for the purpose of this circular, excludes Hong ong, the 9acau Special " dministrative 7egion of the 37C and ! aiwan
/3revious 3lacing0	the placement of the 3revious 3lacing Shares by the ! arget Company to C9( (und which was completed on the 3revious 3lacing Completion ' ate
/3revious 3lacing Completion ' ate0	-- " ugust +, ->
/3rolect Land0	the land .plot number2 >: -, -+, : " -*+, )1 located at the Gintang interchange on both sides of the 8S Expressway



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## DEFINITIONS

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/Purchaser	Qei ; ah #ndustrial .Hong ong1 Limited .pōlu8 e0i¥ tē' sfi t!1, a limited company incorporated in Hong ong, and is a wholly4owned subsidiary of the Company
/Repayment amount	the amount e <u>quivalent</u> to the outstanding principal and the respective interest, with rates range from the three4month Hibor L -.%-E to -.=E, of the !hird 3arty Loans payable by the !arget Company
/RMB	Renminbi, the lawful currency of the 37C
/Sale and Purchase Agreement	the sale and purchase agreement dated -, " ugust +, +- and entered into between the Seller and the 3urchaser in respect of the sale and purchase of the Sale Shares
/Sale Shares	%, , , , ordinary shares of KSF-, , , each in the !arget Company, representing the entire issued share capital of the !arget Company
/Seller	Shenzhen #nvestment #nternational Capital Holdings Co., Ltd. .hct> off 7b4Htl fytp' sfl 1, a limited company incorporated in Hong ong, which wholly4owns the entire issued share capital of the !arget Company
/SFC	the Securities and (utures Commission of Hong ong
/SFO	the Securities and (utures Hrdinance .Chapter %=- of the Laws of Hong ong1
/Shareholders	the shareholders of the Company
/Shenzhen #nternational	Shenzhen #nternational Holdings Limited, a company incorporated in \$ermuda with limited liability, the shares of which are listed on the 9ain \$oard of the Stock Exchange .Stock Code2 , , -%+1
/Shenzhen #nternational Group	Shenzhen #nternational and its subsidiaries, including the Group
/Shenwan #nfrastructure	Shenwan \$ay " rea #nfrastructure .Shenzhen1 Company LimitedI .hc.Df?pg.hctltē' sfl 1, a company established in the 37C with limited liability established by the !arget Company for the purpose of investing into the Gintang 5D
/Shenzhen 7un #nvestment	Shenzhen 7un #nvestment Consulting Co., Ltd.I .hctt9kodtlg tē' sfl 1, a company established in the 37C with limited liability

/Shenzhen S" S" C0                      Shenzhen 9unicipal 3eople@s 8overnment State4owned " ssets Supervision and " dministration Commission .hctt9f7tH\*b9 ubMh#nep61

/S#HCL0                                      Shenzhen #nvestment Holdings Company Limited .hctt9oHf yb' sfl 1,                      a limited liability company incorporated in the 37C

/S3" ' eposit0                              the total deposit of H F=: %, - ,&&-.% , which comprises of the 9HK ' eposit of H F-, , , , , , , , , and the deposit of H F=+%, - ,&&-.% paid by the 3urchaser to the Seller pursuant to the Sale and 3urchase " greement

/Stock Exchange0                              ! he Stock Exchange of Hong ong Limited

/Supplemental " greements0                      the supplemental agreements and a supplemental undertaking among S#HCL, the Seller and the trustee of C9( (und, pursuant to which, the original agreements have been amended to cancel the arrangement relating to the put option and the possible repurchase

/! akeovers Code0                              the Code on ! akeovers and 9ergers

/! arget Company0                              Shenzhen #nvestment #nternational Capital Holdings #nfrastucture Co., Ltd. .hctt9f7tH\*b9 yb' sfl 1,                      a limited company incorporated in the \$ritish Dirgin #slands, and is a wholly4owned subsidiary of the Seller

/! arget 8roup0                              the ! arget Company and its subsidiaries

/! arget 8roup 9ember0                              a member of the ! arget 8roup

/! hird 3arty Loans0                              the principal amount of debts of H F+,&+\*,&\*%, , , , owed by the ! arget Company to third party financial institutions as at :- ' eember +, +,

/! raffic Study 7eport0                              the traffic study report in relation to 8S Expressway and 8J ; est Expressway prepared by the 8uangdong 3rovincial ! ransport 3lanning M 7esearch Center, the summary at which is set out in " ppendix D## to this circular

/! ransactions0                              the " c<uisition and the 3ayment Hbligation " rrament

/! ransaction " greements0                              the Sale and 3urchase " greement and the 3ayment Hbligation " greement

/! ransition

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## DEFINITIONS

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/US\$	United States dollars, the lawful currency of United States of America
/Gintang 5D0	Guangzhou Jhentong Development Company Limited (广东捷通发展公司), a joint venture established in the 37C for the development of the 300000m <sup>2</sup> land, the equity interest of which is originally held as to 30%, 30%, 30% and 10% by Shenwan Infrastructure, Guangdong Highway Construction, Lealu Investment and Leaxin Investment respectively. After the disposal, the equity interest of the joint venture is held as to 30%, 30%, 30% and 10% by Shenwan Infrastructure, Lealu Investment, Leaxin Investment and Shenzhen Yun Investment respectively
/6060	year/4year

\* For identification purpose only

### Notes:

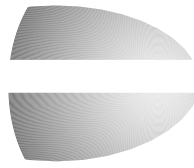
In this circular, certain English names of Chinese entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

In this circular, HK\$ and RMB\$ are converted at the exchange rate of HK\$1.00 to RMB\$0.78. This exchange rate is for reference only and does not mean that RMB\$ or HK\$ amounts have been or can be converted at that exchange rate or any other exchange rate.

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LETTER FROM THE BOARD

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Executive Directors:

Mr. Hu ; Chairman  
Mr. Liao Giang ; President  
Mr. ; Jiang Jeng Sun  
Mr. ; Chen Liang

Registered Office:

(Min Joll Station,  
Cheng Street,  
Longhua District,  
Shenzhen, the 37C

Non-executive Directors:

Mr. ; ai Sing Sing  
Ms. Li Gao Gan  
Ms. Chen Hai Shan

Head Office:

3odium Levels +4,  
Siangsu Building,  
6itian Road,  
(utian District,  
Shenzhen, the 37C

Independent Non-executive Directors:

Mr. ;ai Hua  
Mr. Li (ei Long  
Mr. ;iao Sun  
Mr. Gu Hua Giang

Principal Place of Business

in Hong Kong:  
Room 101, 10/F, 10A,  
China Building,  
+\* Queen's Road Central,  
Central, Hong Kong

+& November 1, 2011

To the Shareholders of the Company

Dear Sirs or Madams,

(1) MAJOR TRANSACTION AND CONNECTED TRANSACTION IN  
RELATION TO THE ACQUISITION OF SHARES IN INVESTMENT  
INTERNATIONAL CAPITAL HOLDINGS (SINRASTRUCTURE CO)\* LTD  
(+) CHANGE OF COMPANY NAME AND AMENDMENTS TO ARTICLES OF  
ASSOCIATION

(-) NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING (+/+1

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## LETTER FROM THE BOARD

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### 1) INTRODUCTION

Reference is made to the joint announcement of the Company and Shenzhen Investment International dated 20 August 2015 in relation to the acquisition and the announcement of the Company dated 20 August 2015 in relation to the proposed change of company name and proposed amendments to the articles of association. The purpose of this circular is to provide you with details of the above matters to enable the Shareholders to make an informed decision on whether to vote for or against or abstain from voting on the resolutions relevant to the above matters to be proposed at the EAG.

### 2) TRANSACTION AGREEMENTS

On 20 March 2015, the Company and SHCL entered into the QHK, pursuant to which, SHCL intended to transfer its indirect interests in Say Development representing 25% of the total issued share capital of Say Development to the Company.

On 20 August 2015, (i) the Purchaser and the Seller entered into the Sale and Purchase Agreement in relation to the acquisition and (ii) SHCL, the Seller, the Purchaser and the Company entered into the Payment Obligation Agreement in relation to the Payment Obligation arrangement.

#### A) Sale and Purchase Agreement

Date 20 August 2015

Parties to the Sale and Purchase Agreement

- (i) Shenzhen Investment International Capital Holdings Co., Ltd., as the seller and
- (ii) Qilai Industrial Hong Kong Limited, a public company incorporated in the Cayman Islands, as the purchaser.

Subject Matter

Acquisition of the Sale Shares, assumption of repayment obligations of debts owed by the Target Company to the Seller, and the repayment of Third Party Loans, as more particularly described in the section /Consideration for the Sale Shares/ below.

Effectiveness

The Sale and Purchase Agreement shall be effective upon the satisfaction of all the conditions set out under the section /Conditions/ below.

#### B) Payment Obligation Agreement

Date 20 August 2015

Parties to the Payment Obligation Agreement

- (i) Shenzhen Investment Holdings Company Limited, a public company incorporated in the Cayman Islands, as the purchaser.

## LETTER FROM THE BOARD

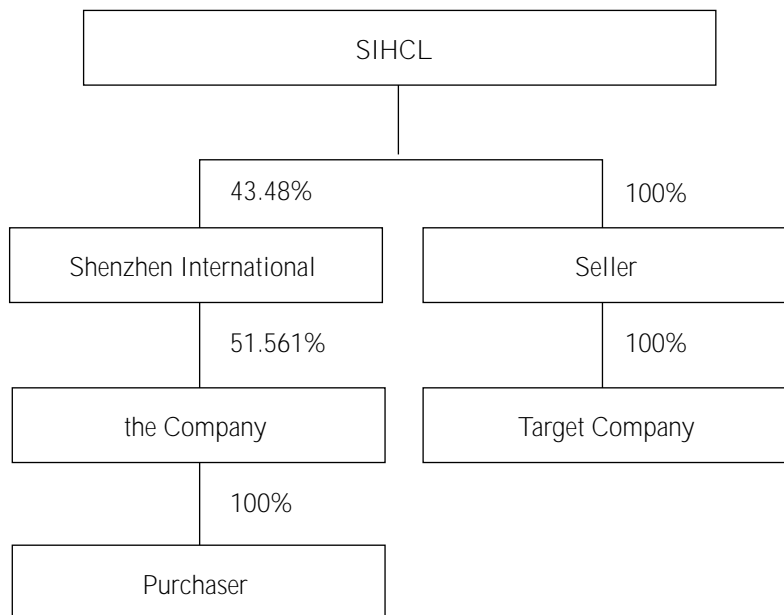
- .ii1 Shenzhen Investment International Capital Holdings Co., Ltd.
- .iii1 9ei ; ah #ndustrial .Hong ong1 Limited .p6lu8 e0 i¥ t0' sfl 1ll and
- .iv1 the Company.

Subject Matter: " assumption of payment obligation under the Supplemental " greements, as more particularly described in the section /Consideration for the Sale Shares0 below. ! he " ssumption of payment obligation by Purchaser and the Company is conditional upon the Sale and Purchase " greement being effective.

Effectiveness: ! he Payment Obligation " greement shall be effective upon the date on which the Purchaser is registered as the shareholder of the Target Company.

Changes in the shareholding structure of the parties immediately before and upon the Completion

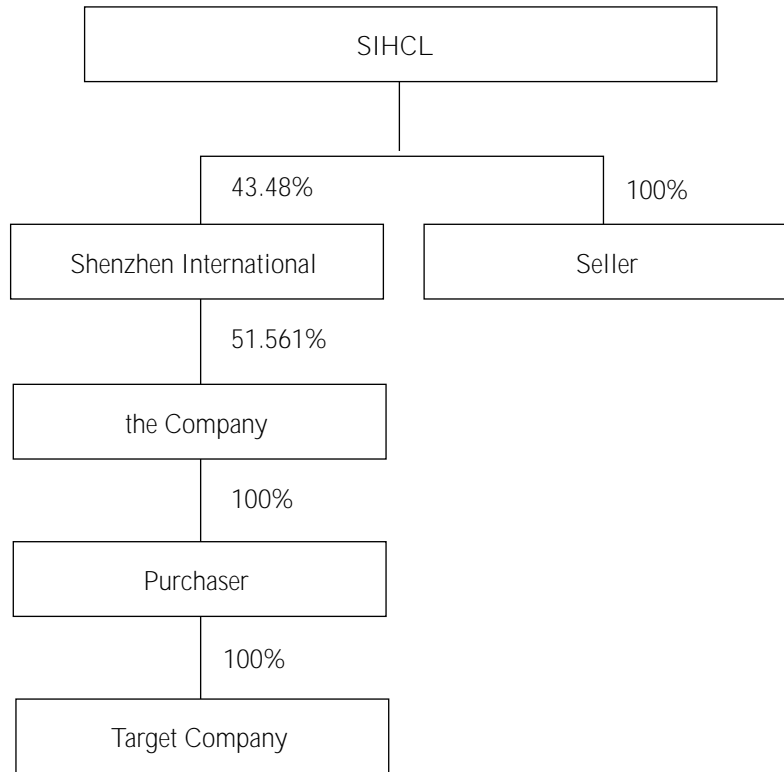
+, Immediately before the Completion



Note: ! his diagram has omitted some intermediate entities with -, , E shareholding ratio, and it is only used to show the shareholding relationship.

## ETTER \$FROM T! E 2OARD

Immediately upon the ! ompletion



Note: ! his diagram has omitted some intermediate entities with -, , E shareholding ratio, and it is only used to show the shareholding relationship.

### Consideration for the Sale Shares

3ursuant to the ! ransaction " greements, the 8roup has conditionally agreed to purchase and the Seller has conditionally agreed to sell the Sale Shares, at an estimated total Consideration of no more than H F-, ,&=\*, , , , , , , which comprises of the " ount 3ayable amounting to H F+, &%, , , : &, >, %.->, the outstanding amount of the debts of the ! rget Company amounting to approximately H F=, >\*, , -+ =, , , =.\*> and the Contingent Consideration, which is estimated to be no more than approximately H F-: \*, , , , , , , . " fter deducting approximately H ' -%-, , , , , , , of cash and receivables of the ! rget Company, the price per \$ay " rea ' evelopment Share is estimated to be no more than H F&.)=.

! he Consideration was agreed between the 3urchaser and the Seller after arm@s length negotiations. " s the " cquisition involves the transfer of ownership of listed shares held by state owned entities, the re<uirements under the 9easures have been primarily considered by the \$oard when determining the Consideration, and the following re<uirements under the 9easures are applicable?

.i1 a financial adviser must be appointed for the purposes of valuing the =-.: E e<uity interests in \$ay " rea ' evelopment and

- .iii the price per \$ay " rea ' evelopment Shares must not be lower than .a1 the arithmetic mean value of the daily weighted average price of the : , trading days before -% 9arch +, +-, being the date when the first announcement in relation to the " c<uision is madell and .b1 the audited net asset value per \$ay " rea ' evelopment Share for the latest financial year.

" ccordingly, C9S was appointed as the financial adviser of the Company in the 37C in accordance with the 9asures. \$ased on C9S Daluation 7eport, the price per \$ay " rea ' evelopment Share should be between H F.&.+ to H F&.-. (or further details of the C9S Daluation 7eport, please refer to the section /D" LK" ! #HC0 below.

#n addition, the following factors have also been considered when determining the Consideration2

- .i1 the valuation of the ! arget Company conducted by 3engxin " ppraisalll and
- .ii1 the reasons for the ! ransactions as described in the paragraphs headed /7E" SHCS (H7 " C' \$ECE(! S H( ! HE ! 7" CS" C! #HCS0 below.

! he price of the \$ay " rea ' evelopment Shares under the ! ransactions is expected not to exceed H F.&.)= per share, which represents a premium of approximately 1.75% compared to the share price of H F.+.% per share on the date of the Sale and further (an477f0 T03 Td(the) 1 ran (ff1,759893f) 6475 hiew)Tf2.-36



purpose of the appraisal results, it is considered that .i1 8S Expressway

**LETTER FROM THE BOARD**

	Description	Attributable Amount to the Consideration
.ii	<p>Payment of S3" ' eposit ; within % \$business ' days from the date of the signing of the Sale and Purchase "greement .or such date as otherwise agreed in writing by the Purchaser and the Seller, the Purchaser shall pay H F=+%, -, &amp;&amp;-%% to the Seller, which shall form part of the S3" ' eposit.</p> <p>If the Purchaser has paid H F=+%, -, &amp;&amp;-%% to the Seller on -: " ugust +, +- as part of the S3" ' eposit.</p> <p>On the Completion ' ate, the S3" ' eposit, which represents : , E of the " mount Payable, will form part of the Consideration. If the Seller shall not use the S3" ' eposit without obtaining prior written consent from the Purchaser until the S3" ' eposit forms part of the Consideration on the Completion ' ate.</p> <p>In the event that the " c&lt;uision is terminated in accordance with the Sale and Purchase "greement, within = \$business ' days from the date of termination of the " c&lt;uision, the Seller shall return the S3" ' eposit in full and the respective interest incurred to the Purchaser.</p>	<p>H F=+%, -, &amp;&amp;-%%</p>
.iii	<p>Payment of the remaining " mount Payable On the Completion ' ate .or such date as otherwise agreed in writing by the Purchaser and the Seller, the Purchaser shall pay the remaining H F=-%, +&amp;,:) : .), which represents =, E of the " mount Payable, to the Seller.</p>	<p>H F=-%, +&amp;,:) : .)</p>
.iv	<p>Repayment of outstanding shareholder loans "s at the Latest Practicable ' ate, the Seller has provided shareholder loans in the principal amount of KSF=, , , , , , , , to the Target Company, at an interest rate of +.&gt;%E per annum from - 5anuary +, +- subject to Completion, repayable as follows?</p> <p>a. the principal of KSF&amp;, , , , , , , , repayable to the Seller within the first -, \$business ' days of +) September +, +-. If the Sale and Purchase "greement becomes effective after -, September +, +- .i.e. -, \$business ' days prior to +) September +, +-1, the deadline for the principal payment by the Target Company is extended to -, \$business ' days after the effective date of the Sale and Purchase "greement</p>	<p>KSF=, , , , , , , , .approximately H F%&amp;), , , , , , , ,1</p>

ETTER \$FROM T! E 2OARD

	Description	Attributable amount to the Consideration
	<p>b. the remaining principal of KSF: , , , , , , , , , repayable to the Seller within the first -, \$usiness ' ays of +) September +, +: .</p> <p>Kpon the satisfaction of all the Conditions, the urchaser shall assume the repayment obligation of the ! arget Company, or alternatively, provide sufficient funds to the ! arget Company to enable the ! arget Company, to repay the outstanding shareholder loans and the respective interests.</p>	
.vi	<p>! he ! arget Company has the ! hird 3arty Loans in the principal amount of no more than H F+, &amp;+*, &amp;*%, , , , .</p> <p>; ithin -% \$usiness ' ays from the date of the delivery of the Conditions Satisfaction Cotification .or such date as otherwise agreed in writing by the urchaser and the Seller1, the urchaser shall pay an amount e&lt;uivalent to the outstanding principal and the respective interests of the ! hird 3arty Loans to the designated bank account of the ! arget Company.</p> <p>! he Seller shall procure the ! arget Company to utilize the 7epayment " ount to repay all outstanding payments under the ! hird 3arty Loans no later than + \$usiness ' ays prior to the Completion ' ate and to release all guarantees provided by the Seller to such third party financial institutions under the ! hird 3arty Loans.</p>	<p>Co more than H F+, &amp;+*, &amp;*%, , , ,</p>

**ETTER \$FROM T! E 2OARD**

		Description	Attributable amount to the Consideration
.vii	Contingent Considerations	<p>a. Assumption of payment obligation under the Supplemental Agreements</p> <p>Reference is made to the announcement of \$ay "rea ' evelopment dated -- September +,-&gt;. Pursuant to the Supplemental Agreements, C9( (und may during the "gred 3eriod give a onef off notification to S#HCL and the Seller .or either of them1 that C9( (und intends to, on or within six months after the fifth anniversary of the 3revious 3lacing Completion ' ate, dispose of all or part of the 3revious 3lacing Shares on4market and/or off4market to independent third party.ies1, and if the aggregate amount of the consideration received by the C9( (und under the C9( ' isposal.s1 is less than the total investment costs of C9( (und and its investor in relation to the all or part of the 3revious 3lacing Shares .i.e. the original ac&lt;uisition cost of the 3revious 3lacing Shares together with other related costs and expenses but less the amount of dividends of \$ay "rea ' evelopment received/receivable by the C9( (und in respect of the 3revious 3lacing Shares1, S#HCL and the Seller .or either of them1 will pay to the C9( (und the difference in cash. !he original ac&lt;uisition cost of the 3revious 3lacing Shares was approximately H F-,: *%,=%,%=: .</p> <p>Hn -, " ugust +,+-, S#HCL, the Seller, the 3urchaser and the Company entered into the 3ayment Hbligation " greement, pursuant to which, 3urchaser and the Company shall perform the payment obligation .if any1 of S#HCL and the Seller to C9( (und under the Supplemental " greements upon Completion.</p> <p>b. 3ayment of taxes arising out of the !ransactions</p> <p>!he 3urchaser shall be responsible for the payment of all taxes .if any1 arising out of the !ransactions.</p>	<p>Estimated to be no more than H F-,: *%,=%,%=: .</p>
	Total5		<p>Esti3ated to be no 3ore than ! 491*':;&lt;//////</p>

Contingent Considerations includes the assumption of payment obligation of the Seller and S#HCL by the 3urchaser and the Company under the Supplemental Agreements .i.e. Hbligation to 9ake up the Shortfall1 and the 3ayment of taxes arising out of the !ransactions by the 3urchaser. Hbligation to 9ake up the Shortfall is the obligation of S#HCL arising from the resumption of the trading of \$ay "rea ' evelopment Shares in the previous ac<uisition

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## LETTER FROM THE BOARD

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transaction. The parties to the transactions are unable to accurately ascertain the actual payment obligations and the specific amount of payment at present. The taxes arising out of the transactions is uncertain as it has been confirmed with the tax authority.

The Consideration of the transactions is agreed upon fair negotiation between the parties to the transactions. When the Seller considers the Consideration of the transactions, it is reasonable to take the obligation to make up the shortfall and the taxes arising out of the transactions into its consideration. If the Contingent Consideration is borne by the Seller, the Seller would have increased the equity transaction price to offset the transaction costs incurred thereby. Therefore, the Contingent Consideration borne by the Seller may not be in the interests of the Company.

When considering the Consideration of the transactions, the Group has assessed the Contingent Consideration in a reasonable manner and included such amount in the total transaction cost. The Group has assessed that the total cost including the Contingent Consideration is within the acceptable range of the Group and is fair and reasonable.

### Transition Period Arrangement

The Seller and the Purchaser agreed that profit and loss incurred by the Target Company during the transition period shall be enjoyed and borne by the Purchasers, save for the special interim dividend for the year ended 31 December 2011, and the final dividend for the year ended 31 December 2012, declared by the Board. Without the consent of the Purchaser, the Target Company shall not make any distribution on the profit for the transition period. If the Target Company makes any distribution on the profit for the transition period, the equivalent amount shall be deducted from the amount payable accordingly.

In respect of any outstanding dividends previously declared but not paid by the Target Company, the Purchaser shall procure that the Target Company pay, and if necessary, provide shareholders loan to the Target Company to pay, the outstanding dividends to the Seller within 30 business days of the Completion date.

### Change of Target Company Directors

On the Completion date, the Seller shall procure the Target Company to appoint candidates nominated by the Purchaser as the directors of the Target Company. Such appointment shall be effective on the Completion date.

The Purchaser intends to nominate persons with extensive experience in toll highway investment, construction and operation as directors of the Target Company at a later stage. As at the Latest Practicable date, the Purchaser has not identified any candidates to be nominated as new directors of the Target Company.

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## LETTER FROM THE BOARD

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### Conditions

The Sale and Purchase Agreement shall be effective from the date on which the following conditions are satisfied:

- .i) the necessary shareholders' approval of the Seller and the approval from SHCL in respect of the transactions contemplated under the Sale and Purchase Agreement having been obtained by the Seller;
- .ii) the necessary approvals from SHCL in respect of the transactions contemplated under the Sale and Purchase Agreement having been obtained by the Purchaser; and
- .iii) the necessary board and/or shareholders' approval of the Purchaser, the Company and Shenzhen International in respect of the transactions contemplated under the Sale and Purchase Agreement having been obtained.

The abovementioned conditions shall be satisfied on or before 31 December 2014, or such other date as otherwise agreed in writing by the Purchaser and the Seller.

As at the Latest Practicable Date, the abovementioned conditions .i) and .ii) have been satisfied.

### Completion

Completion will take place on the Completion Date, being 30 Business Days after the date of the delivery of the Conditions Satisfaction Certificate or such date as otherwise agreed in writing by the Purchaser and the Seller.

The Sale Shares will be acquired free from all Encumbrances and together with all rights and benefits which will be on the Completion Date attaching or may at any time thereafter become attached thereto including the right to all dividends, distributions and any return of capital declared, made or paid, or agreed to be made or paid thereon or in respect thereof on or after the Completion Date.

### -) REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Investment, construction, operation and management of toll highways and roads are within the general and normal scope of business of the Group. The Board is of the view that, the Expressway is the core passage connecting Guangzhou, Dongguan and Shenzhen, the three major cities on the eastern coast of Guangdong-Hong Kong-Macao Greater Bay Area, and Hong Kong; the Expressway is an important passage connecting Guangzhou to Juhai and the western coast of Guangdong-Hong Kong-Macao Greater Bay Area leading to the Hong Kong-Juhai-Macao Bridge. Both Expressway and the Expressway are located in the core area of Guangdong-Hong Kong-Macao Greater Bay Area, and have obvious advantages in location, good operating record and low investment risk.

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## LETTER FROM THE BOARD

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The Company can, through the transactions, improve its profitability by strengthening the overall management of Shenzhen regional toll highways, increasing the traffic flow of the road network and enhancing the synergistic effect of road property management and maintenance. Through the transactions, the Company will be able to increase its regional market share in the expressway industry, future profitability and cash flow. As Say ' development is a Hong Kong listed company, the Company can also obtain high-quality investment and financing platform through the transactions, further enhance the development space and market value, as well as realize the sustainable long-term development of the Group as a whole. The transactions will further consolidate the Company's core advantages in highway investment, construction and operation, which is in line with the Company's development strategy and overall interests.

S#HCL, the indirect controlling shareholder of the Company, provided an undertaking to the Company and undertook that it will, among others, avoid business competition with the Company, support the business development of the Company and perform asset injection to and integration with the Company. In light of the undertaking, S#HCL intended to acquire Say ' development through the Company initially in +, -, but was later informed by the Company that it will not proceed with the acquisition as such acquisition may not be feasible for the Company at that time. S#HCL subsequently acquired Say ' development through Target Company. After such acquisition, the Company and S#HCL have been conducting in-depth negotiations on the specific business arrangements of Say ' development, and have reached a consensus to proceed with the transactions, which further enhances the governance level of the Company and enables S#HCL to be in line with its undertaking as Say ' development operates similar businesses as the Company.

In addition, the reconstruction and expansion of 8S Expressway has been included in the development plan of Guangdong-Hong Kong-Macao Greater Bay Area and the plan of Guangdong Province's expressway network. It is a key project of Guangdong Province and the governments of Guangzhou, Zhongshan and Shenzhen that are located along the expressway. If the reconstruction and expansion plan of 8S Expressway can be successfully implemented, the capacity of 8S Expressway will be further improved, and 8S 5D will be entitled to apply for approval from government departments to extend the toll collection period, and will increase the Group's toll highway asset scale and toll operation period after Completion. The initial investment for the reconstruction and expansion of 8S Expressway is estimated to be about 79\$&=,-, , , , , , , , , . The investment and financing plan for the reconstruction and expansion of 8S Expressway is yet to be determined. Upon Completion, the Company will actively participate in the planning, investment and construction of the reconstruction and expansion of 8S Expressway, and will maintain close cooperation with 8S Expressway's other joint venture partners, and will actively communicate, coordinate and discuss with government departments at all levels, and realize win-win results for the government, the public and investors.

Comprehensive development of land along toll highways to realize their value is one of the focus and achievements of the Company in recent years. The Company together with Shenzhen International have successfully implemented the Qeiling Checkpoint Urban Renewal Project. Business opportunity relating to comprehensive land development usually arises during changes in the rights and interests of toll highways operations or toll highways reconstruction. It is also limited by local government's urban planning, toll highway reconstruction plans and other conditions, and needs to be carried out in accordance with relevant urban planning and laws and regulations, thus there is uncertainty.

According to the preliminary studies conducted by Say " rea ' evelopment, it is estimated that about -, plots of land are suitable for comprehensive development after improvement in transportation facilities. ! he 8uangzhou Gintang 3roject, which was implemented in +, -\*, has positive influence for promoting other projects along the expressways. ! he Company will actively promote the land development plan along the 8S Expressway that combines the reconstruction and expansion with the land development and utilization, and further release the value of the land along the 8S Expressway.

\$ased on the above reasons and having considered all relevant factors, the \$oard believes and considers that the terms of the ! ransactions are fair and reasonable and that the entering into of the ! ransaction " greements is in the interests of the Shareholders and the Company as a whole as through the ! ransactions, the Company is able to seize Shenzhen's strategy on promoting the reformation of state4owned enterprises, and business opportunities arising from the optimization of industrial layout, so as to achieve the goals of ac<uiring high4<uality toll highway assets of \$ay " rea ' evelopment and expanding the scale and profit base of toll highway business of the Company. ! he ! ransactions are also in line with the abovementioned reformation policies and measures of Shenzhen S" S" C.

:) &A #ATION

" s the " c<uision involves the transfer of ownership of listed shares held by state owned entities, the Company has engaged C9S as its financial adviser in the 37C in accordance with the 9asures for the purpose of valuing the =-.>: E e<uity interests in \$ay " rea ' evelopment as at -% 9arch +, +-. 7eference has been primarily made by the \$oard to the valuation conducted by C9S under the C9S Daluation 7eport when determining the Consideration.

#n addition, in order to further assess the intrinsic value of the ! arget Company as a whole, the Company also engaged 3engxin " ppraisal on a voluntary basis to conduct valuation of the entire e<uity interests of the ! arget Company as at :- ' eember +, +, , as an additional reference for .i1 the \$oard when considering the Consideration and .ii1 the Shareholders.

3engxin " ppraisal takes :- ' eember +, +, as the valuation date, mainly because of the considerations set out below2

! he valuation began in " pril +, +-. 8enerally, the valuation date adopts the end of the accounting period which is close to the realization of the economic activities, and considered the completeness and availability of relevant information and data. Considering that the company assessed is a company listed on the 9ain \$oard of the Stock Exchange, the relevant financial data of the company provided in the annual report as at :- ' eember +, +, is public information with high accuracy, and



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**LETTER FROM THE BOARD**

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There is no material change in the CVS Valuation since March 2019 or Zengxin appraisal valuation since December 2018.

To reconcile the value shown in each of the CVS Valuation Report and Zengxin appraisal Valuation Report to the value of the Consideration, the cost structure of the transactions is set out as follows:

Item	Amount & (./00 million)
Amount payable for 20% Equity interest in the Target Company	+ 1.0%
Repayment of the debts of the Target Company	= 0.1%
Contingent Consideration (estimated)	- 0.1%
Total cost	= 1.0%
Including Cash and receivables	- 0.1%
Cost of \$10 million of Development Shares	= 0.1%
Cost of 20% of Development Share	= 0.1%

The subject of the CVS Valuation Report is the value of \$10 million of the Development Shares, and the subject of the Zengxin appraisal Valuation Report is the entire equity in the Target Company. When evaluating the total consideration of the transactions, the Group incorporates the equity price of the Target Company, debts of the Target Company and Contingent Consideration. In order to improve the comparability of the data, the Board has converted the results of the CVS Valuation Report, the results of the Zengxin appraisal Valuation Report and the total transaction consideration into the price per \$10 million of Development Share to facilitate investors' understanding.

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The relations between respective C9S valuation and 3engxin "ppraisal valuation, and the Consideration are as follows2

Relations bet=een CMS valuation and the Consideration

Ite3 &aluation

Daluation range of market value per share for  
 =-.>: E e<uity interests of \$ay " rea  
 ' evelopment under the comparable company  
 method2 H F&.%+ per share to H F&.>+ per share

Daluation range of market value per share of  
 \$ay " rea ' evelopment after ad&ustment2  
 . ' ividend of H F, .-, \* per share of \$ay  
 " rea ' evelopment declared in " pril +, +-  
 and actually distributed in 5uly was entitled  
 to the Dendor and reduced accordingly1 H F&.&+ per share to H F&.-= per share

Corresponding valuation of =-.>: E e<uity  
 interests of \$ay " rea ' evelopment2  
 . Cumber of shares2 +,+-: ,&&\*,))) shares1 H F\*.=>: billion to H F-, .&+% billion

Corresponding valuation of ! arget Company2  
 .#ncrease of H F-%- million in cash and  
 receivables owned by ! arget Company1 H F\*.\*: & billion to H F-, .%=> billion

! he Consideration of no more than H F-, .&=\* billion is within the corresponding valuation range  
 of ! arget Company .H F\*.\*: & billion to H F-, .%=>) billion1.

Relations bet=een ' en8>in A00raisal valuation and the Consideration

Ite3 &aluation

Dalue of e<uity interests of ! arget Company 79\$+.) : - billion

! otal value of ! arget Company  
 .#ncrease of 79\$).%=& billion in liabilities  
 of ! arget Company which should be  
 undertaken by the 3urchaser on the valuation  
 date1 79\$\*.\*, % billionAH F-, .\*: > billion

! otal valuation of ! arget Company upon  
 further ad&ustment2  
 .#ncrease of H F==.% million of outstanding  
 cash and deduction of H F%, : million of  
 dividends attributable to the Dendor1 H F-, .%-+ billion

! he Consideration of no more than H F-, .&=\* billion is not higher than the total valuation of  
 ! arget Company upon further ad&ustment of H F-, .%-+ billion.

Valuation Basis and Approach under the CMS Valuation Report

CPS used the .i) comparable company method .tsaf y, 1 and .ii) comparable transaction method .tsaf y, 1 to estimate the market value of =-.>: E e<uity interests in \$ay " rea ' evelopment as at -% 9arch +, +- .being the date when the first announcement in relation to the " c<uisition is made1.

(i) Comparable company method

Under the comparable company method, the valuation multiples of the comparable listed companies will be taken as reference and based on the characteristics

## ETTER \$ROM T! E 2OARD

expressway operation in the 37C, which their income from expressway operation accounts for a higher proportion of their total income. \$ased on the above criteria, the EDÆ\$#! ' ' of comparable companies as of -% 9arch +, +- is as follows?

No)	Sto1? Code	isted Co30any	E&@E2ITDA
-	, , , &+*.SJ	Guangdong Provincial Expressway Development Co., Ltd.	=.=)
+	, , , =% SJ	Shanxi Road and Bridge Co., Ltd.	>., %
:	, , , >+ SJ	Yongguan Development Holdings Co., Ltd.	=.-+
&	, , -*) SJ	China Merchants Expressway Network Technology Holdings Company Limited	-%.>)
%	) , , , +, .SH	Henan Zhongyuan Expressway Company Limited	>.)>
)	) , , , : : .SH	(ujian Expressway Development Company Limited	&., >
=	) , , : % , .SH	Shandong Highspeed Company Limited	-.)-%
>	) , -% -> .SH	Silin Expressway Company Ltd.	) .)-
*	, %=) .H	Zhejiang Expressway Co., Ltd.	-, %*
- ,	, -==.H	Jiangsu Expressway Company Limited	>.=+
--	, %&> .H	Shenzhen Expressway Co., Ltd.	) .>-
-+	, **% .H	Guangdong Expressway Company Limited	: .&-
-:	- , %+ .H	Guoxiu Transport Infrastructure Limited	-, .->
-&	- %=) .H	Qilu Expressway Company Limited	*, .)
-%	- => % .H	Chengdu Expressway Co., Ltd.	% .>-
	Maximum value		-) .-%
	Minimum value		: .&-
	Average EDÆ\$#! ' ' of 4share listed companies after excluding extreme values		>.: -
	Median EDÆ\$#! ' ' of 4share listed companies after excluding extreme values		=.=)
	Average EDÆ\$#! ' ' of Hong Kong listed companies after excluding extreme values		>.: %
	Median EDÆ\$#! ' ' of Hong Kong listed companies after excluding extreme values		>.>*
	Average EDÆ\$#! ' ' of Hong Kong and 4share listed companies after excluding extreme values		>.&-
	Median EDÆ\$#! ' ' of Hong Kong and 4share listed companies after excluding extreme values		>., %

Notes:

i. Source of information extracted from <https://www.wind.com.cn>

ii. The ED of comparable companies represented such value as at -% 9arch +, +- and

iii. As the business operations of the expressway operation industry in +, +, was negatively impacted by the CHD# 4-\* epidemic, the business operations in +, +, cannot reasonably reflect the operational performances and capabilities. Therefore, the E\$#! ' ' of comparable companies used was the average amount data in +, -> and +, -\*.

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## ETTER \$ROM T! E 2OARD

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"fter discussing with C9S, the \$oard is of the opinion that the selection of comparable companies in the C9S Daluation 7eport is exhaustive, fair and representative?

- . ! he selection of comparable companies was based on " 4share and H4share listed companies, which is in line with the obbective conditions of the " 4share and H4share listed companies involved in the ! ransactions, and was selected according to the disclosed and reasonable standards. ! he selection of comparable companies is exhaustivei
  
- + . ! he selection standards include2 .-1 expressway operation as main businessll .+1 mainly operates domestic expresswaysll .:1 for H4share listed companies, the proportion of income generated from expressway related business to the total income in the most recent year must be more than %, E# and .&1 for " 4share listed companies, the proportion of income generated from expressway related business to the total income in the most recent year must be more than =%E. " part from the above standards, C9S has not set any special criteria which are inconsistent with the characteristics of the ! ransactions. Selection standards .-1 and .+1 are important characteristics of business of \$ay " rea ' evelopmentll selection standards .:1 and .&1 are re<uirements for the proportion of income generated from expressway related business. ! hose standards allow C9S to further select companies with expressway related business as core part of operation, and to improve their comparability with the business operated by \$ay " rea ' evelopment. ! his also allows a more complete reflection of the operating conditions of comparable companies through E\$#! ' " indicators, and the selection of comparable companies is representativell and
  
- : . ! he selection standards .:1 and .&1 set out different re<uirements for the proportion of income generated from expressway related business for H4share and " 4share listed companies. #t is mainly because the number of " 4share listed companies with expressway operation as the main business is significantly more than that of H4share listed companies. #n order to avoid overly relying on comparable companies listed in certain market, which will make it difficult to reasonably balance the capital market conditions of the two markets, it is necessary to set out different re<uirements regarding the proportion of income generated from expressway related business to balance the number of H4share and " 4share listed companies in comparable companies, and make it more fair in the selection of comparable companies.

"fter discussing with C9S, the extreme values in the above table were selected based on the size of the absolute value of ED#E\$#! ' " of comparable companies. ! he maximum value is -).-% times ED#E\$#! ' " from Co. = Shandong Hi4speed Company Limited and the minimum value is :.&- times ED#E\$#! ' " from Co. -+ " nhui Expressway Company Limited. " s a norm, when calculating the average and median data, extreme values will be eliminated, to better reflect the general valuation level of the overall sample and the usual market conditions through the average and median data.

"ccording to the table above, after excluding extreme values, the average and median ED#E\$#! ' " of comparable Hong ong and " 4share listed companies are selected as the ED#E\$#! ' " reference range of comparable companies. " s at -% 9arch +,+-, the ED#E\$#! ' " reference range of comparable companies was >.,% times to >.&- times. ! he average E\$#! ' " of 8S 5D and 8J ; est 5D, the joint ventures held by \$ay " rea ' evelopment in proportion to its e<uity in +, -> and +, -\* totaled to 79\$-,>=-,)\*+,-, , .

Valuation of Equity interests in Say "rea ' evelopment 0 Valuation of the expressway operating business carried out by Say "rea ' evelopment through the two expressway concessions owned by its affiliated joint ventures L Cet amount of other non4operating and surplus assets and liabilities of Say "rea ' evelopment and two joint ventures held by Say "rea ' evelopment in proportion to its equity interests.

" s at : - ' eember +, +, , the net amount of other non4operating and surplus assets and liabilities of Say "rea ' evelopment and two joint ventures held by Say "rea ' evelopment in proportion to its equity interests amounted to 79\$4&,\*-),=-\*,-, , . " s such, the valuation of - , , E equity interests in Say "rea ' evelopment ranged from 79\$- , ,-%: ,)-= , , , to 79\$- , ,>+&,+&: ,% , , , and the valuation of the price per Say "rea ' evelopment Share .converted based on the issued total share capital of Say "rea ' evelopment and the exchange rate1 ranged from H F: .\*: per share to H F&.-\* per share.

! aking into consideration that the " c<uisition involved the ac<uisition of controlling stake in Say "rea ' evelopment, and the abovementioned valuation multiples of the comparable companies do not fully reflect the B&Bfing 0 Td(od)Tf4.1

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## ETTER \$ROM T! E 2OARD

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#n the above table, the calculation method of each input is as follows?

(or each privatization case, the premium over the average price in the previous - trading day 0 .announced privatization price 4 average price in the previous - trading day before suspension1A average price in the previous - trading day before suspension! ! he premium over the average price in the previous : , trading days 0 .the announced privatization price 4 the average price in the : , trading days before the suspension .exclusive of the suspension day1!the average price in the : , trading days before the suspension .exclusive of the suspension day1, the calculation method of the premium over the average price in the previous ), trading days and over the average price in the previous \*, trading days is similar.

#n terms of first <uartile, the specific premium level of all privatization cases of a specific type .offer or scheme of arrangement1 .the premium over the average price of the previous - trading day, the average price in the previous : , trading days, the average price in the previous ), trading days or the average price in the previous \*, trading days1 is ranked from low to high, and to the level of first <uartile, and the same for third <uartile.

#n terms of average, the specific premium level of all privatization cases of a specific type .offer or scheme of arrangement1 .the premium over the average price of the previous - trading day, the average price in the previous : , trading days, the average price in the previous ), trading days or the average price in the previous \*, trading days1 is the simple arithmetic average of all premiums.

(or the calculation of above inputs, the average share price involved is based on the data provided by ; ind #nformation.

\$ay " rea ' evelopment is a H4share listed company, and the ! ransactions is an indirect ac<uisition of control over \$ay " rea ' evelopment. " fter discussion with C9S, in privatization process, the important purpose of the offeror or its parties act in concert is to obtain control of the offeree or to further enhance the control over the offeree, and controlling right generally has additional value. ! herefore the premium of the privatization price over the market price of the shares of the offeree before the publication of the offer can be used as a reference to the level of premium regarding the controlling right.

#n terms of individual privatization cases, if there is a premium of the privatization price over the market price of the company@s shares before the issuance of the offer, in addition to reflecting the premium of the controlling rights, there is also possibilities that other transaction factors need to be taken into account, and if such other factors exist, it is difficult to determine whether they will have a positive or negative effect on the premium of the privatization price over the market price of the company@s shares before the issuance of the offer. #n the C9S valuation, in order to minimize the impact of other factors that may exist in individual privatization cases, the average value of the privatization premium was calculated, and it was found that most of the average values are around %, E. (or prudent considerations, %, E is used as the upper limit of the reference range for the market level of the controlling premium rate. #n terms of market valuation practice, there are privatization cases for references in the valuation of the controlling premium by C9S.

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## ETTER \$ROM T! E 2OARD

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Sesides, in order to conduct a more adequate and prudent analysis of the controlling premium, in the valuation carried by C9S, it analyzed the controlling rights premium by referring to the following cases of transfer of controlling rights of listed companies, and combined with the reference of the privatization cases, it prudently analyzed and determined the level of controlling premium used in the C9S valuation.

Therefore, it is relevant and reasonable to use the privatization case as one of the references for the analysis of the controlling premium in the C9S valuation.

- .ii1 C9S also selected a total of +- cases which involved in the acquisition of controlling stake in H-share and Hong Kong listed companies disclosed and completed since +, -\* with the equity transfer ratio of more than +\*E. The premium paid to acquire the listed company controlling stake over the average prices in - trading day, :, trading days, ), trading days and \*, trading days preceding the date of the first announcement. The /\$irst Announ1e3ent01 of such acquisition are as follows?

	' re3iu3 over the average Ori1e in 1 tradin8 day Ore1edin8 the \$irst Announ1e3ent	' re3iu3 over the average Ori1e in -/ tradin8 days Ore1edin8 the \$irst Announ1e3ent	' re3iu3 over the average Ori1e in B/ tradin8 days Ore1edin8 the \$irst Announ1e3ent	' re3iu3 over the average Ori1e in </ tradin8 days Ore1edin8 the \$irst Announ1e3ent
(irst <uartile	--E	+, E	++E	+, E
! hird <uartile	&-E	: =E	: )E	&-E
" verage	+ )E	+*E	: , E	: +E

Note: Source of information extracted from <https://www.wind.com.cn/>.

After discussion with C9S, the Board is of the opinion that in the C9S valuation, as one of the references for the analysis of the level of premium regarding the controlling right, the selection of these +- cases is exhaustive, fair and representative?

- The selection of market cases was generally based on professional databases provided by third-party agencies. C9S's selection of cases in relation to the level of premium regarding transfer of control was based on the 9M" database provided by ; ind #nformation, which is a data service provider commonly used by securities companies in the 37C. The cases were selected according to the disclosed and reasonable selection standards, and the selection of cases is exhaustivell

- + The selection standards include? .-1 transfer of controlling rights in " 4shares and H4share listed companiesll .+1 cases disclosed and completed since +, -\*ll and .:1 cases in which the proportion of equity transferred exceeds +\*E. " part from the above standards, C9S has not set any special criteria which are inconsistent with the characteristics of the ! ransactionsll



∴ The selection standards are based on the important characteristics of the transactions. If C9S selects less cases, it will lead to a result

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## LETTER FROM THE BOARD

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- .iii) the external economic environment remains unchanged, and the current macroeconomic situation does not change significantly on the reporting reference date
- .iv) there are no major changes in the social and economic environment, the tax rates, industry supervisions and other policies implemented
- .v) the management of the appraised company will perform its duties in the future operating period and continue to maintain the current operation management model for continuous operation
- .vi) no force majeure or unforeseen factors will have a significant adverse impact on the appraised company
- .vii) when determining the market valuation, the impact of the acquisition on the Hong Kong and H-share market is taken into account to some extent
- .viii) the relevant basic information, financial information and public information are true, accurate and complete, and there is no significant difference between the assets and liabilities of Sayonara Development as at 31 December 2020, with the assets and liabilities as at the valuation reference date
- .ix) the relevant financial information of Sayonara Development used in the Valuation is the publicly disclosed information of Sayonara Development, which was calculated in accordance with international accounting standards. (or the comparable companies selected in the valuation and the target companies in the comparable transactions, Chinese Accounting Standards or Hong Kong Accounting Standards are adopted. The differences in the above mentioned accounting standards have no significant impact on the calculation of valuation indicators such as EV/EBITDA and price-to-earnings ratio and the valuation conclusions) and
- .x) in the first half of 2020, the expressway operation business of Sayonara Development was significantly impacted by the COVID-19 epidemic. According to the operation information of 8S Expressway and 8J West Expressway in the second half of 2020, publicly disclosed by Sayonara Development, since the second half of 2020, the business operation of Sayonara Development has been back to normal. As of the valuation reference date, the situation of COVID-19 epidemic is not expected to have a long-term negative impact on the business operation and valuation of Sayonara Development. The impact on the business operation and valuation of Sayonara Development that may cause by future recurrence or aggravation of the COVID-19 epidemic has not been considered.

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Valuation Basis and Approach under the 2002 Uniform Valuation Report

Zengxin Appraisal was engaged to assess the value of the Target Company as at December 31, 2011, according to the Assets Valuation Standards for Enterprise Value. Zengxin Appraisal shall consider the appropriateness of adopting one or more of the following basic asset valuation approaches while conducting valuation:

- i. asset-based approach: a valuation method for determining the value of the appraised enterprise by reasonably appraising the value of all its assets and liabilities on the basis of its balance sheet and those of which can be identified off the balance sheet at the valuation reference date;
- ii. income approach: a valuation method which determines the value of the appraised object by the capitalization or discount of the expected income; and
- iii. market approach: a valuation method of assessing the value of the appraised object by comparing the appraised enterprise with comparable listed companies or comparable transaction cases.

As the Target Company does not operate any business itself, and the only business consolidated to the accounts of the Target Company is its equity interests in Sayong Development, Zengxin Appraisal is of the view that it is not appropriate to adopt the income approach or the market approach for the valuation of the Target Company. As such, Zengxin Appraisal adopted the asset-based approach to value the Target Company under the Zengxin Appraisal Valuation Report.

The only major asset/long-term investment of the Target Company is its equity interests in Sayong Development, the assessed value of the Target Company is determined by multiplying the value of the entire equity interests in Sayong Development by the discount factor before considering premium for acquiring the listed company controlling stake and other liquidity premium factors.

As Sayong Development does not operate any business itself, and its main asset is 50% of the profit distribution right in S5D, 50% of the profit distribution right in S8J; 50% and 50% equity interests in Gintang 5D, Zengxin Appraisal adopted the asset-based approach to value Sayong Development.

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' evelopment. ! he assessed value of e<uity attributable to shareholders of the parent company of \$ay " rea ' evelopment as at the valuation reference date .i.e. :- ' ecrementer +, +, 1 is 79\$\*,)+\*,%+>\*, , , , and comprises of the followings?

Ite3	EDuity value held by 2ay Area Develo03ent	
	Total eDuity value \$1 ' /0000"	' ro0ortion of interests EDuity value \$1 ' /0000"
3rofit distribution right in 8S 5D pursuant to the tolling right of 8S Expressway	>>=, >: *.>*	&%E : **,%+=.*%
3rofit distribution right in 8S 5D pursuant to the right to reconstruct and expand 8S Expressway, develop and utilize land along 8S Expressway	+=%,&, , , ,	&%E -+: , *:, , , ,
3rofit distribution right in 8J ; est 5D	=)&,) : =.%>	%, E : >+, : ->.*
E<uity interests in Gintang 5D	+&=, *%%., ,	-%E : =, -*: .+%
" sessed value of other assets and liabilities	Q	Q : : , =-, .+=
! he total assessed value of e<uity attributable to shareholders of the parent company of \$ay " rea ' evelopment .net of minority shareholders@ e<uity interests of 79\$-: > million1	Q	Q *)+, *%+>.*

3engxin " ppraisal also considered the premium for the controlling stake .i.e. =-.: E interests held by ! arget Company1 and li<uidity premium in \$ay " rea ' evelopment .being a listed company in Hong ong1 when evaluating the e<uity investment.

! he determination of the premium for the controlling stake is based on the comparison of the price4 to4earnings multiples of minority stake ac<uisitions .),&%= transactions in total1 and controlling stake ac<uisitions .&,\*\*: transactions in total1 in the historical merger and ac<uisition market. ! he historical average value of the controlling stake premium was approximately -&.\*E .in particular, it was ->.+&E in +, +, 1. " s such, 3engxin " ppraisal used the controlling stake premium of -%E when conducting its valuation under the 3engxin " ppraisal Daluation 7eport.

(or the determination of the li<uidity premium, 3engxin " ppraisal conducted analysis with reference to the increment rate of the initial listing price and the secondary market trading price of Hong ong listed shares during the period of - 5anuary +, +, to : - 9arch +, +-.the /' eriod01. " ccordingly, the average first4day increment of Hong ong listed shares during the 3eriod was approximately ->.%E and Hong ong listed shares that have been listed for over three months recorded an average increment of -%.%E in one year. Considering that the ma0ority of \$ay " rea ' evelopment Shares are held by institutional shareholders, the proportion of \$ay " rea ' evelopment Shares being actively traded in the secondary market will be relatively low. " s such, its li<uidity premium will be relatively lower than the industry average. " ccordingly, 3engxin " ppraisal used the li<uidity premium of -&E .instead of -%.%E1 when conducting its valuation under the 3engxin " ppraisal Daluation 7eport.

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The principal factors that 3engxin " ppraisal conducted the analysis with reference to the increment rate of the initial listing price and the secondary market trading price of Hong ong listed shares for analysing the li<uidity premium are as follows2

- . ' ue to the lack of authoritative data on li<uidity premium published by professional institutions in China, the following calculation and analysis methods are usually adopted2

-1 Calculation and analysis of li<uidity premium through legal person shares2 before +, , &, only public shares of " 4share listed companies could be traded in the securities market, and state4owned shares and legal person shares could not be traded through bidding in the securities market, except that such legal person shares could be transferred through H! C agreement. The li<uidity premium is calculated and analyzed based on the difference between the price of transfer by such H! C agreement and the transaction price of tradable shares of the same company.

+1 ethod of consideration for reform of non4tradable shares2 shareholders holding non4 tradable shares .or known as legal person shares1 of listed companies pay consideration to tradable shareholders /in exchange for0 their consent of conversion of e<uity interest held by non4tradable shareholders from fully non4tradable to limited tradable shares, as a result of which trade limitation could be released after a certain period and non4 tradable shares would become tradable shares. Therefore, the li<uidity premium is calculated and analysed based on the consideration cost to be paid by non4tradable shareholders for conversion of non4tradable shares into tradable shares through the method of consideration for reform of non4tradable shares.

:1 Calculation and analysis of the li<uidity premium by way of #3H pricing2 through analysing the difference between the #3H pricing of listed companies and the trading price after the formal listing of the shares to study the li<uidity premium in a <uantitative manner.

Through the analysis of the above three methods, the li<uidity premium calculated by way of consideration of legal person shares and reform of non4tradable shares rely on the data -% years ago. The issuance of new shares has a nature of continuity and the data of the newly issued shares every year enables 3engxin Daluation to update the result of the discount for lack of marketability on a on4going basis. Therefore, the 3engxin " ppraisal has adopted the means of #3H pricing to calculate the li<uidity premium.

+ . \$ay " rea ' evelopment is a listed company, and the direct method is usually used for valuation. The indirect method can also be used for valuation.

The above4mentioned direct method refers to2 the fair value of the listed company is obtained by using a certain valuation method and the direct valuation of the parameters after the corresponding li<uidity premium has been considered.

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The above mentioned indirect method refers to using a certain valuation method, without considering the parameters of the liquidity premium for valuation, and then indirectly obtain the fair value of the listed company. The valuation model is the fair value of the listed company or the fair value of the company when it is not listed. -Liquidity premium

Regardless of whether the valuation model adopts the direct method or the indirect method, the connotation of the evaluation result is completely consistent.

The indirect valuation model adopted in Zengxin appraisal valuation is based on

horizontal comparison of valuation parameters. When using the indirect method for valuation, the final estimation results of the valuation parameters in the report are easy to compare with the values of relevant parameters in recent market transaction cases. The market transaction cases are basically the acquisition of non-listed highway project companies. Therefore, in the valuation, the specific valuation parameters that do not consider liquidity are first adopted by Zengxin appraisal.

The total annual turnover rate of Say ' rea ' evelopment Shares in the past two years was less than HF+, , million. According to the statistics of ' onghuashun i(in' .a securities data base provider in the 37C1, the average annual turnover rate of the shares of the companies listed on the ' ain \$oard of the Stock Exchange in +, - \* and +, +, were approximately & , E and > E, respectively. The annual turnover rate of the Say ' rea ' evelopment Shares in the corresponding years were approximately : E and + E, respectively. ' s such, it reflects that the current turnover rate of Say ' rea ' evelopment Shares is significantly lower than the shares listed on the ' ain \$oard of the Stock Exchange. ' s the significantly lower turnover rate of the Say ' rea ' evelopment Shares will not objectively reflect the normal liquidity premium level, it is not appropriate to directly analyze and use the current stock liquidity premium level of Say ' rea ' evelopment as the liquidity premium of Say ' rea ' evelopment in the valuation.

Reasons for not directly adopting the liquidity premium rate for Say ' rea ' evelopment in the Zengxin appraisal valuation. Due to the impact of the CHD# ' 4- \* epidemic, the share prices of companies in the expressway industry have fallen more than before.

According to the statistics of ' onghuashun i(in' , the average net profit of expressway companies listed on the ' ain \$oard of the Stock Exchange in +, +, has dropped by approximately : - .> E as compared to the same period last year. The average closing price of the expressway companies listed on the ' ain \$oard of the Stock Exchange as at : - ' eember +, +, has dropped by approximately - = .% E as compared to the same period last year. The closing point of the Hang Seng #ndex as at : - ' eember +, +, has dropped by : .& E as compared to the same period last year. #t reflects that the performance and share price of the companies operating in the expressway industries are adversely affected by the CHD# ' 4- \* epidemic to different extent, and the impact on such companies is greater than the impact on the overall market.

Below table sets out the statistics in relation to the closing price and net profit of the expressway companies listed on the Gain Board of the Stock Exchange

Stock Code	Company Name	Closing Price 23 Dec-er 4035 Unit: \$1'	Closing Price 23 Decem-er 4040 Unit: \$1'	Closing Price Year-on-year growth rate" Unit: %	Net Profit (, earEonE year 8ro=th rate) Reporting period: 4040 annual report Unit: %
00103.H	Sichuan Expressway Company Limited	4.035	4.040	2.48%	4.03%
00105.H	Siangsu Expressway Company Limited	4.035	4.040	2.48%	4.03%

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operated by the joint ventures of the Target Group, 8S Expressway and 8J Expressway, was approximately 1,000,000 vehicles and 1,000,000 vehicles in the first half of 2020, respectively, representing a decrease of 10.0% and 10.0% respectively from the first half of 2019, the normal year before the epidemic, and are gradually recovering to traffic flow level before the epidemic.

We believe that the epidemic will eventually end, and in the long run, the expressway industry will return to the normal value level before the epidemic and return to the average premium level of the Hong Kong stock market. Therefore, in the valuation, Zengxin Appraisal selected the recent average liquidity premium rate in the Hong Kong stock market as the liquidity premium for \$ay "rea ' evelopment.

Under the appraisal, the listed companies listed in the Hong Kong stock market from 1 January 2019 to 31 December 2020, are selected to statistically analyze the increment between their issue price and the current share price, and their average increment, on a sample basis, is regarded as the liquidity premium rate of H4share listed companies, and their average liquidity premium rates of these H4share listed companies are regarded as the liquidity premium of \$ay "rea ' evelopment.

Taking into account abovementioned premiums, the valuation of other minority assets and all liabilities of the Target Company, Zengxin Appraisal concluded that the valuation of total equity interests of the shareholders of the Target Company as at 31 December 2020, was 79.5 million, which was 10.0% lower than the carrying amount of net assets of 87.5 million. The composition of total equity interests of the shareholders of the Target Company is as follows:

Item	Equity held by the Target Company		
	Total equity value (\$' /0000)	Percentage of equity	Equity value (\$' /0000)
Equity attributable to shareholders of the parent company of \$ay "rea ' evelopment	79.5	100%	79.5
Value of 10.0% equity interests in \$ay "rea ' evelopment after considering the premium for controlling stake 10.0% and liquidity premium 10.0%	0	0%	0
Total equity attributable to the shareholders of the Target Company	79.5	100%	79.5

Pursuant to the Zengxin Appraisal Valuation Report, the value of 10.0% equity interests in \$ay "rea ' evelopment after taking into account the abovementioned premium was 79.5 million. After deducting the dividend declared by \$ay "rea ' evelopment in April 2020 which shall be enjoyed by the Seller pursuant to the Sale and Purchase Agreement, which is approximately HK \$1.0 per share, the value per share of \$ay "rea ' evelopment is equivalent to HK \$1.0.



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Major Assumptions under the 'en8>in A00raisal &valuation Re0ort

The valuation of the Target Company under the 3engxin " ppraisal Daluation 7eport is based on a set of premises and assumptions. The major assumptions and premises of the valuation are as follows:

- .i) the appraised object or all appraised assets are in the process of market transactions on the valuation reference date, and the value estimation or calculation will be simulated according to the market environment on the valuation reference date and the trading conditions of the appraised object or all appraised assets
- .ii) the trading market where the appraised object or all appraised assets are located on the valuation reference date is an open market
- .iii) the economy corresponding to the appraised object continues to operate according to its existing business objectives in terms of its operating team, financial structure, business model and market environment on the valuation reference date and the utilization of the assets and liabilities corresponding to the appraised object remains the same as the current scale, frequency, environment etc. of such usage
- .iv) there are no material changes in the current relevant laws, regulations and policies, and the macroeconomic situation in the 37C, and there are no material changes in the political, economic and social environment of the region where the parties to the transactions are located; there are no material changes in the interest rates, exchange rates, tax bases and tax rates, policy levies, financing conditions, etc.; there are no force majeure and unforeseen factors that will cause significant adverse effects on the appraised object or all appraised assets
- .v) the information necessary for the valuation of the appraised object or all appraised assets is true, complete, legal and valid
- .vi) information obtained from certain sources used under the valuation can reasonably reflect the corresponding market transaction trends, market operation conditions or market development trends; and
- .vii) unless otherwise stated, described or considered in the asset valuation report, the obtaining, usage or ownership of the appraised object or appraised assets is in compliance with the provisions of the laws, regulations and regulatory documents of the 37C.

Assessment on the Assumptions and Inputs Involved in CMS Valuation Report 'en8>in A00raisal &valuation Re0ort and Traffic Study Report by the Board

For the CVS Valuation Report, the Board has carried out the following tasks:

- to review the valuation methods and measurement models used in the valuation of CVS
- + to check and query the market information of comparable transactions related to the acquisition in the valuation of CVS

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- . to check the relevant situation of comparable companies whose main business is the operation of expressways in Mainland China selected in the valuation of C9S
- & to discuss with the person in charge about the relevant assumptions adopted in the valuation report and
- % to evaluate the parameters used in the valuation, including:
  - a) ED&E\$#! ' " and ratio of premium on controlling rights, which are based on publicly available market data, or based on the analysis of publicly available market data, and the parameter values are based on an objective basis
  - b) ED&E\$#! ' " , which is the median to average level of comparable companies, and the parameter value range is appropriate
  - c) ratio of premium on controlling rights, which are determined with reference to the characteristics of the assets of the \$ay " reavelopment, the proportion of e<uity in the " c<uisition, and the lower level of the market range. ! he parameters were carefully selected.

\$ased on the above, the \$oard is of the opinion that the assumptions and inputs involved in the C9S Valuation 7eport are fair and reasonable.

" s for the 3engxin " ppraisal Valuation 7eport, the \$oard has carried out the following tasks

- to review the valuation methods and valuation models used in 3engxin " ppraisal's valuation
- + to check and in<uire about the legal basis, pricing basis, professional norms, pricing basis and other reference information used in 3engxin " ppraisal's valuation
- . to discuss with relevant appraisers on the appraisal assumptions adopted in preparation of their valuation reports
- & to review the description of special matters disclosed in the 3engxin " ppraisal Valuation 7eport and discuss with relevant appraisers and
- % to evaluate the parameters adopted in the valuation, including:
  - a) the income forecast which is based on the toll revenue data from ! raffic Study 7eport
  - b) the forecast of out4of4pocket costs and expenses, which is made on a historical basis taking future operations into account, and is in line with the actual situation of the enterprise
  - c) the forecast of depreciation, amortization and capital expenditure, which is calculated according to the original book value and economic serviceable life of each asset of the company and is in line with the actual situation of the company and audit
  - d) calculation and selection of discount rate. ! he cost of e<uity capital is estimated using the Capital " sset 3ricing 9odel .C" 391, which is based on public data in the market, or based on the analysis of public data in the market, and the parameters are based on an objective basis
  - e) controlling rights and li<uidity premiums, which are based on public data in the market, or based on the analysis of public data in the market, and the parameters are based on an objective basis.

\$ased on the above, the \$oard is of the opinion that the assumptions and inputs involved in the 3engxin " ppraisal Valuation 7eport are fair and reasonable.

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"s for the Traffic Study Report, the Board has carried out the following tasks:

- to review the Study on traffic volume and revenue forecast of 8S Expressway and 8J ; est Expressway prepared by the Guangdong Provincial Transport Planning Research Center on traffic volume and toll revenue forecasting for the 8S Expressway and 8J ; est Expressway
- + to discuss with the person in charge the traffic volume forecasted recommendation and the assumptions adopted for conducting the traffic volume and toll revenue forecasting
- : to recognize and agree the assumptions and methods for traffic volume forecasting are mainly based on the portfolio mode of /four stage method
- & the inputs adopted for traffic volume and toll revenue forecasting, including economic and social inputs, permanent population, random user balancing method of extensive transportation expenses are determined in accordance with the Guangdong Expressway Network Plan and the (feasibility Study Report of Highway Construction Project.

Based on the above, the Board is of the opinion that the assumptions and inputs involved in the Traffic Study Report are fair and reasonable.

**F) SIGNIFICANT FINANCIAL EFFECTS OF THE ACQUISITION ON THE ENLARGED GROUP**

The following table sets forth the significant financial effects of the acquisition on the Enlarged Group identified in the unaudited pro forma financial information on the Enlarged Group as set out in Appendix D to this circular for 3a financial information, assuming that completion of the acquisition had taken place on June 30, 2011, as compared to the financial position of the Group as at June 30, 2010.

	As at June 30, 2011	The target Group and pro forma adjusted	Completion of the Acquisition (pro forma Enlarged Group)	Change
	\$ million	\$ million	\$ million	\$ million
Total assets	1,234,567	1,234,567	1,234,567	1,234,567
Total liabilities	567,890	567,890	567,890	567,890

**Assets and liabilities**

Based on the pro forma financial information, the unaudited pro forma consolidated total assets of the Enlarged Group as at June 30, 2011 would increase by approximately 79.5% billion to approximately 79.5% billion and the unaudited pro forma consolidated total liabilities of the

Enlarged Group as at 31 December 2019 would increase by approximately \$1.5 billion to approximately \$1.5 billion after the acquisition. The unaudited pro forma consolidated net assets of the Enlarged Group as at 31 December 2019 would increase by approximately \$1.5 billion to approximately \$1.5 billion, assuming that completion of the acquisition had taken place on 31 December 2019. The disclosures in the section headed "Working Capital Statement of the Enlarged Group" of

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## LETTER FROM THE BOARD

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connected person to the Company within the meaning of the Listing Rules, the transactions also constitute connected transactions on the part of the Company under Chapter 14 of the Listing Rules and is subject to, among others, the approval of the Independent Shareholders at the EAG.

Mr. Wang Jing and Mr. Hu Jie being directors of both Shenzhen International and the Company, have abstained from voting at the board meeting of the Company to approve the transactions.

None of the directors has any undisclosed material interest in the transactions.

### (F) TAKEOVERS CODE IMPLICATION

References are made to the joint announcements dated 29 March 2011 and 2 April 2011 of the Company and Shenzhen International. On 2 April 2011, the Purchaser has obtained a waiver from the obligation to make a mandatory general offer for the reason of development arising as a result of the acquisition pursuant to Code 6.1 of Rule 6.1 of the Takeovers Code from the Executive of S(C.

### (G) INFORMATION OF THE PURCHASER, THE COMPANY, AND SHENZHEN INTERNATIONAL

The Purchaser is a company incorporated in Hong Kong. It is principally engaged in investment holding. It is a wholly owned subsidiary of the Company.

The Company is established in the PRC. The Group is principally engaged in the investment, construction, operation and management of toll highways and roads, as well as other urban and transportation infrastructure facilities. The Company is a subsidiary of Shenzhen International held as to approximately 50%.

Shenzhen International is a company incorporated in Bermuda. Shenzhen International Group is principally engaged in logistics and toll road business. It defines Shenzhen, the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta and the Bohai Rim as strategic regions, endeavours to invest in, construct and operate logistic infrastructure projects including integrated logistics hubs and toll roads, and provides high-end and value-added logistics services to customers based on these infrastructures, through expansion, mergers and acquisitions, restructuring and consolidation while expanding into various business segments such as comprehensive development of lands related to the logistics industry as well as investment in and operation of environmental protection business. Shenzhen International is indirectly owned as to approximately 20% by S#HCL.

### (H) INFORMATION OF S#HCL

S#HCL is a company established in the PRC. It is principally engaged in property rights management, capital operation, investment and financing business. S#HCL is wholly owned by Shenzhen S" S" C.

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1/) INFORMATION O\$ T! E SE ER

The Seller is a company incorporated in Hong Kong. It is principally engaged in investment holding. The Seller is a wholly owned subsidiary of S#HCL. S#HCL and the Seller are associates of the controlling shareholder of the Company.

11) INFORMATION O\$ T! E TAR(ET COM' AN,

The Target Company is a company incorporated in the British Virgin Islands. It is principally engaged in investment holding. The Target Company is wholly owned by the Seller and holds approximately 100% of the issued share capital of the Company.

The Target Company acquired approximately 100% of the total issued capital of the Company in a cash consideration of approximately HK\$100 million, representing approximately 100% of the total issued share capital of the Company. The Target Company made a mandatory general offer to the then shareholders of the Company pursuant to Section 263A of the Companies Code at the offer price of HK\$1.00 per share. Upon the completion of the mandatory general offer, the Target Company was interested in approximately 100% of the total issued capital of the Company. The Target Company subsequently completed the placing at the price of HK\$1.00 per share to restore the public float of the Company. As at the Latest Practicable Date, the Target Company is interested in approximately 100% of the total issued share capital of the Company.

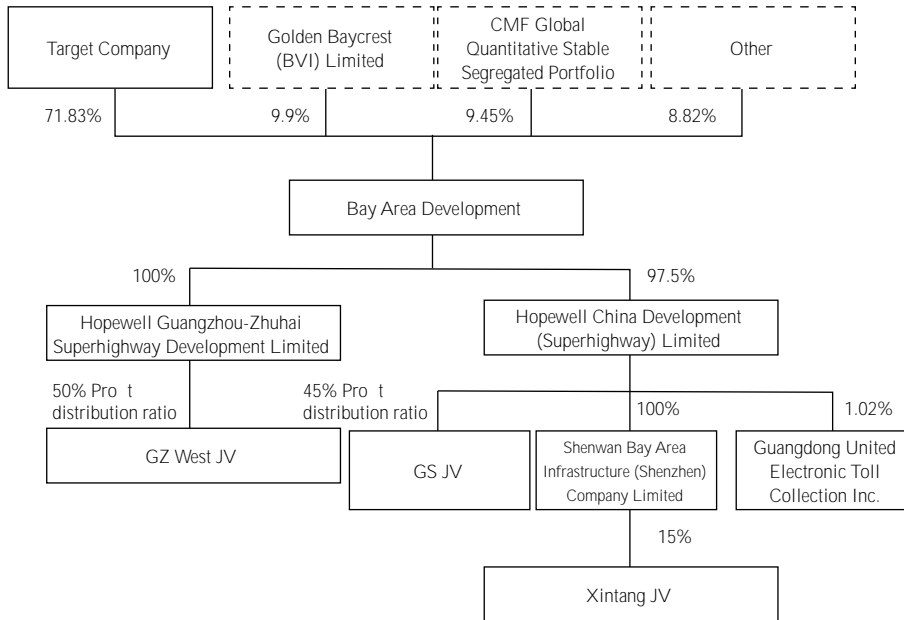
Accordingly, upon the completion of the acquisition, the Purchaser will have indirectly acquired more than 100% of the issued share capital of the Company, and is required to make a mandatory general offer to the shareholders of the Company pursuant to Section 263A of the Companies Code unless a waiver has been obtained from the Executive. The Purchaser has obtained a waiver from the Executive to make a mandatory general offer to the shareholders of the Company pursuant to Section 263A of the Companies Code as a result of the acquisition.

The Company is principally engaged in expressway business and adopts development strategies focusing on the infrastructure and correlated business as well as land development and utilisation along the 8S Expressway within the Guangdong-Hong Kong-Macao Greater Bay Area. The Company currently operates two expressways namely, the 8S Expressway and the 8J West Expressway and engages in the development of residential project located at the core area of the Guangdong-Hong Kong-Macao Greater Bay Area.

Below is a schematic diagram on shareholders and major businesses of the Company as at the Latest Practicable Date

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## Shareholders and 9a6or \$usinesses of \$ay " rea ' evelopment



Note: This diagram has omitted some intermediate entities with -, , E shareholding ratio, and it is only used to show the shareholding relationship.

(a) (S J&

8S 5D is principally engaged in the business of investment, construction and management of the 8S Expressway, which \$ay " rea ' evelopment is entitled to &%E profit distribution right.

8S Expressway is the 8uangzhou4Shenzhen section of the \$eibing4Hong ong49acao Expressway. #t is an important passage connecting 8uangzhou, ' ongguan, Shenzhen and Hong ong, starting from Huangcun #nterchange in 8uangzhou in the north, connecting with the northern section of 8uangzhou 7ing Expressway, ending at Huanggang 3ort in Shenzhen in the south, and connecting with Huanggang 7oad in Shenzhen. 8S Expressway is part of 8& \$eibing4Hong ong49acao Expressway, with a total length of -++.> kilometres and a two4way six4lane structure.

! he toll operating period of 8S Expressway will be valid until 5une +, +=, with an average daily standard traffic flow being -, +, , , vehicles and =&, , , , vehicles in +, -\* and +, +, , respectively, and an average daily toll revenue being 79\$>.>& million and 79\$).% million in +, -\* and +, +, , respectively.

"s the traffic flow of 8S Expressway continues to reach saturation, in order to meet the increasing traffic demands and better play the role of connecting the main traffic routes of 8uangzhou and Shenzhen and the role as the important infrastructure in the 8uangdong4Hong ong49acao 8reater \$ay " reaes core regions, 8S Expressway is planned to be reconstructed and expanded. 8S 5D was approved to be the owner of the 8S Expressway reconstruction and expansion pro6ect in ' eember +, -\*.

In January 2012, the feasibility study of 8S Expressway reconstruction and expansion project passed the preliminary examination by the traffic administration department of Guangdong Province and the construction will formally commence after obtaining the approval for the project. According to the feasibility study report of 8S Expressway reconstruction and extension project, the extension of 8S Expressway is about 105.4 kilometres long, where the existing two-way 4-lane highway will be expanded to 6-lanes in different sections, with the estimated initial investment being about 7.9 billion.

As at the Latest Practicable Date, the investment and financing plan for the reconstruction and expansion of 8S Expressway has not yet been determined. 8S 5D may apply to the government authorities for extending the tolling period based on the construction scale and investment and financing plan finally determined.

(b) (Percentage of Investment)

8J ; est 5D is principally engaged in the business of investment, construction and operation and management of the 8J ; est Expressway, which 8J ; est 5D is entitled to 50% of the profit distribution right.

8J ; est Expressway spans from Hainan Interchange in Liwan District, Guangzhou in the north to Guehuan Interchange in Zhongshan Town, Zhongshan in the south, and has a total length of about 105.4 kilometres. Its construction is completed in 3 phases. The 8J ; est Expressway Phase I, II and III have an operational term up to September 30, 2015, June 30, 2016 and January 31, 2017 respectively.

In 2012 and 2013, the average daily standard traffic flow of the 8J ; est Expressway is 10,000 vehicles and 12,000 vehicles respectively, while its toll revenue is 7.9 million and 7.9 million respectively.

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On October 20, 2014, Sayon Development and Guangdong Highway Construction transferred a 50% interest in Gintang 5D to Shenzhen Investment, a wholly owned subsidiary of China Resources Land Limited. Upon such transfer, Sayon Development, Guangdong Highway Construction and Shenzhen Investment directly or indirectly hold 50%, 45% and 5% interests in Gintang 5D respectively.

Currently, the Guangzhou Gintang Traffic Renovation Project and the related residential and ancillary facilities construction have commenced. The residential and ancillary facilities construction will be carried out in three phases according to the schedule. The pre-sale of the first phase of residential buildings has commenced.

Set out below is an extract of the audited financial statements prepared for the year ended December 31, 2014, and for the 9 months ended July 31, 2014 and the unaudited financial statements prepared for the year ended December 31, 2013 of the Target Group prepared in accordance with the Chinese Accounting Standard for Business Enterprises

Unit: \$1' /000

	\$or the year ended December 31, 2014	\$or the year ended December 31, 2013	\$or the 9 months ended July 31, 2014
Total revenue	1,000,000	1,000,000	1,000,000
Net profit/loss including Share of profits and losses of associates and joint ventures (financial expenses)	(100,000)	(100,000)	(100,000)
Net profit/loss before taxation and extraordinary items	(100,000)	(100,000)	(100,000)
Net profit/loss after taxation and extraordinary items	(100,000)	(100,000)	(100,000)

**ETTER \$ROM T! E 2OARD**

	As at -1 De1e3ber + /1<	As at -1 De1e3ber + /+ /	As at -1 July + /+1
Total assets	--,: =>,>: : : ,	--,*: ),---.=,	-+,+)+,*,%+:
#ncluding2 Long4term e<uity investments	-,,%*:, %*% .>%	*,=+%,=%: .>-	*,>&, ,, =, .-:
Total liabilities	*,: >&,&&-.-,	=,*=-,+)*.&	>,&-,-: )) .>%
Net assets	-,**&,: *+.,+	:,*)&,>&+.,%	: ,>%-,%: >.: *

The table below sets out the analysis of major differences between the net profit of financial statements of \$ay " rea ' evelopment published and the net profit .loss1 of ! arget 8roup2

6nit: \$1' million

	\$or the year ended -1 De1e3ber + /1<	\$or the year ended -1 De1e3ber + /+ /	\$or the seven 3onths ended -1 July + /+1
Net profit of financial statements of \$ay " rea ' evelopment published	),+	)*&	:=,
Less2 amortisation of fair value gain from ac<uisition of \$ay " rea ' evelopment included in the consolidated financial statements of ! arget Company	: , ,	)>:	-%*
Less2 financial costs of ! arget Company	:&>	+*-	-: +
Net profit .net losses1 of ! arget 8roup as shown in the accountants@ report	.+>1	.+>+1	=*

Based on the above, the \$oard is of the opinion that such differences are fair and reasonable.

Note 3: Share of profits .losses1 of associates and joint ventures represents the share of profits generated by the interests in 8S 5D, 8J ; est 5D and Gintang 5D held by \$ay " rea ' evelopment.

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## ETTER \$ROM T! E 2OARD

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Note 4: #n +, +, , due to the impact of the epidemic, the =\*4day toll4free policy was implemented, resulting in a decline of 79\$&, % million in investment income from 8S Expressway and 8J ; est Expressway, and considering =-.>: E e<uity interest in \$ay " rea ' evelopment held by the ! arget Company, the respective investment income of the ! arget Company declined by 79\$+\*- million.

Note 2: ! arget Company considered the amortization of the increase in fair value during the ac<uisition of \$ay " rea ' evelopment in the consolidated financial statements. ! he increase in the fair value generated from the increase in intangible assets and the increase in development value of the land during the ac<uisition of the 8S 5D and 8J ; est 5D, and is respectively amortized in accordance with the intangible asset amortization policy and land development progress of 8S 5D and 8J ; est 5D. " s a result of the above amortization, the investment income of \$ay " rea ' evelopment in +, -\*, +, +, , and 5anuary to 5uly +, +- has been reduced by 79\$: , , million, 79\$>: million, and 79\$-%\* million, respectively, the corresponding impacts of the =-.>: E e<uity of \$ay " rea ' evelopment holds by the ! arget Company were 79\$+-% million, 79\$&\* million, and 79\$--& million, respectively.

Note 9: ! he financial expenses include the interest expenses of the borrowings used by the ! arget Company to ac<uire \$ay " rea development and the financial expenses of \$ay " rea development itself.

Note :: #n +, +, , the ! arget Company received a shareholder capital in!ection of 79\$-,\*++ million and reduce its total debt accordingly.

Kpon Completion, \$ay " rea ' evelopment will remain owned as to approximately =-.>: E by the ! arget Company, which will become direct wholly4owned by the 3urchaser .a wholly4 owned subsidiary of the Company1. ! herefore, the ! arget Company and \$ay " rea ' evelopment will become subsidiaries of the Company and Shenzhen #nternational and their financial results will be consolidated into the financial statements of the Company and Shenzhen #nternational.

### 1+) INDE' ENDENT 2OARD COMMITTEE AND INDE' ENDENT \$INANCIA AD&ISER

! he #ndependent \$oard Committee comprising all the independent non4executive directors of the Company, namely 9r. \$ai Hua, 9r. Li (ei Long, 9r. 9iao 5un and 9r. Gu Hua Giang, has been formed to advise the #ndependent Shareholders in respect of the Sale and 3urchase " greement, 3ayment Hbligation " greement and the ! ransactions.

' akin Capital has been appointed as the independent financial adviser to advise the #ndependent \$oard Committee and the #ndependent Shareholders in this connection.

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## LETTER FROM THE BOARD

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1-) PROPOSED CHANGE OF COMPANY NAME AND AMENDMENTS TO ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated 20 August 2014 in relation to the proposed change of company name and amendments to Articles of Association approved by the Board on 20 August 2014.

(For better reflection of the Company's future business strategy, the Board proposed to change the Chinese name of the Company from 深圳高速公路有限公司 to 深圳高速公路股份有限公司 and the English name of the Company from Shenzhen Expressway Company Limited to Shenzhen Expressway Corporation Limited.

The proposed change of company name will not affect any rights of the holders of securities of the Company. All existing certificates of securities in issue bearing the present name of the Company shall, after the proposed change of company name becoming effective, continue to be evidence of title to such securities and the existing share certificates will continue to be valid for trading, settlement, registration and delivery purposes. There will not be any arrangement for exchange of the existing certificates of securities for new certificates bearing the new name of the Company. Hence the proposed change of company name becomes effective, new share certificates will be issued only in the new name of the Company. In addition, the Chinese stock short name and the English stock short name for trading in the shares of the Company will not be changed after the proposed change of company name becomes effective.

**ETTER \$ROM T! E 2OARD**

The Board proposed to make certain amendments to the articles of association in respect of the proposed change of company name, with details of which as follows:

Article No)	Proposed Amendments
-	<p>In order to protect the legal rights of the Company, the shareholders and the creditors, to regulate the organisations and conducts of Shenzhen Expressway <del>Corporation Company Limited</del> the Company, these articles of association is formulated in accordance with the Company Law of the Peoples Republic of China the Company Law, the Securities Law of the Peoples Republic of China the Security Law, the Special Regulations of the State Council on the Offer of Shares and Listing of Joint Stock Limited Companies Outside the PRC the Special Regulations, Official Reply of the State Council regarding adjusting the application of provisions to matters including the Notice Period for Convention of Shareholders Meetings by Overseas Listed Companies and other relevant regulations.</p>
&	<p>The registered Chinese name of the Company is <del>hctshf) rkyttb' sfl</del> English name SHECJHEC EG37ESS; " 6 <u>CORPORATION CH93" C6 L#9#! E'</u>                      Address: (umin !oil Station, (ucheng Street, Longhua District, Shenzhen, the Peoples Republic of China                      Postal code: --, --,                      Telephone No. (.)4=%%1 &gt;+&gt;: : , ,                      (acsimile) (.)4=%%1 &gt;+&gt;: &amp; , ,</p>

The effectiveness of the proposed change of company name and amendments to articles of association are subject to the consideration and approval by the Shareholders at the E89 and any necessary approval or filing of the relevant authorities in the PRC and/or Hong Kong in relation to the proposed change of company name and the amendments to articles of association being obtained or completed.

1.) THE E(M

The Company will convene the E89 at the conference room of the Company at 30th Levels 4&, 5th Floor, 6th Road, (utian District, Shenzhen, the PRC at --, --, a.m. on (riday, -, December +, +- to consider and, if thought fit, approve .i) the transaction agreements and the transactions contemplated thereunder. .ii) the proposed change of company name and proposed amendments to the articles of association. .iii) the /-&th (ive 6ear0 .+, +-4+, +%1 ' evelopment Strategy 3lan and .iv) the waiver of the right of first refusal regarding the equity interest in Shenzhen International Knit Land Co., Ltd. .hctshf) rkyttb' sfl 1. Details of matters .iii) and .iv) above are set out in the Company's circular dated +& November +, +- the /Se1ond Circular01. The notice of the E89 is set out on pages E894- to E894: of this circular. The proxy form for the E89 is enclosed hereto.



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## LETTER FROM THE BOARD

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### 1.) RECOMMENDATION

The Directors consider that each of (i) the transaction agreements and the transactions contemplated thereunder and (ii) the proposed change of company name and amendments to the articles of association, are in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend that Shareholders to vote in favour of the resolutions to be proposed at the E89 in respect of the aforesaid matters (i) and (ii) above. Please refer to the Second Circular for the Board's recommendation on how to vote on the resolutions in relation to the 5th (ive Year) Development Strategy Plan and the waiver of the right of first refusal regarding the equity interest in Shenzhen International Knited Land Co., Ltd. (http://www.hkex.com.hk)

Having taken into account the advice of independent financial adviser, the independent Board Committee considers that the terms of the transaction agreements and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole. Accordingly, the independent Board Committee recommends the independent Shareholders to vote in favour of the resolution to be proposed at the E89 in respect of the transaction agreements.

### 1G) SUPPLEMENTARY INFORMATION

Your attention is drawn to (i) the letter from the independent Board Committee set out on pages 10 to 11 of this circular, containing its recommendation in respect of the transaction agreements and the transactions contemplated thereunder and (ii) the letter from the independent financial adviser to the independent Board Committee and the independent Shareholders set out on pages 12 to 13 of this circular, containing its recommendation in respect of the transaction agreements and the transactions contemplated thereunder.

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

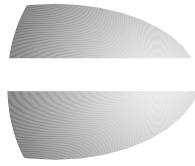
Your attention is drawn to the information set out in the Second Circular.

Yours faithfully,  
By Order of the Board of  
Shenzhen International Knited Land Co., Ltd.  
Chairman

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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16 November 2011

To the Independent Shareholders

MAJOR TRANSACTION AND CONNECTED TRANSACTION IN RELATION  
TO THE ACQUISITION OF SHENZHEN EXPRESSWAY INTERNATIONAL  
CAPITAL HOLDINGS (STRUCTURED) LIMITED

Dear Sirs or Madams,

We refer to the circular of Shenzhen Expressway Company Limited (the "Company") dated 16 November 2011 (the "Circular"), of which this letter forms a part. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the transaction "agreements and the transactions contemplated thereunder, details of which are set out in the Letter from the Board in the Circular. PwC Capital Limited has been appointed as the Independent Financial Adviser with our approval to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the Letter from the Board on pages 10, to 12 of the Circular and the Letter from PwC Capital on pages 13 to 14 of the Circular and the additional information contained in the appendix to this Circular.

Having taken into account, among other things, the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser as set out in the Letter from PwC Capital contained in the Circular, we concur with the view of the Independent Financial Adviser and consider that the terms of the transaction "agreements are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned and that the transaction "agreements and the transactions



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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the resolutions to be proposed at the EAG for approving the transaction agreements and the transactions contemplated thereunder.

Mine faithfully,  
Miao Jun  
Independent Board Committee

The following is the full text of the letter of advice from Dakin Capital to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular,



28 November 2015

To: the Independent Board Committee and the Independent Shareholders of Shenzhen Expressway Company Limited

Dear Sirs/Ms Adams,

MAJOR AND CONNECTED TRANSACTION  
IN RELATION TO THE ACQUISITION OF  
SINVESTMENT INTERNATIONAL CAPITAL HOLDINGS  
(INSTRUMENTS REGISTERED)

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the transaction agreements and the transactions, details of which are set out in the letter from the Board of Directors of the Company to the Shareholders dated 28 November 2015, the Circular, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As stated in the Letter from the Board, SHCL, the indirect controlling shareholder of the Company, provided an undertaking to the Company and undertook that it will, among others, avoid business competition with the Company, support the business development of the Company and perform asset injection to and integration with the Company. On 29 March 2015, the Company and SHCL entered into the SHK, pursuant to which, SHCL intended to transfer its indirect equity interests in Sayonara Development to the Company. It is stated in the joint announcement of the Company and Shenzhen International dated 29 March 2015 that the main purpose for signing the SHK is to promptly seize Shenzhen's strategy on promoting the reformation of state-owned enterprises, and business opportunities arising from the optimisation of industrial layout, so as to achieve the goals of acquiring high-quality toll highway assets and expanding the scale and profit base of toll highway business.

On 2 August 2015, the Purchaser and the Seller entered into the Sale and Purchase Agreement in relation to the Acquisition and SHCL, the Seller, the Purchaser and the Company entered into the Payment Obligation Agreement in relation to the Payment Obligation arrangement. Pursuant to the transaction agreements, the Group has conditionally agreed to purchase the Shares.

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## LETTER FROM DA4IN CA'ITA

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Upon completion of the acquisition, the Purchaser will have indirectly acquired more than 10% of the issued share capital of the Company, and is required to make a mandatory general offer to the shareholders of the Company pursuant to Article 1 of Rule 10 of the Takeovers Code unless a waiver has been obtained from the Executive. According to the joint announcement of the Company and Shenzhen International dated 20 April 2011 and the Letter from the Board, on 20 April 2011, the Purchaser has obtained a waiver from the Executive to make a mandatory general offer to the shareholders of the Company pursuant to Article 1 of Rule 10 of the Takeovers Code as a result of the acquisition.

Since certain percentages exceed 10% but all the relevant percentages are below 30%, of the applicable percentage ratios under the Listing Rules, the transactions constitute a major transaction on the part of the Company under Chapter 14 of the Listing Rules. Since SHCL and the Seller are associates of the controlling shareholder of the Company and thus a connected person to the Company within the meaning of the Listing Rules, the transactions also constitute connected transactions on the part of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14 of the Listing Rules.

Mr. Wang Jing and Mr. Hu Jie being the directors of both Shenzhen International and the Company, have abstained from voting at the board meeting of the Company to approve the transactions.

The Independent Board Committee, comprising Mr. Sai Hua, Mr. Li (ei Long, Mr. Qiao Sun and Mr. Gu Hua Giang, each being an independent non-executive director, has been established to advise the Independent Shareholders in respect of the transaction agreements and the transactions. Mr. Sai Hua, Mr. Li (ei Long, Mr. Qiao Sun and Mr. Gu Hua Giang, each being an independent non-executive director, has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### OUR INDEPENDENCE

Since at the Latest Practicable Date, Sai Hua Capital did not have any relationships with or interests in the Company or any other parties that could reasonably be regarded as relevant to the independence of Sai Hua Capital. In the last two years, there was no engagement between Sai Hua Capital and any member of the Group. In addition to acting as the Independent Financial Adviser, we also act as the independent financial adviser to the independent board committee and independent shareholders of Shenzhen International in respect of the transaction agreements and the transactions. Apart from the normal professional fees paid or payable to us in connection with abovementioned appointment as the independent financial adviser regarding the transaction agreements and the transactions, no other arrangements exist whereby we have received or will receive any fees or benefits from the Company or any other parties to the transaction agreements and the transactions that could reasonably be regarded as relevant to our independence as defined under Rule 14.07 of the Listing Rules. Accordingly, we consider that such business relationship would not affect our independence to form our opinion in relation to the transaction agreements and the transactions.

### 2 BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the statements, information, financial information and facts contained or referred to in the Circular; (ii) the information supplied by the Group, the Shenzhen International Group and/or the Target Group; (iii) the opinions expressed by and the representations of the directors, the respective management of the Group, the Shenzhen International

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## LETTER FROM DAVID IN CAPITAL

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Group, and/or the advisers of the Company and the relevant public information available to us as at the date hereof. We have assumed that all the statements, information and financial information provided and facts, representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the Circular and all such statements of belief, opinions and intentions of the Directors and the management of the Shenzhen International Group and/or the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry and consideration. We have no reason to doubt the truth, accuracy and completeness of such information and representations provided to us by the Directors, the respective management of the Group and the Shenzhen International Group, and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the respective management of the Group and/or the Shenzhen International Group are true, accurate, complete and not misleading or deceptive in all respects at the time they were made and as at the Latest Practicable Date. We have assumed that such information and statements, and any representation made to us, are true, accurate and complete in all material respects as of the date hereof and the Shareholders will be notified of any material change by the Company as soon as it becomes aware.

We consider that we have reviewed relevant and necessary information currently available to reach an informed view and to justify our reliance on the accuracy of the statements and information contained in the Circular so as to provide a reasonable basis for our opinion and recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinions expressed by the Directors, the respective management of the Group and the Shenzhen International Group, and/or the advisers of the Company, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position, internal control, profitability or prospects of the Company, Shenzhen International, the Target Company or any of their respective subsidiaries or associates.

The Directors have collectively and individually accepted full responsibility for the truth, accuracy and completeness of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the statements and information contained in the Circular is true, 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 in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments or changes including any material change in market, economic conditions and the Covid Coronavirus /COVID-19 pandemic may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any shares or any other securities of the Company.

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## LETTER FROM DA4IN CA' ITA

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### ' RINCI' A \$ACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the transactions, agreements and the transactions, we have taken into account the following principal factors and reasons:

- 1) Particulars of the development of the expressway network and key factors affecting traffic volume

According to the Outline of the Construction of a Strong Transportation Country issued by the Central Committee of the Communist Party of China, the State Council of the PRC and the State Council of the PRC in September 2006, the construction of a strong transportation system is encouraged and it will be implemented from 2006 to 2012, in two phases with the aim of establishing national strength in transportation that will be basically finished by 2012.

To accommodate its economic growth, the PRC has made significant progress in the development of expressway network over the years, as demonstrated by the data from the Ministry of Transport of the PRC. The Ministry of Transport reported that the expressway mileage in the PRC grew from approximately 10,000 kilometres in 2000 to approximately 40,000 kilometres in 2006, representing an increase of approximately 300%. In particular, according to the Statistical Report on the Development of the Transportation Industry published by the Ministry of Transport in 2007, the expressway mileage was approximately 40,000 kilometres as at 31 December 2006, which represents a 60% increase of approximately 24,000 kilometres as compared to that of 31 December 2005. Moreover, for the year ended 31 December 2006, Guangzhou had an investment of approximately 79 billion RMB in transportation infrastructure projects, which represents a 60% increase of approximately 49 billion RMB as compared to the year ended 31 December 2005 and approximately 10,000 kilometres of new expressway was opened for operation, according to the information as stated on the website of the People's Government of Guangzhou Municipality.

In addition, with reference to the Traffic Study Report issued by the Guangdong Provincial Transport Planning and Research Center, the Traffic Study Report in 2006, a summary of which is set out in Appendix D to the Circular, and as advised by the management of the Group, development in economics, number of populations and number of vehicles are generally the key factors that affect the expressway traffic volume. According to Hong Kong Trade Development Council Research, the Guangdong-Hong Kong Greater Bay Area (Greater Bay Area) maintained a similar level of gross domestic product (GDP) at approximately 100 billion HKD in 2005 and 100 billion HKD in 2006, respectively. According to the National Bureau of Statistics of the PRC, the National Bureau of Statistics reported, the GDP of Guangdong Province increased by approximately 10% from approximately 79 billion RMB for the year ended 31 December 2005 to approximately 87 billion RMB for the year ended 31 December 2006. (Furthermore, according to the National Bureau of Statistics, the permanent population of Guangdong Province increased by approximately 1.5 million to

**ETTER \$ROM DA4IN CA' ITA**

approximately 1.5 million from 1.2 million to 1.7 million, and the number of privately owned vehicles in Guangdong Province increased by approximately 1.5 million to approximately 2.0 million during the period.

**+) Information of the Group**

As stated in the Letter from the Board, the Group is principally engaged in investment, construction, operation and management of toll highways and roads, as well as other urban and transportation infrastructure facilities.

Set out below is the summary of the financial information of the Group for the period indicated as extracted from the Company's annual report for the year ended 31 December 2011 and interim report for the six months ended 30 June 2012.

	\$ for year ended 31 December		\$ for the six months ended 30 June	
	2011	2010	2012	2011
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	1,500	1,200	750	700
Gross profit <sup>Note</sup>	300	250	150	140
Profit/loss for the year/period	100	80	50	40

Note: The 2011 Annual Report and the 2012 Interim Report do not provide gross profit of the Group. For illustrative purpose only, the gross profit presented in this table is calculated by deducting cost of services from the total revenue for the year/period.

As depicted in the above table, the Group recorded an increase of approximately 25% in its revenue to approximately 1.5 million for the year ended 31 December 2011, as compared to that of the year ended 31 December 2010. According to the 2011 Annual Report, the increase in revenue mainly derived from the environmental protection sector including but not limited to solid waste treatment and clean energy related infrastructure, which recorded an increase of approximately 1.5 million from approximately 1.2 million for the year ended 31 December 2010 to approximately 1.7 million for the year ended 31 December 2011. Also, among the total revenue of approximately 1.5 million for the year ended 31 December 2011, approximately 300 million, or approximately 20% of the total revenue, was derived from toll revenue. In comparison with the toll revenue of approximately 150 million, or approximately 10% of the total revenue, for the year ended 31 December 2010, the decrease in the toll revenue for the fiscal year 2011 was due to the toll-free measure caused by CHD#4 during the period from 1 February 2011 to 30 June 2011, both days inclusive published by the Ministry of Transport. Also, the net profit for the year ended 31 December 2011 decreased by approximately 20% to approximately 100 million as compared to that of approximately 80 million for the prior fiscal year. The net profit attributable to owners of the Company decreased by approximately 25% to approximately 50 million for the year ended 30 June 2012, as compared to that of approximately 40 million for the year ended 30 June 2011.

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## LETTER FROM DA4IN CA' ITA

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December 2010 and taking aside the effects of the recognition of deferred income tax asset of Shenzhen Shuangshen Coastal Expressway Investment Company Limited by the Group, the 606 increase of the net profit attributable to owners of the Company was approximately RMB 10.5 million. (For further details, please refer to the 2010 Annual Report published on April 2011).

Notwithstanding the above, it is noted from the 2010 Interim Report that the Group recorded net profit for the six months ended 30 June 2010 of approximately RMB 79.5 million, representing an increase of approximately RMB 79.5 million as compared to that of the net loss of approximately RMB 79.5 million for the six months ended 30 June 2009. As stated in the 2010 Interim Report, the aforesaid increase in net profit is principally attributed to: (i) the relatively low toll income recorded for the six months ended 30 June 2010, due to the CHD toll (see 9.2.2) (ii) the operation of Phase 1 of Huter Ring Expressway has only commenced since the end of 2009, and (iii) the positive income contribution made by the environmental protection sector of the Company. (For further details, please refer to the 2010 Interim Report published on 2 September 2010).

-) Information of the Target (Group)

As stated in the Letter from the Board, the Target Company is an investment holding company being a wholly owned subsidiary of the Seller, which in turn is indirectly wholly owned by Shenzhen S.S.C through SHCL. It is also stated that the Target Company holds 100% of the Development Shares representing approximately 10% of the total issued share capital of the Target Company as at the Latest Practicable Date.





income of \$ay " rea ' evelopment in +, -\*, +, +, , and 5anuary to 5uly +, +- has been reduced by approximately 79\$:, , million, 79\$)>: million, and 79\$-\* million, respectively, the corresponding impacts of the =-.->: E e<uity interests of \$ay " rea ' evelopment held by the ! arget Company were approximately 79\$+-% million, 79\$&\*- million, and 79\$--& million, respectively.

:. (or the analysis of ma&or differences between the net profit of financial statements of \$ay " rea ' evelopment published and the net profit .loss1 of the ! arget 8roup, please refer to the section headed /#nformation of the ! arget Company0 set out in the Letter from the \$oard.

&. Share of profits&.losses1 of associates and 8oint ventures represents the share of profits generated or losses incurred by the interests in 8S 5D, 8J ; est 5D and Gintang 5D held by \$ay " rea ' evelopment.

%. ! he financial expenses include the interest expenses of the borrowings used by the ! arget Company to ac<uire \$ay " rea ' evelopment and the financial expenses of \$ay " rea ' evelopment itself.

). #n +, +, , the ! arget Company received a shareholder capital in&ection of 79\$-,\*++ million and reduce its total debt accordingly.

:) Infor3ation of 2ay Area Develo03ent

" s stated in the Letter from the \$oard, the \$ay " rea ' evelopment 8roup is principally engaged in expressway business

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## Notes2

- Excluding exchange gain or loss.
- + (or the analysis of major differences between the net profit of financial statements of \$ay " rea ' evelopment published and the net profit .loss1 of the ! arget 8roup, please refer to

## ETTER \$ROM DA4IN CA' ITA

' ac; ground of >A Best Expressway

! he 8J ; est Expressway spans from Hainan #nterchange in Liwan ' istrict, Suangzhou in the north to 6uehuan #nterchange in ! anzhou ! own, Jhongshan in the south. #ts construction was completed in three phases. (urther information on the 8J ; est Expressway according to the +, +, \$ay " rea ' evelopment " nnuual 7eport and the +, +, \$ay " rea ' evelopment #nterim 7eport is set forth below.

Location?	Suangzhou to Jhuhai, Suangdong 3rovince, the 37C
Length?	" pproximately *=.* kilometres
Lanes?	" total of six lanes in dual directions
Operational term and toll collection period?	3hase # ; est .September +, ,: to September +, : :1 3hase ## ; est .5une +, -, to 5une +, : %1 3hase ### ; est .5anuary +, -: to 5anuary +, : >1
" verage daily standard traffic flow in the recent two calendar years and the last half4year?	+, -* Q approximately %*, , , , vehicles +, +, Q approximately &: , , , , vehicles (irst half of +, +- Q approximately %- , , , , vehicles
" verage daily toll revenue in the recent two calendar years and the last half4year?	+, -* Q approximately 79\$&.-% million +, +, Q approximately 79\$+.*% million (irst half of +, +- Q approximately 79\$:.)& million

#t is also stated in the +, +, \$ay " rea ' evelopment " nnuual 7eport that the 8J ; est Expressway is the main expressway artery between Suangzhou and Jhuhai, and is highly accessible to the Heng<in Cew Jone and the Hong ong4Jhuhai49acao \$ridge .the /! %M 2rid8e01 through the expressway network connecting Jhuhai. #n Covenber +, +, , the Suangdong 3rovincial 3ublic Security ' epartmentI .k?ypp\$#1 issued the " dministrative 9easures of Suangdong 3rovince on the Entry of 9otor Vehicles into and out of the 9ainland via the Jhuhai Highway 3ort of the Hong ong4Jhuhai49acao \$ridge .' raft for Comments11 .k?yppm#1, se (Undu%., se .cusf) syf, testMh#dly, kDoµenek^ 1, which announced that the entry of single4licensed vehicles into and out of the 9ainland via the Jhuhai 3ort of the HJ9 \$ridge will be further eased. ! he permitted driving area is expanded from the current Jhuhai Heng<in area to the entire Suangdong 3rovince, serving as an experience to the policy of expanding the permission of Hong ong vehicles into and out of the Suangdong 3rovince via the HJ9 \$ridge. " ccording to the +, +, \$ay " rea ' evelopment " nnuual 7eport, the usage of the HJ9 \$ridge is expected to increase, which will have a positive effect on the traffic volume of the 8J ; est Expressway in the long run.

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4.' GS "# and GS \$%press&ay

" s stated in the Letter from the \$oard, 8S 5D is principally engaged in the business of investment, construction and management of the 8S Expressway, which \$ay " rea ' evelopment is entitled to &%E profit distribution right.

' ac;ground of >\* Expressway

" s part of 8& \$eiBing4Hong ong49acao Expressway, the 8S Expressway is the 8uangzhou4 Shenzhen section of the \$eiBing4Hong ong49acao Expressway. #t is an important passage connecting 8uangzhou, ' ongguan, Shenzhen and Hong ong, starting from Huangcun #nterchange in 8uangzhou in the north, connecting with the northern section of 8uangzhou 7ing Expressway, ending at Huanggang 3ort in Shenzhen in the south, and connecting with Huanggang 7oad in Shenzhen. (urther information on the 8S Expressway according to the +, +, \$ay " rea ' evelopment " nnuual 7eport and the +, +- \$ay " rea ' evelopment #nterim 7eport is set forth below.

Location?	8uangzhou to Shenzhen, 8uangdong 3rovince, the 37C
Length?	" pproximately -++.> kilometres
Lanes?	" total of six lanes in dual directions .except for certain sections being ten lanes!
Hperational term and toll collection period?	5uly -**= to 5une +, +=! I Extension of the concession period and the toll collection period along with 8S 5D's proposed reconstruction and expansion project of the 8S Expressway .the /( \$ E>0ress=ay E>0ansion ' roCe1t01 is subject to the approval by the relevant government departments
" verage daily standard traffic flow in the recent two calendar years and the last half4year?	+, -* Q approximately -, , , , , vehicles +, +, Q approximately =&, , , , vehicles (irst half of +, +- Q approximately >*, , , , vehicles
" verage daily toll revenue in the recent two calendar years and the last half4year?	+, -* Q approximately 79\$>.>& million +, +, Q approximately 79\$).%- million (irst half of +, +- Q approximately 79\$=-.& million

>\* Expressway Expansion Project

" s stated in the Letter from the \$oard, the reconstruction and expansion of the 8S Expressway has been included in the development plan of the 8reater \$ay " rea and the plan of 8uangdong 3rovince's expressway network. " ccording to 8uangdong 3rovince Expressway Cetwork

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Planning (Transportation) released by the Department of Transportation of Guangdong Province on 9 May 2016, the reconstruction and expansion of the 8S Expressway was included in the planning ideas and can be used to ease the traffic congestion in the Pearl River Delta regions.

It has come to our knowledge that (i) 8S 5D was approved to be the owner of the 8S Expressway Expansion Project in December 2011 and (ii) the feasibility study concerning the 8S Expressway Expansion Project (the Feasibility Study) passed the preliminary examination by the traffic administration department of Guangdong Province in January 2012 and the construction will formally commence after obtaining the approval for the project. According to the Feasibility Study, the extension of the 8S Expressway is about 22.4 kilometres long, where the existing two-way 4-lane highway will be expanded to 6-lanes in different sections, with the estimated initial investment being about 7.9 billion.

It is the view of the Directors that if the 8S Expressway Expansion Project can be successfully implemented, the capacity of the 8S Expressway will be further improved, and 8S 5D will be entitled to apply for approval from government departments to extend the toll collection period, and will increase the Group's toll highway asset scale and toll operation period after Completion.

The Letter from the Board further states that as at the Latest Practicable Date, the investment and financing plan for the 8S Expressway Expansion Project is yet to be determined, and 8S 5D may apply to the government authorities for extending the tolling period based on the construction scale and investment and financing plan finally determined.

#### 4. ( ) Intangibles and GS Press & related land development

According to the Letter from the Board, Gintang 5D was established in November 2011 between Say "rea' development and Guangdong Highway Construction after the said parties signed a memorandum of understanding on cooperation and a framework agreement in October 2011 in relation to the utilisation and development of the 8S Expressway-related land situated in different areas consisting of Guangzhou, Shenzhen and Dongguan. (For further details, please refer to the announcement of Say "rea' development dated 25 October 2011).

As at the Latest Practicable Date, Gintang 5D is directly or indirectly owned as to 50%, 40% and 10% by Say "rea' development, Guangdong Highway Construction and Shenzhen 7un Investment, a wholly-owned subsidiary of China Resources Land Limited, respectively.

Set forth below is the information on the residential project in Gintang undertaken by Gintang 5D. The (Gintang) Intangible Assets Report according to the 2011, Say "rea' development Annual Report

Location	Gintang Town, Jengcheng District, Guangzhou, Guangdong Province, the 37C
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Year of implementation	2012 - 2013
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## LETTER FROM DA4IN CA' ITA

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Capture of development	Residential project
Total site area	" approximately + , , , , , square metres
Gross floor area	" approximately ) , , , , , square metres

It is noted from the Letter from Board that currently, the relevant traffic renovation and the related residential and ancillary facilities construction in Gintang have commenced. In particular, the residential and ancillary facilities construction will be carried out in three phases according to the schedule, and the pre-sale of the first phase of residential buildings has commenced.

F) Ground of and reasons for the Transactions

As stated in the Letter from the Board, both the 8S Expressway and the 8J ; est Expressway are located in the core area of the Greater Bay " rea. The Board is of the view that the 8S Expressway is the core passage connecting Guangzhou, Hong Kong and Shenzhen, the three major cities on the eastern coast of the Greater Bay " rea, and Hong Kong, whereas the 8J ; est Expressway is an important passage connecting Guangzhou to Huhai and the western coast of the Greater Bay " rea leading to the HJ9 \$ridge.

According to the Outline of Development Plan for Guangdong-Hong Kong-Macao Greater Bay " rea published by the C3C and the State Council on -> (February +, -\* .the / ( Greater Bay Area Development Outline01, which is an outline document guiding the current and future development of the Greater Bay " rea covering the period from +, -\* to +, :%, the development of the Greater Bay " rea plays a significant strategic role in the overall development of the 37C. Given the location of the 8S Expressway and the 8J ; est Expressway, and after taking into account the fact that the 8S Expressway Expansion Project to be operated by the Bay " rea Development Group has been included in the development plan of the Greater Bay " rea and the plan of Guangdong Province's expressway network, it is reasonable for the Directors to expect that the Group can take advantages of the said development plan for the Greater Bay " rea through the transactions. (or details of the 8S Expressway Expansion Project, please refer to the paragraph headed /#nformation of Bay " rea Development 4 8S 5D and 8S Expressway 4 8S Expressway Expansion Project0 above.

It is stated in the Letter from the Board that comprehensive development of land along toll highways to realise their value is one of the focus and achievements of the Company in recent years with the successful implementation of the Qeiling Checkpoint Urban Renewal Project together with Shenzhen International. ; e are given to understand that business opportunity relating to comprehensive land development usually arises during changes in the rights and interests of toll highways operations or toll highways reconstruction. It is also limited by local government's urban planning, toll highway reconstruction plans and other conditions, and needs to be carried out in accordance with relevant urban planning and laws and regulations, thus there is uncertainty. The Letter from the Board further states that according to the preliminary studies conducted by Bay " rea Development, it is estimated that about ten plots of land are suitable for comprehensive development after improvement in transportation facilities, and the Guangzhou Gintang Project, which was implemented in +, -\*, is considered to have positive influence for promoting other projects along the expressways. ; e noted

that it is the current intention of the Company to actively promote the land development plan along the 8S Expressway that combines the reconstruction and expansion with the land development and utilisation, and further release the value of the land along the 8S Expressway.

In light of the above and having considered (i) the fact that investment, construction, operation and management of toll highways and roads are within the general and normal scope of business of the Group, (ii) that the Transactions are in line with the reformation policies and measures of Shenzhen S.S. Co. and (iii) other relevant factors as detailed in the section headed 'Reasons for and Benefits of the Transactions' set out in the Letter from the Board, including that the Transactions may provide the opportunities for the Company to bolster its future profitability and regional market share in the expressway industry, the Board considers that the entering into of the Transaction Agreement is in the interests of the Shareholders and the Company as a whole.

B) Principal Terms of the Transaction Agreement

Below set out the details of the principal terms of the Sale and Purchase Agreement and the Payment Obligation Agreement as stated in the Letter from the Board:

1. Sale and Purchase Agreement

Date

1 August 2015

Parties

(i) Shenzhen Investment International Capital Holdings Co., Ltd., as the seller and

(ii) Qilai Industrial Hong Kong Limited, as the purchaser.

\*Subject matter

Acquisition of the Sale Shares, assumption of repayment obligations of debts owed by the Target Company to the Seller, and the repayment of Third Party Loans.

Effectiveness

The Sale and Purchase Agreement shall be effective upon the satisfaction of all the conditions set out under the paragraph headed 'Conditions' below.

! onditions

! he Sale and 3urchase " greement shall be effective from the date on which the following conditions are satisfied2

.i1 the necessary shareholders@ approval of the Seller and the approval from S#HCL in respect of the transactions contemplated under the Sale and 3urchase " greement having been obtained by the Sellerll

.ii1 the necessary approvals



In respect of any outstanding dividends previously declared but not paid by the Target Company, the Purchaser shall procure that the Target Company pay, and if necessary, provide shareholders loan to the Target Company to pay, the outstanding dividends to the Seller within three Business Days of the Completion Date.

Change of Target Company Directors

On the Completion Date, the Seller shall procure the Target Company to appoint candidates nominated by the Purchaser as the directors of the Target Company. Such appointment shall be effective on the Completion Date.

The Purchaser intends to nominate persons with extensive experience in toll highway investment, construction and operation as directors of the Target Company at a later stage. As at the Latest Practicable Date, the Purchaser has not identified any candidates to be nominated as new directors of the Target Company.

4. Payment - Obligation Agreement

Date

15 August 2015

Parties

(i) Shenzhen Investment Holdings Company Limited

(ii) Shenzhen Investment International Capital Holdings Co., Ltd.

(iii) The Industrial Group Limited and

(iv) the Company.

\*Subject matter

The assumption of payment obligation under the Supplemental Agreements. The assumption of payment obligation by the Purchaser and the Company is conditional upon the Sale and Purchase Agreement being effective.

Effectiveness

The Payment Obligation Agreement shall be effective upon the date on which the Purchaser is registered as the shareholder of the Target Company.

.( Consideration

"s stated in the Letter from the Board, after arm's length negotiations, the Group has conditionally agreed to purchase and the Seller has conditionally agreed to sell the Sale Shares, at an estimated total Consideration of no more than H F-, ,&=\*, , , , , , . "fter deducting approximately H F-%-, , , , , , , of cash and receivables of the Target Company, the price per Say "rea ' evelopment Share is estimated to be no more than H F&.)= .representing a premium of approximately ) , E over the closing price of H F+.>% per Say "rea ' evelopment Share on the date of the Sale and Purchase "greement .the /' ri1e ' re3iu301. "s stated in the Letter from the Board, the Price Premium is mainly attributable to .i1 the acquisition of the controlling rights of Say "rea ' evelopment as a result of the " cquisition. .ii1 the synergy that can be generated between the expressway assets of Say "rea ' evelopment and the Company. .iii1 the business opportunities and potential value of the 8S Expressway Expansion Project and the land development along the 8S Expressway. .iv1 the ' irectors' view that the valuation

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Company of H F-, %-+ billion as derived based on the 3engxin 7eference 3rice. (or further details of the 3engxin " ppraisal Daluation 7eport and the relations between the 3engxin " ppraisal Daluation and the Consideration, please refer to .i1 " ppendix D# to the Circular. .ii1 the paragraph headed /Daluation Q 7elations between 3engxin " ppraisal valuation and the Consideration0 set out in the Letter from the \$oard and .iii1 the paragraph headed /Daluation Q 3engxin " ppraisal Daluation 7eport0 in this section below.

Set out below are .i1 the composition of the Consideration pursuant to the !ransaction " greements and .ii1 the cash and receivables of the ! arget Company as at : - ' ebruary +, +, and the estimated value of the =-.>: E e<uity interests in \$ay " rea ' evelopment held by the ! arget Company, that form the basis for the negotiation between the 8roup and the Seller when determining the Consideration?

	&(./ million
" ount 3ayable <sup>Note 3"</sup>	+,&%, .,
Hutstanding amount of the debts of the ! arget Company	=,>*, .-
Contingent Consideration estimated to be no more than <sup>Note 3"</sup>	-: *,,
Total <sup>Note 4"</sup>	1/*: ; <)/
Cash and receivables of the ! arget Company	-%-.,
Dalue of the =-.>: E e<uity interests in \$ay " rea ' evelopment held by the ! arget Company <sup>Note 2"</sup>	-, ; +>.,
Total <sup>Note 4"</sup>	1/*: ; <)/

Notes:

- . 3lease refer to /Knaudited 3ro (orma (inancial #nformation on the Enlarged 8roup0 set out in " ppendix #D to the Circular for further details.
- + . Certain figures included have been subject to rounding adjustments and/or exchange rate conversion. " ny discrepancy between totals and sums of individual amounts listed are due to rounding/exchange rate conversion. " ccordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
- :. ! his is estimated by the \$oard based on +,+-.;&&\*,))) \$ay " rea ' evelopment Shares held by the ! arget Company and H F&.)= per \$ay " rea ' evelopment Share .that is, an estimated price not exceeding both the C9S 7eference 7ange and the 3engxin 7eference 3rice1.

" s we understood from the Letter from the \$oard, the Consideration shall be satisfied by the 3urchaser and the Company pursuant to the agreed payment schedule stipulated in the !ransaction " greements, details of which are set out in the paragraph headed /!ransaction " greements 4 Consideration for the Sale Shares0 in the Letter from the \$oard, as summarised below?

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i" amount Payable

The amount payable amounting to \$1,000,000 that is attributable to the Consideration shall be paid to the Seller in three stages. The directors confirmed that as at the Latest Practicable Date, the \$3,000,000 deposit inclusive of the 9HK deposit<sup>1</sup>, which represents 25% of the amount payable, has been fully settled, with the remaining 75% of the amount payable due to be paid on the Completion Date or such date as otherwise agreed in writing by the Purchaser and the Seller.

ii) Debts of the Target Company

The outstanding amount of the debts of the Target Company amounting to approximately \$1,000,000 that is attributable to the Consideration consists of the outstanding shareholder loans owed by the Target Company to the Seller of \$1,000,000 i.e. approximately \$1,000,000 and the Third Party Loans of no more than \$1,000,000.

Repayment of outstanding shareholder loans<sup>2</sup>

As at the Latest Practicable Date, the Seller has provided shareholder loans in the principal amount of \$1,000,000 to the Target Company, at an interest rate of 10% per annum from 15 January 2011 subject to Completion, repayable in two stages about two years apart with the first repayment of \$500,000 to be made within the first ten Business Days of 31 September 2012. If the Sale and Purchase Agreement becomes effective after 31 September 2011 i.e. ten Business Days prior to 31 September 2011, the deadline for the principal payment by the Target Company is extended to ten Business Days after the effective date of the Sale and Purchase Agreement.

The remaining principal of \$500,000 repayable to the Seller within the first ten Business Days of 31 September 2012.

Upon the satisfaction of all the Conditions, the Purchaser shall assume the repayment obligation of the Target Company, or alternatively, provide sufficient funds to the Target Company to enable the Target Company, to repay the outstanding shareholder loans and the respective interests.

We have obtained and reviewed the relevant shareholder loan agreements entered into between the Seller and the Target Company and understood that the aggregate principal amount of loans given to the Target Company is \$1,000,000. (Furthermore, as confirmed by the management of the Company, the interest rate of 10% per annum which was arrived at after arm's length negotiations between the relevant parties is lower than the interest rates of the Group's independent third party short-term and long-term borrowings guaranteed by credit as at 31 December 2011, as detailed in the 2011 Annual Report. All such independent third party borrowings were 37C onshore loans denominated in US\$. (Furthermore, the interest rate of 10% is well below the prevailing

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borrowings rates for loans offered by the People's Bank of China (PBOC) for term within one year and from one year to five year of 6% per annum and 7% per annum respectively and (ii) within the range of the monthly average interest rates between January 2015 to June 2015 for loans denominated in RMB with a term over one year from 6.5% to 7.5% per annum, based on China Monetary Policy Implementation Report (see Appendix A) issued by PBOC on a quarterly basis.

### 7. Repayment of Third Party Loans

The Target Company has the Third Party Loans in the principal amount of no more than HK\$10,000,000.

Within 30 Business Days from the date of the delivery of the Conditions Satisfaction Certificate or such date as otherwise agreed in writing by the Purchaser and the Seller, the Purchaser shall pay an amount equivalent to the outstanding principal and the respective interests of the Third Party Loans to the designated bank account of the Target Company.

The Seller shall procure the Target Company to utilise the Repayment Amount to repay all outstanding payments under the Third Party Loans no later than two Business Days prior to the Completion Date and to release all guarantees provided by the Seller to such third party financial institutions under the Third Party Loans.

The Seller has obtained and reviewed the loan agreements in relation to the Third Party Loans and understood that the aggregate principal amount of debts owned by the Target Group to the relevant third party institutions is no more than HK\$10,000,000.

### iii) Contingent Consideration

The Contingent Consideration being estimated to be no more than approximately HK\$10,000,000, that is attributable to the Consideration consists of (a) the payment obligation assumed by the Purchaser and the Company under the Supplemental Agreements (the "Contingent Obligation") if any and (b) the payment of all taxes if any arising out of the Transactions to be responsible by the Purchaser.

Reference is made to the announcement of the Company dated 22 September 2015 regarding the placing of 100,000,000 Shares to the CVC (and for the purpose of restoring the minimum public float of the Company). It is stated that pursuant to the Supplemental Agreements, the CVC (and may during the 30-day period give a one-off notification to SHCL and the Seller or either of them that CVC (and intends to, on or within six months after the fifth anniversary of the previous Placing Completion Date (the "Disposal Period"), dispose of all or part of the previous Placing Shares on-market and/or off-market to independent third parties, and if the aggregate amount of the consideration received by the CVC (and under the CVC Disposal is less than the total investment costs of the CVC (and and its investor in relation to the all or part of the previous Placing Shares (i.e. the original

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acquisition cost of the previous Placing Shares together with other related costs and expenses but less the amount of dividends of \$ay "rea ' evelopment received receivable by the C9( (und in respect of the previous Placing Shares, S#HCL and the Seller .or either of them1 will pay to the C9( (und the difference in cash. The original acquisition cost of the previous Placing Shares was approximately H F-,: \*%,=%,%=:

On -, " ugust +, +-, S#HCL, the Seller, the Purchaser and the Company entered into the Payment Hbligation " greement, pursuant to which, the Purchaser and the Company shall perform the payment obligation .if any1 of S#HCL and the Seller to the C9( (und under the Supplemental " greements upon Completion.

; e are given to understand that in estimating the Payment Hbligation which originated from the previous Placing for the aforesaid restoration of public float of \$ay "rea ' evelopment, the Company has primarily taken into account the relevant factors and the terms of the Supplemental " greements, such as .i1 the original acquisition cost of the previous Placing Shares of H F&.>, per \$ay "rea ' evelopment Sharell .ii1 other related costs and expenses in respect of the previous Placing Shares, which should be not more than &E of the original acquisition costll and .iii1 the amount of dividends of \$ay "rea ' evelopment receivedreceivable by the C9( (und. " ccording to the annual report of \$ay "rea ' evelopment for each of the last three financial years ended :- ' eember +, +, , a total of dividends of approximately H F,.\*:&&%: per \$ay "rea ' evelopment Share was declared for the financial years ended : , 5une +, -> to :- ' eember +, +, .

#t should be noted that the C9( ' isposal, at the discretion of the C9( (und, may or may not occur in the future, and the Payment Hbligation cannot be precisely measured at present but until future events transpire. " s such, the Payment Hbligation is uncertain both in whether it will be materialised and in its total amount payable thereunder as at the Latest Practicable ' ate. " s we understood from the ' irectors, in case of the occurrence of the C9( ' isposal and subject to satisfaction of the relevant conditions, the exact amount payable under the Payment Hbligation by the Purchaser and/or the Company pursuant to the Payment Hbligation " rangement will be reassessed and determined as and when appropriate based on the actual results of the C9( ' isposal and pursuant to the terms of the Supplemental " greements where the actual transaction amount should be adopted when performing the Payment Hbligation.

!o the best of the ' irectors@ knowledge, information and belief having made all reasonable en<uiry, as at the Latest Practicable ' ate, \$ay "rea ' evelopment is held as to approximately \*.&%E by the C9( (und and neither the Seller nor S#HCL had received any verbal and/or written indication, notification or expression of intention from the C9( (und to give a one4off notification during the " greed 3eriod and/or dispose of any previous Placing Shares during the ' isposal 3eriod.

#n estimating the payment of taxes arising out of the ! ransactions, we are given to understand that the Company has primarily taken into account factors such as .i1 the " mount Payable amounting to H F+,&%, ,,: &,>, %.->ll and .ii1 the corporate income tax rate of -, E adopted pursuant to " nouncement Co. = T+, -%ll 4 " nouncement on

Several issues concerning the Enterprise Income Tax on income from the indirect transfer of assets by Controlled Enterprises in the United States have been addressed in a letter issued by the State Taxation Administration. It is stated in the Letter from the Board, in case any tax arises out of the transactions, which requires the confirmation from the tax authority and is currently uncertain, the Purchaser shall be responsible for the payment of all taxes arising of the transactions.

In light of the above, and specifically, while also taking into account our assessment on the C9S Valuation and the Zengxin Appraisal Valuation as discussed in the paragraph headed "Valuation" below, we consider that the basis of the determination of the Consideration is fair and reasonable.

;) Valuation

It is stated in the Letter from the Board, as the acquisition involves the transfer of ownership of listed shares held by state owned entities, the requirements under the Measures have been primarily considered by the Board when determining the Consideration, and the following requirements under the Measures are applicable:

- i) a financial adviser must be appointed for the purposes of valuing the Equity interests in the Company and
- ii) the price per Share must not be lower than a) the arithmetic mean value of the daily weighted average price of the Company, trading days before March 31, being the date when the first announcement in relation to the acquisition is made and b) the audited net asset value per Share for the latest financial year.

Accordingly, the Company has engaged C9S as its financial adviser in the Acquisition in accordance with the Measures for the purpose of the C9S Valuation. According to the C9S Valuation Report, C9S concluded the C9S Reference Range, that is, the price per Share should be between H\$0.45 to H\$0.55. It is stated in the Letter from the Board that there is no material change in the C9S Valuation since March 31, being the reference date of the C9S Valuation Report.

It is also stated that besides the C9S Valuation and the reasons for the transactions set out in the Letter from the Board, the valuation of the Target Company conducted by Zengxin Appraisal has also been considered when determining the Consideration. According to the Zengxin Appraisal Valuation Report, Zengxin Appraisal concluded the Zengxin Reference Price, that is, the price per Share is estimated to be no more than H\$0.55. It is stated in the Letter from the Board

..1 C/S #aluation Report

"s stated in the Letter from the Board, reference has been primarily made by the Board to the C9S Daluation under the C9S Daluation Report when determining the Consideration.

Given the fact that C9S was appointed by the Company as the financial adviser in the 37C in accordance with the requirement under the Measures for the purposes of valuing the E equity interests in Say " rea ' evelopment, and based on our work performed on C9S and the C9S Daluation, coupled with our analysis as discussed below, we consider, based on the totality of circumstances, that the C9S Daluation performed by C9S and the Board's determination of the Consideration based on, among others, the C9S Reference Range is Justifiable.

i" Expertise of ! 1 \*

"s stated in " ppendix D to the Circular, C9S was entrusted by the Company to analyse --.: E of Say " rea ' evelopment Shares in accordance with the relevant provisions of the Measures and issue the C9S Daluation Report. It is also stated in " ppendix D### to the Circular that at the Latest Practicable ' ate, to the best of the ' irectors' knowledge and belief and after reasonable in<uiry, C9S .il held -, : , , shares in the Company through on assets management plan and .iil leased the properties on the &-st, &+nd, &&th and &%th floors of Siangsu Building, (utian ' istrict, Shenzhen City, the 37C to the Company. Save as disclosed above, C9S had no shareholding interest in any member of the Group or the right .whether legally enforceable or not1 to subscribe for or to nominate persons to subscribe for securities in any member of the Group. C9S was not interested, directly or indirectly, in any assets which had since :- ' eember +, +, .being the date to which the latest published audited accounts of the Group were made up1 been ac<quired or disposed of by or leased to any member of the Group or which are proposed to be ac<quired or disposed of by or leased to any member of the Group. Based on crosschecking of the list of the principal subsidiaries, substantial shareholders and directors of the Company, Shenzhen #nternational, Say " rea ' evelopment and S#HCL with the principal subsidiaries, substantial shareholders and directors of C9S, as referred to in their respective latest published annual reports, there was no person or entity in common between C9S and any of the Company, Shenzhen #nternational, Say " rea ' evelopment and S#HCL. (urthermore, to ascertain C9S is suitably <ualified possessing the expertise to undertake the C9S Daluation, we, on a best effort basis, have conducted a series of works within our capacity mainly including .-1 making en<uiry with the Company into the appointment of C9S and its scope of work relating thereto, and crosschecking with the terms of the financial advisory agreement entered into between C9S and the Company in relation to the C9S Daluation. +1 reviewing the business license and the securities and futures business permit .u6r[nlihu8fm h2r[1 of C9S, as well as the information of C9S's team members responsible for the C9S Daluation .including but not limited to their past experiences in corporate finance transactions1, as provided by the Company. :1 reviewing the license records of C9S and its relevant team members publicly available on the website of China Securities Regulatory Commission ./CSRC01. &1 reviewing the C9S Daluation Report



and performing assessment on the C9S Daluation as discussed below and .%1 obtaining and reviewing the written confirmation provided by C9S to the Company, in which C9S confirmed that, among others, C9S did not receive any fees from any party in respect of the C9S Daluation other than the financial advisory fees agreed in its financial advisory agreement entered into with the Company.

On the basis of the above, in particular after principally taking into account .i1 the fact that C9S is a licensed corporation and each of its relevant team members is licensee under CS7C with relevant experiences in corporate finance transactions .ii1 the underlying principle for the C9S Daluation is consistent with the scope of work described in its financial advisory agreement entered into with the Company and .iii1 the methodology adopted and works performed by C9S in respect of the C9S Daluation as discussed below, we are not aware of any material matter which causes us to doubt the <ualifications and experiences of C9S in regard to its engagement to perform the C9S Daluation.

ii" Daluation methodology

; e have reviewed the C9S Daluation 7eport, in particular the bases and assumptions used .as detailed in the paragraph headed /Daluation Q 9a#or " ssumptions under the C9S Daluation 7eport0 in the Letter from the \$oard and /#nformation of C9S Daluation 7eport0 set out in " ppendix D to the Circular1 and the methodology adopted by C9S for the C9S Daluation.

" s to the methodology adopted, in order to estimate the market value of the =-.: E e<uity interests in \$ay " rea ' evelopment as at -% 9arch +, +- .being the date when the 9HK was entered into1, we noted that C9S, as stated in the C9S Daluation 7eport, has initially considered two generally adopted valuation approaches, namely the comparable company method and comparable transaction method whereby the result derived by using comparable company method is adopted by C9S as the final valuation conclusion. " mong the valuation approaches considered, C9S has adopted the comparable company method instead of the comparable transaction method for the C9S Daluation after considering .i1 the comparability of valuations of listed companies principally engaged in expressway business is relatively high since \$ay " rea ' evelopment is a listed company .ii1 under the comparable transaction method, valuation results may vary largely due to specific circumstance in each individual transaction and .iii1 under the comparable company method, EDÆ\$#! ' " can reflect clearer the company's operational performance and asset resources minimising the effects of differences in the capital structure of different companies.

\$ased on the aforesaid and having considered the competence of C9S as previously discussed above, nothing has come to our attention that will cause us to doubt the reasonableness of using comparable company method for conducting the C9S Daluation.

Based on our review on the C9S Valuation Report and information of C9S Valuation Report set out in Appendix D to the Circular, we noted that C9S has identified 10 comparable companies for the C9S Valuation. 7 CMS Comparable Companies that are Hong Kong or 4share listed companies and principally engaged in expressway operation in the 37C. According to the C9S Valuation Report, the C9S Comparable Companies are .i1 listed on the Shenzhen Stock Exchange, the Shanghai Stock Exchange or the Stock Exchange. .ii1 principally engaged in expressway operation in the 37C. .iii1 for Hong Kong listed companies, revenue derived from expressway operation accounted for more than 50% of the total revenue of the respective C9S Comparable Companies in their latest financial year. .iv1 for 4share listed companies, revenue derived from expressway operation accounted for more than 50% of the total revenue of the respective C9S Comparable Companies in their latest financial year. It is also stated in the C9S Valuation Report that the ED was computed based on information as at 31 March 2020 and 2021 was the average figures of E\$ million of 2020, 2021 and 2022. In part from the aforesaid, we have, on a best effort basis, conducted an independent background check on the C9S Comparable Companies, and noted that the C9S Comparable Companies were selected based on the aforementioned selection criteria adopted by C9S in the C9S Valuation and that the ED of the C9S Comparable Companies was calculated based on the information publicly available to us which are consistent with those as stated in the C9S Valuation Report. As referred to in the C9S Valuation Report, after prudent consideration, the median and average of ED of E\$ million of Hong Kong and 4share listed companies after excluding extreme values comprising the maximum value of 1.5 times and the minimum value of 0.5 times are selected as the reference range, which is 0.5 times to 1.5 times. (For further details of the above analysis performed by C9S, please refer to the paragraph headed 'Valuation Basis and Approach' under the C9S Valuation Report set out in the Letter from the Board and information of C9S Valuation Report set out in Appendix D to the Circular.

The C9S Valuation Report specifically stated that the average E\$ million of the C9S Comparable Companies for two years ended 31 December 2020 and 2021 were used instead of the E\$ million for the year ended 31 December 2020, because of the effects brought by the COVID-19. We noted that the prevention and control measures implemented by the central or provincial government of the 37C in the context of the COVID-19 pandemic continued after the most critical stage and were only gradually relaxed since 5 July 2022. It is believed that the

iii" ! ontrolling stake premium

"s stated in the C9S Daluation 7eport, taking into consideration that the "c<uisition involved the sale of controlling stake in \$ay "rea ' evelopment, controlling stake premium have been considered for the ac<uisition of controlling stake in \$ay "rea ' evelopment.

"s stated in the Letter from the \$oard, in determining the premium rate for the listed company controlling stake in the C9S Daluation, C9S has selected, based on ; ind #nformation Co. Ltd., which is a financial data service provider principally provides information on China stocks, bonds, futures, 79\$ rates and the economy, .il a total of +-: privatisation cases completed since +, +, in the Hong ong stock market which suspended trading pending the publication of the privatisation announcements .with the privatisation price offer price disclosed1ll and .ii1 a total of +- cases which involved in the ac<uisition of controlling stake in "4share and Hong ong listed companies disclosed and completed since +, -\* with the e<uity transfer percentage of more than +\*E. " fter discussion with C9S about the factors considered for its adoption of -%E as the premium rate for the listed company controlling stake in the C9S Daluation, and having considered the above in particular the median of the premium rates of the aforesaid +- cases concerning ac<uisition of controlling stake in "4share and Hong ong listed companies, the \$oard is of the opinion that -%E adopted by C9S as the controlling stake premium in the C9S Daluation is fair and reasonable. (or further details, please refer to the paragraph headed /Daluation Q Daluation \$asis and " pproach under the C9S Daluation 7eport0 set out in the Letter from the \$oard and /#nformation of C9S Daluation 7eport0 set out in " ppendix D to the Circular.

iv" ! ompara-le analysis

(or the purpose of assessing the fairness and reasonableness of the controlling stake premium adopted in the C9S Daluation when valuing the e<uity interest of \$ay "rea ' evelopment, we have performed the premium comparable analysis. ; e have searched for companies listed on the Stock Exchange which have undergone mandatory general offer exercised by offerors since - 5anuary +, +, and up to -, " ugust +, +-, being the date of entering into the Sale and 3urchase " greement, .the /Co30arable Transa1tion Sele1tion Criteria01. ! o the best of our knowledge and endeavor, we had identified &: transactions based on the Comparable ! ransaction Selection Criteria .the /Co30arable Transa1tions01, -\* transactions of which featuring premiums of the offer prices over the closing prices on, as well as their respective five4day and ten4day averages prior to, the last trading day .the /' re3iu3 Co30arables01, and they are exhaustive as far as we are aware of. ; e consider the period under review, being more than -> months, providing fair and representative samples for analysis purpose. Shareholders should note that the businesses, operations and prospect of \$ay "rea ' evelopment are not the same as those of any of the listed companies of the Comparable ! ransactions. However, for illustrative purpose only, information on the Comparable ! ransactions presented in the table below is aimed to provide the #ndependent Shareholders the pricing of recent ac<uisitions of ma3ority control of listed companies in Hong ong, in particular the

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3premium Comparables indicate the range of premium paid by the relevant offerors for obtaining or consolidating control of listed companies in Hong ong during the review period. " ccordingly, the totality of the 3premium Comparables which is indicative of an acceptable premium range in the market may serve as a reasonable reference for the #ndependent Shareholders in comparing the controlling stake premium of -%E adopted by C9S in the C9S Daluation 7eport.

Set out below are the premiums or discounts of the offer prices offered in the Comparable !ransactions over/to the closing prices prior to the relevant mandatory general offer transactions2

Date of announcement	Company Name (Stock Code)	Offer Price & (%)	Average discount to the		
			average closing price of the last five trading days up to and including the last trading day	average closing price of the last ten trading days up to and including the last trading day	
> 5an +, +,	Sunway International Holdings Limited .%>1	, -, , ,	+%, ,	+&, =	-&, :
= 5an +, +,	Season Pacific Holdings Limited .-=,*1	, ,%, ,	.-,*.-+1	.-.)-1	.-=-,-1
+ 5an +, +,	Jhuhai Holdings Investment Group Limited .*,>1	-, +, , ,	, ,>:1	-%-	+,-+
+& 5an +, +,	Imperium Group Global Holdings Limited .==)1	-, ,&, ,	+, , , , 1	+, , , , 1	+, , , , 1
, % (eb +, +,	Sine Care Group Limited .-*>*1	-, )&=,	-, %,*	-, )=,	>=, +,
-- (eb +, +,	; #C' 9#LL Group Limited .->%,1	, , + )>,	, &.+*1	, %,* )1	, )+1
= (eb +, +,	Sonkour Holdings Limited .)%:1	, , - -&=	., % , 1	-, :> ,	+, , *
, : " pr +, +,	Jhongchang International Holdings Group Limited .>%*1	, , %&+%	, ):=	, :.-+1	, , , %1
+> " pr +, +,	Hopefluent Group Holdings Limited .:=:1	-, % , , ,	= -&	>= ,	--,*&
, ) 9ay +, +,	3( Group Holdings Limited .>+--1	, , , >+)	>&, %%	, ):-=	, )=)
-& 9ay +, +,	Sossini International Holdings Limited .%*+1	, , , & ,	., =,*%1	., =,* 1	., =-&1
+% 9ay +, +,	Global 9astermind Capital Limited .*,%1	, , , * , ,	., % , * 1	., - , 1	., =-&
-% 5un +, +,	6ixin Group Limited .+>%1	-, * , >>	, , % ,	, &,*	-, : , ,
-, Sep +, +,	wan Hn Holdings Limited .-%%*1	, , + , , ,	, &-*&	, % , =,	, & , :
-) Sep +, +,	8et Cice (inancial Group Limited .-&)*1	, , &+)	, :.&&1	, :+.)>1	, :.-%1
+ Sep +, +,	9acau Legend Development Limited .-> , 1	-, , % , ,	, * :>	-, & : -	-, + , *
+& Sep +, +,	8et Cice Holdings Limited .)&1	, , - = , ,	, %,*	, * , +	-, , )>
-> Hct +, +,	Sun " rt 7etail Group Limited .> , >1	> , - , , ,	+, -&	-, , ,	, , , %1
+, Hct +, +,	9idland #CM# Limited .&%*1	, , , *%*	, , -&1	, , +>	, , , )
+* Hct +, +,	9ilestone Suilder Holdings Limited .-)1	, , +>:-	, : , +1	., =)	., -.)-
-) Cov +, +,	8emini Investments Holdings1 Limited .-=&1	-, - , , ,	+, )&&	, &= , )	, ) , )=
, + ' ec +, +,	(ullwealth Construction Holdings Company Limited .-, :&1	, , - +%,	, & , >1	, :>=, 1	, : , %&1
-, ' ec +, +,	Cowell e Holdings #nc. .-&-%1	, %>= , ,	+, *>	-, :>	-, : , &
= ' ec +, +,	SC# Group Holdings Limited .>&-+1	, , , > , ,	, % , )1	, % , )1	, % , , 1
++ ' ec +, +,	3ac7ay International Holdings Limited .-, -, 1	-, : &%,	., +&&	>+, +%	>& , +%
++ ' ec +, +,	3ak ; ing Group Holdings1 Limited .->:-)1	, , , =%,	., >.)-1	., >,* )1	., > , )1
:- ' ec +, +,	Cash (inancial Services Group Limited .%-, 1	, , - % , ,	., = - ,	-, , ) ,	+, , , ,
+ 5an +, +,	8reat ; all Selt M 7oad Holdings Limited .%+&1	, , - )>=	, : , , ) , 1	, : = , 1	, & , * , 1
> 5an +, +,	Loto Interactive Limited .->*1	, , - % , ,	> , = ,	, % ,	, , = ,

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Date of announcement	Company Name (Stock Code)	Offer Price & (8)	Premium over (discount) to the average closing price for the last five and last ten trading days prior to and including the last trading day		
			Offer Price	Trading Day 1	Trading Day 10
2018-09-11	Seiling Digital Telecom Co., Ltd. (0101)	1.25	1.25	1.25	1.25
2018-09-11	Creative Enterprise Holdings Limited (0071)	0.80	0.80	0.80	0.80
2018-09-11	Global Wastemind Capital Limited (0071)	0.80	0.80	0.80	0.80
2018-09-11	H E Holdings Limited (0071)	0.80	0.80	0.80	0.80
2018-09-11	9E8K Technology Holding Group Limited (0071)	0.80	0.80	0.80	0.80
2018-09-11	Hong Kong Aerospace Technology Group Limited (0071)	0.80	0.80	0.80	0.80
2018-09-11	L S Holding Group Limited (0071)	0.80	0.80	0.80	0.80
2018-09-11	Eagle Legend Asia Limited (0071)	0.80	0.80	0.80	0.80
2018-09-11	Speed Apparel Holding Limited (0071)	0.80	0.80	0.80	0.80
2018-09-11	Steering Holdings Limited (0071)	0.80	0.80	0.80	0.80
2018-09-11	CEH #CC (0071)	0.80	0.80	0.80	0.80
2018-09-11	!H9H Holdings Limited (0071)	0.80	0.80	0.80	0.80
2018-09-11	Boal (orward Holdings Limited (0071)	0.80	0.80	0.80	0.80
2018-09-11	Century Sage Scientific Holdings Limited (0071)	0.80	0.80	0.80	0.80

Comparable Transactions			
Majority	1/F	11B	G
Mini	(GB)B1	(GF)<B	(GF)BB

Premium over 3 Co30arables			
Majority	1/F	11B	G
Mini	/F/	1)-G	+);+
Average	-/BF	-/)<F	-1)+1
1 <sup>st</sup> Quartile	);/;	G)</	1/)-+
3 <sup>rd</sup> Quartile	-<);+	:B)-G	:G)</

Note: The data in the above table was based on the respective announcements and/or composite documents of the Comparable Transactions.

As illustrated in the table above, we noted that the controlling stake premium of 10% adopted by C9S in the C9S Valuation Report is not only within the ranges of the premium over (i) the closing price on the last trading day and (ii) the average closing prices for the last five and last ten consecutive trading days prior to and including the last trading day of the 3 Premium Comparables and lower than each of the averages of such ranges being approximately 10%, but also falls within the interquartile ranges of the 3 Premium Comparables.

Pursuant to the C9S Valuation Report, valuation of the price per \$1 ordinary development Share ranges from HK\$0.80 to HK\$1.00. The \$1 ordinary development declared dividends in April 2018 and approximately HK\$0.80 per \$1 ordinary

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' evelopment Share shall be enjoyed by the Seller pursuant to the Sale and Purchase Agreement, based on the valuation provided in C9S Valuation Report, after deducting the dividend amount, the C9S Valuation of the price per \$ay ' evelopment Share is estimated to range from H F&.+ to H F&.-.

### .. ' Pengxin Appraisal #valuation Report

In order to further assess the intrinsic value of the Target Company as a whole, the Company also engaged Pengxin Appraisal to conduct the Pengxin Appraisal Valuation, as an additional reference for the Board when considering the Consideration and the Shareholders.

Based on our work performed on Pengxin Appraisal and the Pengxin Appraisal Valuation as supported by the Traffic Study Report, coupled with our analysis as discussed below, we consider the Pengxin Appraisal Valuation performed by Pengxin Appraisal, as well as making reference to the Pengxin Reference Price when considering the Consideration, are justifiable.

#### i" Expertise of Pengxin Appraisal

To ascertain Pengxin Appraisal is suitably qualified possessing the expertise to undertake the Pengxin Appraisal Valuation, we have reviewed and enquired into, among others, the scope of work stipulated under the engagement letter entered into between Pengxin Appraisal and the Company in relation to the Pengxin Appraisal Valuation. ii) Pengxin Appraisal's qualifications and experiences that are relevant to the Pengxin Appraisal Valuation and iii) the methodology adopted and works performed by Pengxin Appraisal in respect of the Pengxin Appraisal Valuation mainly including a) examination of documents of the Target Group including business licenses, relevant certificates of property rights and other legal documents b) review of the accounting statements and audit reports of the Target Group and c) reference made to the Traffic Study Report, a summary of which is set out in Appendix D# to the Circular. Iso, Pengxin Appraisal has confirmed to us that it is independent from any member of the Shenzhen International Group, the Group, the Target Group and the SHCL Group and their respective associates. Given the aforesaid, we are not aware of any material matter which causes us to doubt the qualifications, experiences and independence of Pengxin Appraisal in regard to its engagement to perform the Pengxin Appraisal Valuation.

#### ii" Valuation methodology

; e have reviewed the Pengxin Appraisal Valuation Report and discussed with Pengxin Appraisal regarding the bases and assumptions used as detailed in the paragraph headed /Valuation Q 9aor assumptions under the Pengxin Appraisal Valuation Report0 set out in the Letter from the Board and /Pengxin Appraisal Valuation Report0 set out in Appendix D# to the Circular1 and the methodology adopted in the Pengxin Appraisal Valuation Report. ; e are given to understand that the Pengxin Appraisal Valuation Report has been prepared in accordance to the 37C valuation standard and the Pengxin Appraisal Valuation Report has a validity period of one year from the base date of the appraisal which is : - ' ebruary +, +, .

"s to the methodology adopted, in the course of our discussion with 3engxin " ppraisal and based on our review of the 3engxin " ppraisal Daluation 7eport, we noted that in order to assess the value of the entire e<uity interests in the !arget Company as at :- ' eember +, +, , 3engxin " ppraisal has initially considered the appropriateness of the basic asset valuation approaches while conducting valuation, namely the income approach, the asset4based approach and the market approach, according to the " ssets Daluation Standards 4 Enterprise DaluelHh\*rYoHuy0tu8kye= . " s we understand from the 3engxin " ppraisal Daluation 7eport, 3engxin " ppraisal adopted .i1 the income approach for the purpose of valuing the e<uity interest of 8S 5D and 8J ; est 5D. .ii1 the market approach for the purpose of valuing the e<uity interest of Gintang 5D and .iii1 the asset4based approach for the two investment holding companies, \$ay " rea ' evelopment and the !arget Company, for the reasons stated below.

" s for the e<uity interest of 8S 5D and 8J ; est 5D, we noted that 3engxin " ppraisal has considered both the asset4based approach and income approach in the valuation. nevertheless, the result derived from the income approach is adopted by 3engxin " ppraisal as the final valuation conclusion for 8S 5D and 8J ; est 5D. " mong the valuation approaches considered, 3engxin " ppraisal is of the view that the income approach, which focuses on the income4producing capability, is the most appropriate method for the purpose of the valuation of 8S 5D and 8J ; est 5D after considering .i1 the close relationship between cash flow and the value of the expressways and .ii1 the availability of cash flow forecasts reviewed by the ' irectors, which is believed to be estimated with a reasonable degree of certainty given the historical data of the 8S Expressway and the 8J ; est Expressway and the reference to the ! raffic Study 7eport.

; hen it comes to valuing the e<uity interest of Gintang 5D, 3engxin " ppraisal is of the view that income approach is not appropriate and cannot be adopted since Gintang 5D is indirectly held as to -%E by \$ay " rea ' evelopment as at the valuation reference date of the 3engxin " ppraisal Daluation 7eport .i.e. :- ' eember +, +, 1 and therefore \$ay " rea ' evelopment is not in the position to obtain the information in relation to Gintang 5D's business and main proect, thereby making it unable to provide supportable operating profit and cash flow forecast as stated in the 3engxin " ppraisal Daluation 7eport. ! herefore, as confirmed by 3engxin " ppraisal, the valuation of Gintang 5D was conducted by making reference to the recent public transaction of Gintang 5D involving the disposal of the ), E e<uity interest in Gintang 5D by \$ay " rea ' evelopment and 8uangdong Highway Construction ./ .intan8 J& Transa1tion01, details of which are set out in the circular of \$ay " rea ' evelopment dated +, Hctober +, +, .the /. .intan8 J& Transa1tion Cir1ular01.

; e also understand from 3engxin " ppraisal that the asset4based approach is adopted to value the !arget Company and \$ay " rea ' evelopment under the 3engxin " ppraisal Daluation 7eport as both are investment holding companies, each does not operate any business itself and generate any operating earnings but to ascertain its value from the value of its investment holding. " s stated in the Letter from the \$oard, the only maor asset long4term investment of the !arget Company is its =-.: E e<uity interests in \$ay " rea ' evelopment, and the only business consolidated to the accounts of the !arget

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Company is such major investment. On the other hand, the main assets of Say " rea ' evelopment are 8% of the profit distribution right in 8S 5D, 8%, E of the profit distribution right in 8J ; est 5D and -8% e<uity interests in Gintang 5D.

Based on the aforesaid and having considered the competence of 3engxin " ppraisal as previously discussed above, nothing has come to our attention that will cause us to doubt the reasonableness of the valuation approaches finally adopted by 3engxin " ppraisal for the purpose of the 3engxin " ppraisal Daluation.

" s stated in the Letter from the Board, the composition of .ii1 the total assessed value of e<uity attributable to shareholders of the parent company of Say " rea ' evelopment as at : - ' eember +, +, 11 and .ii1 the total e<uity interests of the shareholders of the Target Company as at : - ' eember +, +, .before and after taking into account the premium for controlling stake at -8% and li<uidity premium at -8&E, that is, +\*E in aggregate .the /A88re8ate ' re3iu301 as adopted by 3engxin " ppraisal when evaluating the e<uity interests of the Target Company in Say " rea ' evelopment .the /2ay Area Develo03ent Evaluation011 is as follows2

	EDuity value held by 2ay Area Develo03ent		
	Total eDuity value \$1' /000"	' ro0ortion of interests	EDuity value \$1' /000"
3profit distribution right in 8J ; est 5D	=,)&); =%.>	% E	: ,>+; ,->=.*
3profit distribution right in 8S 5D pursuant to the tolling right of 8S Expressway	>, >=, . * > . *	8&E	: , **% , += * . %
3profit distribution right in 8S 5D pursuant to the right to reconstruct and expand 8S Expressway, develop and utilise land along 8S Expressway	+ , = % & , , , , , ,	8&E	- , + ; , , , , ,
E<uity interests in Gintang 5D	+ , & = * , % , , ,	- % E	: = - , * ; + . %
" ssessed value of other assets and liabilities	P	P	: : = - , = , +
! he total assessed value of e<uity attributable to shareholders of the parent company of Say " rea ' evelopment <sup>Note 3*</sup>	P	P	* , ) + * , % + > . *
	EDuity value held by the Tar8et Co30any		
	Total eDuity value \$1' /000"	' ro0ortion of eDuity	EDuity value \$1' /000"
E<uity attributable to shareholders of the parent company of Say " rea ' evelopment	* , ) + * , % + > . *	= - : > : E	) , * - , ) > , ; . )
Dalue of = - : > : E e<uity interests in Say " rea ' evelopment after considering the premium for controlling stake . - % E1 and li<uidity premium . - & E1 <sup>Note 4*</sup>	P	P	> , * + + , > > . *



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Notes:

- . Excluding the minority shareholders' equity interests of 79\$-: > million.
- + . (or details, please refer to the paragraph headed /Valuation 0 3engxin " ppraisal Valuation 7eport 4 Controlling stake premium and li<uidity premium0 below.

E,4,3 >A Best FD and >\* FD

.i1 Valuation bases and assumptions

#n adopting the income approach, 3engxin " ppraisal has relied upon the estimated future cash flows attributable to 8S 5D and 8J ; est 5D, respectively and the underlying assumptions under the cash flow forecasts and calculating the net present value of these cash flows by utilising a discount rate accounted for the time value of money and investment risk factors.

Knder the income approach, it is possible to use free cash flow to firm ./C\$C\$01 or free cash flow to e<uity ./C\$E01 to value. ! he differences between (C(( and (C(E is that (C(( reflects the value of debt .if any1 as at the valuation date in the net debt adjustment in arriving at the e<uity value, whereas (C(E considers debt financing and repayment explicitly over the profection period in the cash flow profection in arriving at the e<uity value. " Iso, (C(( is discounted to present value ./' &01 using weighted average cost of capital ./7 ACC01, while (C(E is discounted to 3D using capital asset pricing model .i.e. cost of e<uity1 ./CA' M01.

.a1 8J ; est 5D

#n estimating an appropriate discount rate for the 8J ; est Expressway, we noted that 3engxin " ppraisal had used the C" 39 to estimate the cost of e<uity for the discounting of (C(E to 3D. \$ased on our discussion with 3engxin " ppraisal, the discount rate is the cost of e<uity determined through C" 39 after taking into account of the risk4free rate, market risk premium, e<uity beta and specific risk premium.

#n respect of the risk4free rate, we were given to understand that 3engxin " ppraisal has adopted the monthly arithmetic average of yield to maturity ./, TM01 of 37C government bonds with maturities of over ten years since ' eember +, -& as published by China Central ' epository and Clearing Co., Ltd.l .st/f7rA%01b' htsfl 1 ./CCDC01 of :.)\*E, in which the <uote of over ten4year term is comparable to the remaining concession period of each phase of the 8J ; est Expressway. ; e have, also conducted research independently from the public domain on the background of CC' C, and noted that it is a central securities

depository of the 37C is responsible for all securities depository and clearing services for the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

On the other hand, a market risk premium of 3.5% was adopted by making reference to the average yield rate of the CSI 300 Index which is composed of 300 stocks with the largest market capitalisation and most active liquidity from the entire basket of listed A-share companies in the 37C and aims to measure the overall performance of the A-shares traded on the Shanghai Stock Exchange and the Shenzhen Stock Exchange with a time span no less than ten years.

Given that 8J ; est 5D are operating and incorporated in the 37C, it is believed to be fair and reasonable to adopt the 6% of the 37C government bonds and market risk premium of the 37C market as the risk-free rate and the equity risk premium of 8J ; est 5D, respectively, which also fulfill the requirement of the Guidelines for the Application of Regulatory Rules on Appraisal Co. -I .b9bMhy;Gdp8s0rYoHm6K-u1 published by China Securities Regulatory Commission in January 2015, and the Appraisal Guideline.

In determining the specific risk premium, Zengxin Appraisal has adopted the premium of 3.5% based on its professional judgment. Based on our independent research, we note that the global corporates in transportation sector has a weighted average default rate of approximately 3.5% during the period from 2007 to 2015, as stated in the Default, Transition, and Recovery 2015, Annual Global Corporate Default and Rating Transition Study published by Standard & Poor's Financial Services LLC on April 2015, and that the specific risk premium of 3.5% adopted in the Zengxin Appraisal Valuation by Zengxin Appraisal is in line with the said weighted average default rate.

In arriving at the beta being adopted in the CAPM model, based on our review of the list of comparable companies as stated in the Zengxin Appraisal Valuation Report, and as ascertained by Zengxin Appraisal, we noted that Zengxin Appraisal has identified 22 companies which are listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange for at least three years as at December 31, 2015 and are principally engaged in expressway operation in the 37C. The Beta Reference Companies are located in the 37C and listed on the Shenzhen Stock Exchange or the Shanghai Stock Exchange and are principally engaged in expressway operation in the 37C and generated a relative high level of income from expressway operation business. Apart from discussing with Zengxin Appraisal as detailed above,

we have, on a best effort basis, conducted an independent background check on the Beta Reference Companies, and noted that the Beta Reference Companies were selected based on the aforementioned selection criteria adopted by Zengxin " appraisal in the Zengxin " appraisal Valuation. " s referred to in the Zengxin " appraisal Valuation Report, the average beta of the Beta Reference Companies is ,.:>&.

Based on our discussion with Zengxin " appraisal and our review of the profit and cash flow forecast of 8J ; est 5D for the period between January +, +- and January +, :>, we understand that, among others, .i1 the projected annual revenue of 8J ; est 5D is directly extracted from the annual toll revenue estimated by the Traffic Study Expert as stated in the Traffic Study Report. .ii1 the projected operating cost and administrative cost of 8J ; est 5D are primarily based on the historical costs for the two years ended :- ' eember +, -> and +, -\*. .iii1 the project capital expenditure considered two large-scale maintenance and repair projects to be conducted during the two years ending :- ' eember +, +> and +, +\*. .iv1 the existing borrowings of approximately 79\$%, billion will be gradually repaid in full by +, +> and .v1 an estimated interest rate of &., E was adopted by making reference to the current loan interest rate of 8J ; est 5D for repaying the outstanding principals of bank loans to project the interest expense.

#t is specifically stated in the Zengxin " appraisal Valuation Report that the audited financial statements of 8J ; est 5D for the two years ended :- ' eember +, -> and +, -\* have been referred to for the purpose of valuing 8J ; est 5D instead of the audited financial statement for the year ended :- ' eember +, +, because of the effects brought by the CHD# 4-\* as discussed in the paragraph headed /Valuation 4 C9S Valuation Report 4 Valuation methodology0 above.

.b1 8S 5D

#n estimating  
cost of

Saved as the risk-free rate discussed above, please refer to the paragraph headed "Valuation of 3engxin" appraisal Valuation Report Q 8J ; est 5D and 8S 5D Q Valuation bases and assumptions Q 8J ; est 5D0 above for further details of the parameters including market risk premium, beta and specific risk premium in determining the discount rate for the 8S Expressway.

Based on our discussion with 3engxin" appraisal and our review of the profit and cash flow forecast of 8S 5D for the period between January 2011 and June 2011, we understand that, among others, (i) the projected annual revenue of 8S 5D is directly extracted from the annual toll revenue estimated by the Traffic Study Expert as stated in the Traffic Study Report. (ii) the projected operating cost of 8S 5D is primarily based on the historical costs for the two years ended 31 December 2010 and 2011. (iii) the project capital expenditure considered a large-scale maintenance and repair project to be conducted during the six months ending 30 June 2011. (iv) the existing borrowings of approximately 7.9 billion will be gradually repaid in full by 2015 and (v) an estimated interest rate of 6.5% was adopted by making reference to the current loan interest rate of 8S 5D for repaying the outstanding principals of bank loans to project the interest expense. (For the same reason related to the audited financial results of 8J ; est 5D, the audited financial statements of 8S 5D for the two years ended 31 December 2010 and 2011 have been referred to for the purpose of valuing 8S 5D.

E.4.4 >\* Expressway Expansion Project

As noted that the 3engxin" appraisal had used the Cost of Equity to estimate the cost of equity, which is then used to calculate the after-tax cost for discounting (before tax) into 3D. As advised by 3engxin" appraisal, we noted that 3engxin" appraisal had selected (before tax) according to Accounting Standards for Enterprise Co. 2006 "Asset Impairment Test" issued by the Ministry of Finance of the PRC and "Accounting Supervision Co. 2006 Goodwill Impairment Test" issued by China Securities Regulatory Commission.

In determining the specific risk premium, 3engxin" appraisal has adopted the premium of 4.5% based on its professional judgment. 3engxin" appraisal then adjusted downward the specific risk premium by 4.5% after taking into account (i) the potential government grants that may be received by 8S 5D. (ii) the potential land development and utilisation alongside the 8S Expressway and (iii) the adjustment between the pre-tax cash flow and the after-tax cash flow. Based on our discussion with the Company, we noted that (i) as at the Latest Practicable Date, 8S 5D received a government subsidy of approximately 7.9 billion RMB for the 8S Expressway Expansion Project. (ii) the PRC government contributed approximately 4.5% of the total cost of an expressway project. That is, the Shenzhen section of Guangshen Coastal Expressway (Guangzhou to

Shenzhen previously completed by the Group and the Feasibility Study including the studies on the planning of land along the 8S Expressway was submitted to the relevant government authority in order to promote the planning scheme of the integration of certain interchange transformations and development and utilisation of land simultaneously. Nonetheless, it should be noted that the land development and use planning proposed by 8S 5D is still subject to, among others, the local government's urban planning, toll highway reconstruction plans and other conditions, procedures for the change of land use and the obtaining of land use rights for future development according to the relevant urban planning and laws and regulations in the 37C, and thus the situation remains uncertain at the current stage. As for the adjustment between the pre-tax cash flow and the after-tax cash flow, as advised by 3engxin's appraisal, according to article 17 of the Accounting Standards for Enterprise Co. "asset impairment", the discount rate should be the pre-tax interest rate and where the estimate of the discount rate is based on the post-tax factors, it shall be adjusted to the pre-tax discount rate. Also, with reference to the appraisal Guideline, the discount rate and the cash flow forecast should be consistent.

Saved as the specific risk premium discussed above, for the determination of risk-free rate, please refer to paragraph headed "Valuation of 3engxin's appraisal Valuation Report Q 8J ; est 5D and 8S 5D Q Valuation bases and assumptions 4 8S 5D0 above" for the determination of market risk premium and beta, please refer to paragraph headed "Valuation of 3engxin's appraisal Valuation Report Q 8J ; est 5D and 8S 5D Q Valuation bases and assumptions 4 8J ; est 5D0.

Based on our discussion with 3engxin's appraisal and our review of the profit and cash flow forecast for the 8S Expressway Expansion Project for the period between 5 July 2011 and 5 June 2012, we understand that, among others, (i) the projected annual revenue of 8S 5D is directly extracted from the annual toll revenue estimated by the Traffic Study Expert as stated in the Traffic Study Report. (ii) the projected operating cost of the 8S Expressway Expansion Project is primarily determined by making reference to the historical cost over revenue ratio of the 8S Expressway. (iii) the project capital expenditure of approximately 7.9 billion as stated in the Letter from the Board and (iv) an estimated interest rate of 6.5% was adopted by making reference to the current loan interest rate of 8S 5D for repaying the outstanding principals of bank loans to project the interest expense.

When preparing the 3engxin's appraisal Valuation, 3engxin's appraisal assumed that the 8S Expressway Expansion Project will be implemented by 8S 5D as planned and the concession rights of the 8S Expressway including the proposed expansion can be extended for another 10 years after 2012, 5 June 2011 until 2022, 5 June 2012 which is in line with the assumption of the 10-year concession rights extended for the 8S Expressway adopted in the Traffic Study Report. These assumptions, as advised by 3engxin's appraisal, were made after having taken into consideration (i) the Feasibility Study which is for a concession period of 10 years up to 2022, 5 June 2012 has already passed the preliminary examination by the traffic administration department of Guangdong Province in 5 January 2011 and (ii) the Decision of the State Council of the

People's Republic of China regulations on "Administration of Toll Roads" published on September 1, 2004, and stating that the time limit for toll collection of for-profit roads may not exceed 25 years. Given the aforesaid, Zengxin Appraisal conducted the valuation under an assumption that the concession rights of the 88 Expressway including the proposed expansion will be valid until June 30, 2029. The Company has confirmed to us that as at the Latest Practicable Date, neither 88 5D nor \$ay "rea' evelopment had received any verbal and/or written indication, comment or objection from the traffic administration department of Guangdong Province concerning the proposed 25-year concession rights as stated in the Feasibility Study.

E.4.2 3: 8 equity interest in Gintang 5D

"s advised by Zengxin Appraisal, its valuation of the 25% equity interest in Gintang 5D held by \$ay "rea' evelopment was conducted by making reference to the Gintang 5D transaction as detailed in the Gintang 5D Transaction Circular. According to the Gintang 5D Transaction Circular, the final transaction price for the Gintang 5D transaction was equivalent to the highest bidding price obtained through the public tender process carried out through the Guangdong Knitted Assets and Equity Exchange Limited, Southern Knitted Assets and Equity Exchange Limited, and Shenzhen Knitted Property and Share Rights Exchange Limited.

To the best of the directors' knowledge, information and belief having made all reasonable enquiry, there has been no material adverse change in the business, operations, financial condition or assets of Gintang 5D since the date of the Gintang 5D Transaction Circular, i.e., October 1, 2011 and up to the valuation reference date of the Zengxin Appraisal Valuation Report, i.e., December 31, 2011.

E.4.9 Controlling stake premium and liquidity premium

Based on our discussion with Zengxin Appraisal and review of the Zengxin Appraisal Valuation Report, it has come to our knowledge that given the indirect transfer of the controlling stake, i.e., 25% equity interests of \$ay "rea' evelopment, being a listed company in Hong Kong held by the Seller to the Group as a result of the acquisition, Zengxin Appraisal has also considered the controlling stake premium and liquidity premium in \$ay "rea' evelopment when conducting the \$ay "rea' evelopment Evaluation.

According to the Letter from the Board and the Zengxin Appraisal Valuation Report, and as ascertained by Zengxin Appraisal, besides minority stake acquisitions, the adoption of the controlling stake premium of 25% was determined based on the comparison of the price-to-earnings multiples of controlling stake acquisitions, transactions in total in the historical mergers and acquisitions market with a historical average value of controlling stake premium of approximately 25%. In particular, it was determined for the liquidity premium, Zengxin Appraisal determined to

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## LETTER FROM DA4IN CA'ITA

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adopt -E as the liquidity premium for the \$ay "rea ' evelopment Evaluation, after considering .i1 its analysis with reference to the increment rate of the initial listing price and the secondary market trading price of Hong ong listed shares during the period from - 5anuary +, +, to : - 9arch +, +-ll and .ii1 the relatively inactive secondary market trading of the \$ay "rea ' evelopment Shares given the maority of the public float being held by institutional shareholders. (or further details of the above analysis performed by 3engxin " ppraisal, please refer to the paragraph headed /Daluation Q Daluation \$asis and " pproach under the 3engxin " ppraisal Daluation 7eport0 set out in the Letter from the \$oard and /3engxin " ppraisal Daluation 7eport0 set out in " ppendix D# to the Circular.

#n addition to the discussion with 3engxin " ppraisal, we have also made references to the premiums of the offer prices offered in the 3premium Comparables, each involving a mandatory general offer for shares of a publicly traded company listed on the Stock Exchange, as discussed in the paragraph headed /Daluation Q C9S Daluation 7eport Q Comparable analysis0 above. #t is noted that the " ggregate 3premium adopted by 3engxin " ppraisal in the 3engxin " ppraisal Daluation 7eport falls within the ranges of the premiums over .i1 the closing price on the last trading dayll and .ii1 the average closing prices for the last five and last ten consecutive trading days prior to and including the last trading day of the 3premium Comparables and is lower than each of the averages of such ranges being approximately : -E, as well as falling within the inter<uartile ranges of the 3premium Comparables.

3ursuant to the 3engxin " ppraisal Daluation 7eport, the value of =-.->: E e<uity interests in \$ay "rea ' evelopment after taking into account the abovementioned premium was approximately 79\$>,\*+ +=\* million. " fter deducting the dividend declared by \$ay "rea ' evelopment in " pril +, +- which shall be enoyed by the Seller pursuant to the Sale and 3urchase " greement, which is approximately H F, .-, \* per \$ay "rea ' evelopment Share, the value per \$ay "rea ' evelopment Share is e<uivalent to H F&.)=.

### E,4,: ! ompara-le analysis

#n order to assess the fairness and reasonableness of the 3engxin 7eference 3rice, we considered using commonly adopted price multiples analyses, namely, price to earnings ratio .the /' ER(s)01 and price to book ratio .the /' 2R01. However, 3\$7 is mainly used in evaluating capital intensive business. ; e consider the asset value of expressway operation varies depending on the remaining period of the concession rights of operating the expressway as the non4current assets depreciates and/or amortise throughout the concession period. " s such, we consider 3\$7 is not applicable for this comparison purpose.

; e have searched for companies listed on the Stock Exchange, the Shanghai Stock Exchange and the Shenzhen Stock Exchange which are primarily engaged in business similar to those of the \$ay "rea ' evelopment 8roup based on the criteria that the comparable companies .i1 had a high proportion .exceeding =%E1 of their total turnover

## ETTER \$ROM DA4IN CA' ITA

derived from toll revenue according to their respective latest published financial information. It generated majority of the revenue in the 37CII and .iiiI recorded profit for their respective latest financial year. To the best of our knowledge and endeavor, we have identified eight listed companies .the /Mar?et Co30arables01 which met the aforementioned selection criteria and they are exhaustive as far as we are aware of, and thus considering the Market Comparables would serve as fair and representative samples for the purpose of drawing a meaning comparison with the implied 3E7 of \$ay " rea ' evelopment. However, Shareholders should note that the business, operation and prospect of \$ay " rea ' evelopment is not the same as those of any of the Market Comparables. Our comparable analysis illustrates that the 3E7s of the Market Comparables range from approximately +.% times to &%.> times, with an average of approximately -).=. times which is close to the implied 3E7 of \$ay " rea ' evelopment of approximately =.& times, details of which are set forth below.

Co30any na3e (Sto1? 1ode)	atest finanial year/ end date	' ER <sup>Note 3'</sup> times	' er1enta8e of toll revenue over total turnover 8
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\$ay " rea ' evelopment 130Iied ' ER  
=.& <sup>Note 4'</sup>

**Notes:**

- . ! he 3E7s of the Market Comparables were calculated based on their respective average closing price for the period from -% March +, +, - to -, " ugust +, +, - .being the dates of entering into the Market and the Sale and Purchase " greement, respectivelyI and net profit recorded in the latest published full year financial statements.
- + . ! he implied 3E7 of \$ay " rea ' evelopment was calculated based on H F&.)= per \$ay " rea ' evelopment Share .that is, an estimated price not exceeding both the C9S 7eference 7ange and the 3engxin 7eference 3riceI and the audited net profit of \$ay " rea ' evelopment for the year ended : - ' eceember +, +, .



It is noted that the price per Share of H & F is estimated by the Directors when determining the Consideration. The Price Estimate represents a premium of approximately 10% over each of the closing price on the last trading day, and the average closing prices for the last five and last ten consecutive trading days, prior to the date of entering into the Sale and Purchase Agreement. Nonetheless, besides the underlying rationale for the Price Premium submitted by the Directors as discussed in the paragraph headed "Principal terms of the Transaction Agreements" above, after taking into account (i) that reference has been primarily made by the Board to the CVS Valuation when determining the Consideration among the parties to the Transactions, and the Chengxin Valuation is of use to the Board as additional reference when considering the Consideration and (ii) our assessments on the CVS Valuation and the Chengxin Valuation as supported by the Traffic Study Report for the projection of the toll revenue of the 8S Expressway with the 8S Expressway Expansion Project and the 8J West Expressway expected to be generated up to June 2015 and January 2016, respectively, we consider that the implied PE of Share of H & F calculated based on the Price Estimate which is equivalent to the highest Chengxin Reference Price and not exceeding the CVS Reference Range is justifiable. Given the aforesaid, and based on our comparable analysis involving the Market Comparables as discussed above, we concur with the view of the Directors that it is fair and reasonable to have the Consideration determined based on the Price Estimate when estimating the value of the Equity interests in Share of H & F held by the Target Company.

G) Traffic Study Report

These are given to

transportation construction projects. .iii) undertaking collaborative transportation management, driver training management, and transportation industry technical and transactional work such as preliminary review and auxiliary management of the credit of units and personnel and .iv) providing guidance and consulting services on transportation policies, regulations and management, and transportation technology for the transportation system and the society. Given the aforesaid, we are not aware of any material matters which causes us to doubt the qualifications, experiences and independence of the Traffic Study Expert in regard to its engagement to prepare the Traffic Study Report.

(ii) Methodology

Based on our review of the Traffic Study Report, we noted that the Traffic Study Expert has, among others, .i) reviewed and considered historical economic data, population and traffic volume of Guangdong Province and researched the future development plan of the transportation network in Guangdong Province. .ii) analysed historical traffic data including but not limited to traffic volume and types of vehicles of expressways in Guangdong Province. .iii) reviewed relevant national or local government policies, including the Greater Bay Area Development Outline and the Transportation Construction Outline. .iv) built a traffic model factoring in, among others, future economic data, population, traffic volume and types of vehicles to estimate the traffic volume and toll revenue of the GJ Expressway and the GS Expressway, respectively and .v) performed sensitivity analysis on the traffic volume and toll revenue of the two expressways under the optimistic scenario and conservative scenario. In particular, in estimating the traffic volume of the GJ Expressway and the GS Expressway, the Traffic Study Expert has considered, including but not limited to, .a) the GJ Expressway of Guangdong Province, where the GJ Expressway and the GS Expressway are running through. .b) the historical traffic data for the period from 2010 to 2019 for expressways in Guangdong Province. .c) the connection between transportation and local economies and .d) the toll free policy for goods vehicle carrying agricultural products and small passenger cars during major holidays.

(iii) Traffic Volume

As stated in the Traffic Study Report, the Traffic Study Expert adopted the four-stage method in projecting the traffic volume of the GJ Expressway and the GS Expressway, which comprises .i) forecast of economic development in the affected area. .ii) forecast of traffic demand. .iii) forecast of traffic distribution and .iv) forecast of traffic allocation. In the course of our discussion with the Traffic Study Expert and based on our review of the Traffic Study Report, we noted that the four-stage method allows .i) accurately analysing the total travel volume, the travel structure and the travel flow characteristics. .ii) better reflecting the behavior characteristic that the travelers' travel tends to be simultaneous rather than sequential and .iii) reducing the bias between stages due to the lack of essential linkages and focus more coherent solutions for the assignment of traffic in all modes. We are also advised by the Traffic Study Expert that the four-stage method is widely used in studying expressway industry. In addition, we have discussed with the Traffic Study Expert on the impact of the

new lanes on the traffic projection of the 8S Expressway, and are given to understand that the model adopted by the Traffic Study Expert has already taken into account the upcoming road extension from six lanes to ten lanes of the 8S Expressway.

(i+) Toll revenue

With regard to the toll revenue, as stated in the Traffic Study Report, the toll rate is determined according to the Notices regarding "Adjusting the Billing Methods of Expressway Vehicle Tolls" (Guangdong Provincial Department of Transportation, Guangdong Provincial Development and Reform Commission and the Department of Finance of Guangdong Province) on 1 December 2018, which is a notice outlining the existing official toll rate in Guangdong Province implemented since 1 January 2019. We have reviewed and noted that the said notice sets out the existing official toll rate standard for expressways in Guangdong Province, which is applicable to both the 8S Expressway and the 8J West Expressway.

The Traffic Study Expert has further advised

## Net asset value

Based on the interim report, the consolidated net asset value of the Group as at 31 June 2018 was approximately HK\$1,200 million. According to unaudited pro forma financial information on the Enlarged Group set out in Appendix D to the Circular, the total assets and total liabilities of the Enlarged Group as at 31 June 2018 would increase to approximately HK\$1,250 million and HK\$750 million respectively as a result of the acquisition, resulting in an increase of approximately 4% in the net asset value to approximately HK\$1,200 million based on the assumption that the acquisition had been completed on 31 June 2018.

## Borrowing capital

As disclosed in the section headed "Working Capital Statement of the Enlarged Group" set out in Appendix E to the Circular, the directors, after due and careful consideration, are of the opinion that based on existing cash and bank balances, available banking facilities and the internal resources of the Enlarged Group, the Enlarged Group will have sufficient working capital for its present requirements, taking into consideration of the acquisition and the existing operations, for at least the next twelve months from the date of the Circular.

It should be noted that the above is for illustrative purpose only and do not purport to represent how the financial position/results of the Group will be as a result of the acquisition.

## OPINION AND RECOMMENDATION

Having taken into account the principal factors and reasons discussed above, we consider that the transactions are conducted on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms thereof are fair and reasonable so far as the independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole.

Accordingly, we recommend the independent Shareholders, and advise the independent Board Committee to recommend the independent Shareholders, to vote in favour of the ordinary resolution to be proposed at the EAG to approve the agreements and the transactions.

Sincerely faithfully,  
for and on behalf of  
DAVID CHAN, CHAIRMAN  
Annie Chan  
Managing Director      Director

Note: Mr. Chan Li is a licensed person and a responsible officer of PwC Capital Limited registered with the SFC to carry out type 1 regulated activity under the SFO. He has over 15 years of experience in corporate finance industry. Ms. Annie Chan is a licensed person and a responsible officer of PwC Capital Limited registered with the SFC to carry out type 1 regulated activity under the SFO. She has over 15 years

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## LETTER FROM DA4IN CA'ITA

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The English translation of the Chinese name(s) in this letter, where indicated with \* is included for identification purpose only and should not be regarded as the official English name(s) of such Chinese name(s),

In case of any discrepancy, inconsistency or ambiguity between the English and Chinese versions of this letter, the English version shall prevail,

1) \$INANCIA IN\$ORMATION O\$ T! E (RO#'

' etails of the audited consolidated financial information of the Company for each of the three years ended :- ' eember +, ->, +, -\* and +, +, are disclosed in the following annual reports of the Company for the years ended :- ' eember +, ->, +, -\* and +, +, , respectively, which have been published and are available on the website of the Stock Exchange .www.hkexnews.hk1 and the website of the Company .www.sz4expressway.com12

V the annual report of the Company for the year ended :- ' eember +, -> .pages -:) to +\*=1 published on -% " pril +, -\*

V the annual report of the Company for the year ended :- ' eember +, -\* .pages -&) to : +:1 published on -% " pril +, +,

V the annual report of the Company for the year ended :- ' eember +, +, .pages -%, to : :)1 published on +) " pril +, +-

V the interim report of the Company for the six months ended : , 5une +, +- .pages =) to +%:1 published on -) September +, +-

+) STATEMENT O\$ INDE2TEDNESS O\$ T! E EN AR(ED (RO#'

" s at the close of business on : , September +, +-, being the latest practicable date for the sole purpose of determining this statement of indebtedness and contingent liabilities of the Enlarged Group prior to the date of the Circular, same as otherwise disclosed herein, the Enlarged Group had aggregate outstanding carrying amount of borrowings of approximately 79\$:%,+=-,&%: , , , and the details are as follows2

\$1 ' /000

\$ank borrowings

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Hther borrowings

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Char8es

" s at the close of business on :, September +,+-, the Enlarged 8roup's bank borrowings approximately 79\$=,\*%\*,):=, , , , were secured by toll collection right, e<uity interest, certain e<uipment, vehicles and properties, franchise right, lease receivables, rights to expected earnings of 3ublic43rivate43artnership contracts and receivables of future operating incomes of the Enlarged 8roup. ! he Enlarged 8roup's other borrowings approximately 79\$+),), \*, , , , were secured by commercial bills receivables of the 8roup. " s to the Enlarged 8roup's debt securities approximately 79\$=\*,&&: , , , , were secured by e<uity interest of the 8roup.

ease liabilities

" s at :, September +,+-, the Enlarged 8roup had lease liabilities of approximately 79\$&&-,-=& , , , , related to the lease of mechanical e<uipment from leasing companies in the 37C among which the amount of 79\$:-,%-& , , , , were guaranteed and secured by e<uity interest, certain properties and e<equipments, trade receivables, franchise right and use right of industrial land of the 8roup, and the amount of 79\$-:+,)) , , , , were unsecured and guaranteed. ! here are lease liabilities of approximately 79\$-:-,-=: , , , , related to the lease of office premises and commercial units from non4leasing companies in the 37C and Hong ong among which the amount of 79\$-+%,+-+ , , , , were unguaranteed and secured by rental deposit and the amount of 79\$%\*,\*)- , , , , were unsecured and unguaranteed.

Contingent liabilities

" s at : , September +, +-, the Enlarged Group have the following contingent liabilities2

(a) Guarantees in respect of mortgage facilities of certain property buyers

The Enlarged Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of the Enlarged Group's property units and has made deposits of 79\$-, >-&, , , , as security to and given guarantees on mortgage loans provided to the buyers by these banks under the agreements. Pursuant to the terms of the agreement, upon default in payments of mortgage loans by these buyers, the Enlarged Group is responsible to repay the remaining outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers to the banks and the Enlarged Group is entitled to take over the legal title and possession of the related properties. " s at : , September +, +-, the total outstanding mortgages guaranteed by the Enlarged Group were 79\$%+-,-\*: , , , , .

(b) Guarantee given to other company in respect of certain contract

otaotaf\$ n9am\* r4t6n9aP'hil , a subsidiary of the Enlarged Group, has entered into an agreement with hctt9eattb' sfl which is a former related party of it and suppliers of hctt9eattb' sfl , to give guarantee on accounts payable from hctt9eattb' sfl to its supplier with amount approximately 79\$&,%&%, , , , .

(c) Litigation

" s at the Latest Practicable Date, the Enlarged Group was involved in outstanding litigations with total claim amount of approximately 79\$: &+,% , , , , in relation to the subsidiaries of the Company including .i1 Suangxi Lande renewable energy Co., Ltd being sued for paying equipment payment, capital occupation fee, civil engineering payment, interest on civil engineering payment and liquidated damages of total approximately 79\$ :-,)&\*, , , , to Gongqing Environmental Protection Co., Ltd. which was responsible for the construction of the reconstruction and expansion project of Canning kitchen waste recycling and harmless treatment plant. .ii1 aizhou Lande Environmental Protection Technology Co., Ltd being sued for paying the remaining project payment and related one4year interest according to the annual interest rate of ).%E, interest loss of overdue payment and the liquidated damages of total approximately 79\$%-, :+%, , , , to Cantong Co. & Construction Group Co., Ltd. which was responsible for the civil engineering, water and electricity installation, procurement and installation of electromechanical equipment of a project. .iii1 Canbing ; ind 3ower Technology Co., Ltd ./Canbing ; ind 3ower01 being sued for paying losses of approximately 79\$-, \*,%+), , , , caused by the delay in delivery to 5uye Changguang ; ind Energy Co., Ltd. which purchased wind turbines and ancillary equipments from Canbing ; ind 3ower and .iv1 other outstanding litigations of total approximately 79\$-%, , , , , , , , .

" fter taking into account the advice of the external legal counselors of the Group, the management of the Group considers that the risk of losses and the amount of contingent liabilities resulting from the outstanding litigations cannot be estimated properly.



(eneral

Except as disclosed above and apart from intra4group liabilities, the Enlarged 8roup did not have, as at : , September +, +-, any other debt securities issued or outstanding, and authorised or otherwise created but unissued, terms loans, other borrowings and indebtedness, bank overdrafts, liabilities under acceptances .other than normal trade bills1, acceptance credits, lease liabilities, mortgages, charges, guarantees or other material contingent liabilities.

-) 7OR4IN( CA' ITA STATEMENT O\$ T! E EN AR(ED (RO#'

! he ' irectors, after due and careful consideration, are of the opinion that based on existing cash and bank balances, available banking facilities and the internal resources of the Enlarged 8roup, the Enlarged 8roup will have sufficient working capital for its present re<uirements, taking into consideration of the " c<uisition and the existing operations, for at least the next twelve months from the date of this circular.

:) \$INANCIA AND TRADIN( ' ROS' ECTS O\$ T! E EN AR(ED (RO#'

#n Hctober +, +, , the (ifth 3lenary Session of the -\*th C3C Central Committee .the Central Committee1 deliberated and adopted the -&th (ive 6ear 3lan and the Long4! erm 8oals (or the 6ear +, :%, which set a grand blueprint for China@s future development and pointed out the way forward. ! he Central Committee clearly pointed out that during the implementation of the -&th /(ive 6ear 3lan0, the ma4or objectives of China@s economic and social development include making significant progress in the establishment of a modern economic system, improving the socialist market economic system, basically completing the building of advanced market regulatory regimes and building of a new open economic system at an advanced level, etc. (or the toll highway industry and the general4 environmental protection industry in particular, the objectives include improvement of the comprehensive transport networks, acceleration of the connection between urban clusters and rail transit network in the metropolitan circle, significant results in green transformation of production and lifestyle and more reasonable allocation of energy and resources, etc.

Since +, ->, China has successively promulgated a series of policies such as ; ork 3proposal for State4 owned Enterprise 7eform /' ouble4hundred " ction0 f7toe' 0mPtokf.0so\*sE0 1, Hutline of ' evelopment 3lan for 8uangdongHong ong49acao 8reater \$ay " rea u%EDfwiehlbd en 1 and Hpinions of the State Council on Supporting Shenzhen in \$uilding a 3ioneering ' emonstration Jone for Socialism with Chinese Characteristics f.7fmcms0hctpghef7c\$ oryu6s0toktkfwyYuene 1, which has brought historic opportunities for state4owned enterprise reform and regional development. Shenzhen S" S" C has also promulgated a series of comprehensive reform plans and work plans with a focus on the innovation of systems and mechanisms, thereby further promoting the market development of state4owned enterprises. #n line with China@s strategic layout and reform concept for state4owned enterprises and regional development, the 8roup will provide <uality services in terms of infrastructure such as transport and environmental protection, thereby realising its own development.

(or the transport infrastructure industry, according to the National Highway Network Planning +, -:4 +, : , 1, the addition of mileage of expressways will continue to slow down and the expressway industry will turn from the incremental era to an era of stable development. It is expected that the existing toll highways will maintain relatively stable and reasonable investment returns as a whole, while new construction projects may face challenges such as rising costs and longer period of development. The Group, on one hand, will strengthen collaboration with the government, in order to increase the return from individual project by continuously exploring innovative business models, so as to create investment opportunities with business value. On the other hand, it will strengthen the service capabilities throughout the industry chain of highways and expand to the upstream and downstream industries such as design, consultation, construction and maintenance with a focus on project construction, management and maintenance for the current period. In addition, the Group will follow the development trend of information technology to actively promote intelligent development of toll highways.

The general environmental protection industry is the second core business of the Group. The Group will focus on featured environmental protection sectors such as recovery and solid waste management and the clean energy sector. China's vigorous promotion of waste classification will bring rapid development opportunities to organic waste treatment, the Company will actively participate in regional environmental governance by giving full play to its own advantages in order to promote recovery and reuse of resources, striving to become a leading enterprise in the sectors of organic waste treatment and obsolete vehicle scrapping. (or clean energy, China plans to make strenuous efforts thef

MANA(EMENT DISC#SSION AND ANA , SIS O\$ T! E TAR(ET (RO#'

Set out in " ppendix ### to this circular is the accountant's report on the ! arget Group for the three financial years ended :- ' eember +, ->, +, -\* and +, +, and seven months ended :- 5uly +, +-. Below is the management discussion and analysis of the ! arget Group during the period reported on which should be read in conjunction with the accountant's report on the ! arget Group set out in " ppendix ### to this Circular.

\$or the year ended -1 De1e3ber +/1G

#### Share of results of Joint ventures

Since & " pril +, -> .the /Consolidation Date01, the ! arget Company was able to control the financial and operating decisions of the \$ay " rea ' evelopment, therefore, \$ay " rea ' evelopment was included in the consolidated financial statements of the ! arget Company since the same day. (or the year ended :- ' eember +, ->, the ! arget Company's share of results of Joint ventures .after taking into account of the fair value amortization1 was approximately 79\$+=: .-\* million, of which, 79\$-%)>% million was attributable to 8S Expressway and 79\$--):% million was attributable to 8J ; est Expressway. ! he average daily toll revenue of the 8S Expressway fell : E 606 in +, -> to 79\$\*.-% million. #ts total toll revenue for the year was 79\$: ,: &- million. #ts average daily full4length e<uivalent traffic fell -E 606 to -, +, , , , vehicles. 3assenger vehicles were the ma#or contributors to toll revenue and traffic volume, accounting for =-.+E and >: .&E of the toll revenue and full4length e<uivalent traffic of the 8S Expressway respectively. ! he 8S Expressway saw a decline in its toll revenue and traffic volume mainly due to impacts brought by newly operated highways near its 8uangzhou section and ' ongguan section.

! he annual toll revenue from the 8J ; est Expressway was about 79\$-,&&: million. ! he average daily toll revenue and average daily full4length e<uivalent traffic of 8J ; est Expressway rose -, E and -, E 606 to 79\$: .\*% million and %&, , , , vehicles, respectively. 3assenger vehicles were the ma#or contributors to toll revenue and traffic volume, accounting for )=.)E and =\*.>E of the 8J ; est Expressway toll revenue and full4length e<uivalent traffic respectively.

#### General and administrative e%penses

! he general and administrative expenses were about 79\$: %>= million for the year ended :- ' eember +, ->. #t mainly represented the staff salaries of supporting departments and intermediary fees such as lawyers, audits, and securities commissions from the ac<uisition of \$ay " rea ' evelopment incurred during the year.

#### 3inancial costs

! he ! arget Group incurred about 79\$: -&.: \* million financial costs for the year ended :- ' eember +, ->, among them, the interest costs of bank loans during the year was 79\$: , \*, & million, the interest income was 79\$--): million, and the exchange loss was 79\$-).\*% million.

## Loss for the year

Loss for the year of the Target Group for the year ended : - ' eember +, -> was about 79\$--%+- million, mainly due to the increased financial costs caused by the high debt ratio .->.\*=E1 and the high funding costs .:.\*%E 4 &.:%E1 of fixed4rate debt.

\$or the year ended -1 De1e3ber +/1<

## Share of results of Joint ventures

(or the year ended : - ' eember +, -\*, the Target Company's share of results of Joint ventures .after taking into account of the fair value amortizationl was approximately 79\$:\*& million, an increase of approximately &).-=E over the year ended : - ' eember +, ->, mainly due to the fact that the accounting period for the Target Group's share of results of Joint ventures was : months more than the accounting period calculated on a consolidated basis in +, ->, of which, 79\$++>.>> million was attributable to 8S Expressway, 79\$-+.:& million was attributable to 8J ; est Expressway and 79\$.-.>>1 million was attributable to Gintang Residential 3roject. The annual toll revenue from the 8S Expressway was about 79\$; ,+% million, decreased about : .&=E from that of the year ended : - ' eember +, ->. The average daily toll revenue of the 8S Expressway fell : E 6o6 to 79\$>.& million. #ts average daily full4length e<uivalent traffic fell +E 6o6 to -, , , , , , vehicles. The decrease in toll revenue was greater than that in full4length e<uivalent traffic, mainly due to higher E! C discount, which resulted in a decrease in average toll revenue per vehicle. 3assenger vehicles were the ma3or contributors to toll revenue and traffic volume, accounting for =-.: E and >.:&E of the toll revenue and full4length e<uivalent traffic of the 8S Expressway respectively.

The annual toll revenue from the 8J ; est Expressway was about 79\$-,%-% million, increased about %E from that of the year ended : - ' eember +, ->. The average daily toll revenue and average daily full4length e<uivalent traffic recorded steady growth, rising %E and \*E 6o6 to 79\$&.-% million and %\*, , , , vehicles, respectively. The increase in toll revenue was lower than that in full4length e<uivalent traffic, mainly due to reduced proportion of truck traffic and higher E! C discount, which resulted in a decrease in average toll revenue per vehicle. 3assenger vehicles were the ma3or contributors to toll revenue and traffic volume, accounting for =-.: E and >+.-E of the 8J ; est Expressway's toll revenue and full4length e<uivalent traffic respectively.

Gintang 5D is a Joint venture set by \$ay " rea ' evelopment and a subsidiary of 8uangdong 3rovincial Communication 8roup Company Limited .k?ypptrk' sfl 1 in November +, -\* to participate in the bidding for the land use rights of the 3roject Land. \$ay " rea ' evelopment owns : =.%E e<uity in the Gintang 5D. The 3arties provided the Gintang 5D with a three4year shareholders' loan of approximately 79\$>+% million as bidding deposit of the land .approximately 79\$; , \* million was attributable to \$ay " rea ' evelopmentl based on their respective shareholding percentages. The shareholder's loan bears an interest rate of >E per annum and incurred interests expenses of approximately 79\$%.-: million, of which 79\$+ million was attributable to \$ay " rea ' evelopment.

### General and administrative expenses

The general and administrative expenses were about 79\$ million for the year ended 31 December 2018, increased by 10% from that of the year ended 31 December 2017. It mainly represented the staff salaries of supporting departments and listing service fees, intermediary agency service fees and share registration fees incurred for the year. The increase for the administrative expenses was mainly due to the internal corporate structure reorganization following the disposal of the entire equity interest in the Target Group held by Hopewell Holdings Limited in April 2018.

### Financial costs

The Target Group incurred about 79\$ million financial costs for the year ended 31 December 2018, increased by about 10% from that of the year ended 31 December 2017. Among them, the interest costs of bank loans during the year amounted to 79\$ million, interest incomes amounted to 79\$ million, and exchange losses amounted to 79\$ million. The increase of financial costs was mainly due to the combined effect of the fact that the accounting period for the consolidation of the Target Group during the year was 12 months more than the accounting period calculated on a consolidated basis in 2017 and net exchange losses including the Target Group's share of the exchange losses arising from the USD loans denominated in US dollars and Hong Kong dollars decreased by 79\$ million.

### Loss for the year

For the year ended 31 December 2018, the loss of the Target Group for the year was approximately 79\$ million, a decrease of 10% over the year ended 31 December 2017. Loss for the year was mainly due to the increased financial costs caused by the high debt ratio and the high funding costs of fixed rate debt. The decrease in losses for the year was mainly due to the fact that the accounting period for the consolidation of the Target Group during the year was 12 months more than the accounting period calculated on a consolidated basis in 2017, resulting in an increase in revenue such as share of results of joint ventures compared with the previous year.

For the year ended 31 December 2018

### Share of results of joint ventures

For the year ended 31 December 2018, the Target Company's share of results of joint ventures after taking into account of the fair value amortization was approximately 79\$ million, a decrease of approximately 10% over the year ended 31 December 2017, of which, 79\$ million was attributable to 8S Expressway, 79\$ million was attributable to 8J West Expressway and 79\$ million was attributable to Gintang Residential Project. The annual toll revenue from the 8S Expressway was about 79\$ million, decreased about 10% from that of the year ended 31 December 2017. The average daily toll revenue and average daily full length equivalent traffic both fell 10% to 79\$ million and 8,000 vehicles, respectively. The significant decrease in toll revenue and traffic volume was mainly due to the waiver of tolls effective from 1 February 2018 to 31 May 2018.

according to the notice from the Ministry of Transport. Toll revenue and traffic volume contributed by passenger vehicles accounts for 70% and 75% of the toll revenue and full-length equivalent traffic of the 8S Expressway respectively.

The annual toll revenue from the 8J West Expressway was about 79 million, decreased about 10% from that of the year ended 31 December 2017. The average daily toll revenue and average daily full-length equivalent traffic for the 1<sup>st</sup> half of 2018 fell 10% and 6% to 79 million and 1,000 vehicles respectively. The significant decrease in toll revenue and traffic volume was mainly due to the waiver of tolls effective from 1 February 2018 to 30 May 2018, according to the notice from the Ministry of Transport and the diversion impact caused by the conversion of Goshan Ring Road into a toll expressway and the closure and transformation of the Shizhou toll station since 1 August 2018. Toll revenue and traffic volume contributed by passenger vehicles accounts for 70% and 75% of the toll revenue and full-length equivalent traffic of the 8J West Expressway respectively.

Gintang Residential Project made significant progress in 2018. The land of the 8S 5D with a book value of 79 million was purchased and stored by the government, and was auctioned off by the Gintang 5D in December 2017. Shenwan Infrastructure, a company of the Target Group, disposed of its 10% equity interest in Gintang 5D in 2018, with a disposal proceeds of 79 million. Since the income has been included in the fair value of the equity investment in the 8S 5D upon the acquisition of 50% real development by Target Company on 1 April 2018, therefore, the Target Company carried forward a corresponding proportion of the equity investment cost when Gintang 5D realized income. In addition, the project is still under construction, the delivery conditions have not been met and the income has not been realized. As of 31 December 2018, the Target Company has confirmed a cumulative investment loss of 79 million in the Gintang 5D under the equity method, which was mainly due to the inability to capitalize part of the interest costs of the project.

General and

## Loss for the year

(or the year ended : - ' eember +, +, , the loss of the Target Group for the year was approximately 79\$+>+. : & million, increased over the year ended : - ' eember +, -\*. The increase in loss for the year was due to the implementation of a toll exemption policy on national toll highways for a total of =\* days from -- (ebruary +, +, to % 9ay +, +, by the Ministry of Transport of the 37C, and the extension the implementation period of toll exemption policy for small passenger cars with = seats or less from the original = days to -) days in +, +, Chinese New Year Holiday, in response to the deployment of the prevention and control of the COVID-19 pandemic. The implementation of above two policies resulted in a significant year-on-year decrease in toll revenue and profit of 8S Expressway and 8J ; est Expressway during the year under review. On the other hand, the discount range of Electronic Toll Collection (ETC) has been expanded from +E to %E since - 5uly +, -\*, which continued to have a slight negative impact on the toll revenue of 8S Expressway and 8J ; est Expressway. In addition, due to the fall in the debt ratio to ))=>E and the appreciation of the 79\$, net foreign exchange gains resulted in a decrease in financial costs.

\$or the seven months ended -1 July +/-1

## Share of results of Joint ventures

(or the seven months ended : - 5uly +, +-, the Target Company's share of results of Joint ventures after taking into account of the fair value amortization was approximately 79\$+&).\*+ million, an increase in income of approximately 79\$>).-- million over the same period in +, +, .unaudited data, of which, 79\$-):. : + million was attributable to 8S Expressway, 79\$\*&.-- million was attributable to 8J ; est Expressway and 79\$.-, .%-1 million was attributable to Gintang Residential Project. The toll revenue of 8S Expressway was approximately 79\$-.)=%.&) million, an increase of approximately )\*.&&E over the same period in +, +, . The average daily toll revenue and the average daily equivalent total traffic volume achieved 79\$=.\*, million and \*-, , , , units, respectively. The annual toll revenue of the 8J ; est Expressway was approximately 79\$=>, .-+ million, an increase of approximately = : .+&E over the same period in +, +, . The average daily toll revenue and the average daily equivalent total traffic volume achieved 79\$:.)> million and %+, , , , units, respectively.

The expected turnaround of 8S Expressway and 8J ; est Expressway is mainly due to the situation of the COVID-19 pandemic. From -- (ebruary to % 9ay +, +, , the implementation of a toll exemption policy on national toll highways resulted in the decrease in toll revenue, and toll collection has been restored in the same period of +, +, . Therefore, the data of average daily toll revenue and traffic volume in this period is incomparable with the data of the same period last year.

## Gintang Residential Project

Gintang Interchange Residential Project has been named as Park Kipper City, with a total construction area of approximately ) , , , , , square meters. The Project will be constructed in three phases. At present, the residential construction project and the interchange renovation project are progressing smoothly as planned. The pre-sale of some residential units in the first phase began in 9ay +, +-. The sales target during the year includes a construction area of approximately = , , , , , square meters, which can be delivered to purchasers

and confirmed revenue as soon as possible. (or the seven months ended : - 5uly +, +-, the Target Company has confirmed a investment loss of 79\$-.% million in the Gintang 5D under the equity method, which was mainly due to the inability to capitalize part of the interest costs of the project.

#### General and administrative expenses

(or the seven months ended : - 5uly +, +-, general and administrative expenses were approximately 79\$+.) million, an increase of % over the same period in +, +, .unaudited data. The slight increase in general and administrative expenses over the same period of last year was mainly caused by a slight increase in employee remuneration and other expenses.

#### Financial costs

(or the seven months ended : - 5uly +, +-, the Target Group incurred financial costs of approximately 79\$>\*.:- million, a decrease of approximately % over the same period in +, +, .unaudited data, of which, the interest costs of bank loans was 79\$-&+.) million, interest income was 79\$&=.+> million, and exchange gains were 79\$).+& million. The decrease in financial costs was mainly due to the repayment of part of bank borrowings with shareholders' investment funds of 79\$-.\*++ billion in September +, +, , resulted in a decrease in interest costs during the period compared with the same period in +, +, , and an increase in interest income during the period.

#### Profit for the year

(or the seven months ended : - 5uly +, +-, the Target Group's profit for the year was approximately 79\$=\*.&> million, realized a turnaround from loss of 79\$: &%.:+ million .unaudited data compared with the same period in +, +, , mainly due to the return to normal toll collections of the 8S Expressway and 8J ; est Expressway under the Target Group, which resulted in a significant year-on-year increase in investment income, and also, the debt ratio remained at )>.% and the funding costs of fixed-rate debt was reduced .+.%E1, resulted in a significant year-on-year decrease in financial expenses.

For the three financial years ended -1 December +/+ and the seven months ended -1 July +/+1

#### Liquidity and Financial Resources

During the three years ended : - ' eember +, +, and the seven months ended : - 5uly +, +-, the Target Group financed its operations and capital expenditure by its internal resources, long term bank loan and loans from a related company. As at : - ' eember +, +-, +, +, and : - 5uly +, +-, total bank loan drawn by the Target Group amounted to about 79\$&,-+\*.\*: million, 79\$&,&)%.\* million, 79\$:(,-+, .+) million and 79\$:(,)+).-+ million respectively. Total loans from a related company amounted to about 79\$&,-+\*.\*: million, 79\$&,>+&.: million, 79\$&,%:(, .) million and 79\$&,&%=& million respectively. Total cash and cash equivalents, including bank deposits and cash on hand amounted to about 79\$+):.&+ million, 79\$+&%.=+ million, 79\$>-.+) million and 79\$-&%,.-= million respectively.



As at 31 December 2019, 2018, 2017, and 30 June 2018, the bank loans were repayable as follows:

	As at 31 December		As at 30 June	
	2019	2018	2017	2018
Within - year or on demand	1,000	1,000	1,000	1,000
After - year but within 1 year	0	0	0	0
After 1 year	0	0	0	0

As at 31 December 2019, 2018, 2017, and 30 June 2018, the loans from a related party were repayable as follows:

	As at 31 December		As at 30 June	
	2019	2018	2017	2018
Within - year or on demand	0	0	0	0
After - year but within 1 year	0	0	0	0
After 1 year	0	0	0	0

As at 31 December 2019, 2018, 2017, and 30 June 2018, approximately 100% of the interest-bearing liabilities of the Target Group are charged with a fixed interest rate.

As at 31 December 2019, 2018, 2017, and 30 June 2018, the gearing ratio of the Target Group is approximately 100%, 100%, 100% and 100% respectively.

#### Interest Rate and Foreign Exchange Risk Exposure

The Target Group closely monitors its exposure to interest rates and foreign currency exchange rates and strictly controls its use of financial instruments. Neither the corporate level nor 5Ds has employed any financial derivative instruments to hedge their exposure to interest rates or foreign currency exchange rates.

#### Treasury Policies

The Target Group continues to adopt proactive but prudent treasury policies in its financial and funding management and closely monitors its liquidity, financial resources and the exchange rate movements, with a view to minimising its funding costs and enhance return on its financial assets. As at 31 December 2019, 2018, 2017, and 30 June 2018, 100%, 100%, 100% and 100% of the bank balances and cash were denominated in US\$, 100%, 100%, 100% and 100% were denominated in HK dollar and the remaining 0%, 0%, 0% and 0% were denominated in KSh dollar and 0% denominated in Japanese Yen.

## Contingent Liabilities

During the year ended 31 June 2015, a subsidiary of the Target Company recovered the registered capital of HK\$10 million (equivalent to 79\$ million) previously injected to the 8S 5D. According to the Law of the PRC on Sino-foreign Equity Joint Venture Enterprise, in relation to the early repayment of registered capital to the foreign joint venture partner by the 8S 5D before the expiry of the operation period, the subsidiary of the Target Company, as the foreign joint venture partner, was required to undertake the financial obligations of the 8S 5D to the extent of HK\$10 million (Financial Obligations) when the 8S 5D failed to meet its financial obligations during the joint venture operation period. On 9 March 2015, the Law of the PRC on Foreign Investment (Foreign Investment Law) was promulgated by the National People's Congress of the PRC. The Foreign Investment Law came into effect on 1 January 2020, according to which, the Law of the PRC on Sino-foreign Equity Joint Venture Enterprise previously applicable to the 8S 5D, was repealed on the same day, and the Financial Obligations were terminated accordingly.

Except for the above, the Target Group had no other material contingent liability as at 31 July 2015.

## Charges on Assets

The Target Group did not have any charges on assets as at 31 July 2015.

## Significant Investments Held

As at 31 July 2015, the Target Group did not have any significant investment.

## Major Customers and Suppliers

There are no major customers and suppliers in view of the nature of the Target Group's business.

## Material Acquisition or Disposal

As set out in the announcements of \$ay "rea' evelopment dated 10 November 2015 and 17 December 2015, respectively, Shenwan Infrastructure, Guangdong Highway Construction, Lealu Investment and Leaxin Investment entered into the 5D "greement and 5D "rticles, pursuant to which, Shenwan Infrastructure, Guangdong Highway Construction, Lealu Investment and Leaxin Investment agreed to jointly establish the Gintang 5D to participate in the bidding for the land use rights of the 3roject Land and, after successful bidding, engage in the subsequent development of residential project on the 3roject Land.

After the successful bidding, the land use rights of the 3roject Land is held by the Gintang 5D which owned as to 100% in aggregate by the 83C8 through Guangdong Highway Construction, Lealu Investment and Leaxin Investment and 100% by the Target Group through Shenwan Infrastructure. Gintang 5D won the bid for the land use rights of the 3roject Land for a land premium of 79\$ million and had entered into the grant contract for the state-owned construction land use rights of the 3roject Land with the Guangzhou Municipal Planning and Natural Resources Bureau on 17 December 2015.

"s set out in the announcements of \$ay " rea ' evelopment dated -- 5une +, +, , -\* 5uly +, +, and -, September +, +, and the circular of the ! arget Company dated +, Hctober +, +, respectively, the ! arget 8roup .through Shenwan #nfrastructure1 and 83C8 .through 8uangdong Highway Construction1 disposed of an aggregate of ), E e<uity interest in the Gintang 5D .representing ++.%E e<uity interest held by Shenwan #nfrastructure and :=%E e<uity interest held by 8uangdong Highway Construction1 together with their respective rights in the corresponding proportion of the shareholders' loans to Gintang 5D .including the outstanding accrued interests thereof1 through public tender ./Dis0osal01.

Hn -, September +, +, , Shenwan #nfrastructure and 8uangdong Highway Construction .as transferor1 and Shenzhen 7un #nvestment .as transferee1 entered into a transaction contract in respect of the ' isposal. Hn the same day, Shenwan #nfrastructure, Lealu #nvestment, Leaxin #nvestment and Shenzhen 7un #nvestment entered into the Cew 5D " greement and " mended 5D " rticles. ! he ! arget 8roup .through Shenwan #nfrastructure1, 83C8 .through Lealu #nvestment and Leaxin #nvestment1 and Shenzhen 7un #nvestment holds -%E, +%E .in aggregate1 and ), E of its e<uity respectively.

Hn -- September +, +, , the consideration received by Shenwan #nfrastructure from the ' isposal was approximately 79\$-, , \* million, including .ii the consideration for the disposal of its ++.%E e<uity interest in Gintang 5D of approximately 79\$%%> million and .iii its ++.%E shareholder's loans .together with the outstanding accrued interests thereof1 as at :- ' eember +, -, \*, its 3ost4Daluation ' ate #nterests and 3ost4Daluation ' ate Shareholders' Loans and #nterests in aggregate of approximately 79\$%:+ million. ! he ' isposal realised the pre4tax gain on ' isposal of approximately 79\$%%& million and the post4tax profit from ' isposal of approximately 79\$&, \* million for the ! arget 8roup.

Except for the above, the ! arget Company's subsidiaries and associated companies did not make material ac<quisitions or disposals as at :- 5uly +, +, .

#### \$mployees and Oemuneration Policies

! he ! arget 8roup provides competitive remuneration packages that are determined with reference to prevailing salary levels in the market and individual performance. #t offers share option and share award schemes to eligible employees in order to provide them with incentives and to recognize their contributions and ongoing efforts. #n addition, discretionary bonuses are granted to employees based on their individual performance as well as the ! arget 8roup's business performance. #t also provides medical insurance coverage to all staff members and personal accident insurance to senior staff members.

"s at :- ' eember +, -, +, -, \*, +, +, and :- 5uly +, +, , the ! arget 8roup .excluding boint venture1 had : , , :), : \* and &- employees. ! he total remuneration paid to employees were 79\$-+.%- million, 79\$+:.&) million, 79\$++.-+ million and 79\$-&.%\* million respectively.

#### 3uture Plans for / aterial 5n+estments or Capital Assets

"s at the Latest 3racticable ' ate, save for material ac<quisition and disposal disclosed above, the ! arget Company did not have any future plan for material investments or addition of capital assets for the year ending :- ' eember +, +, .

## Segmentation 5nformation

' uring the reporting period, the main revenue of business segments of the ! arget 8roup was derived from the investment income generated by the two toll expressway projects in the 37C .namely, 8S Expressway and 8J ; est Expressway1 and the Gintang 7esidential during the reporting period. ! he franchise rights of 8S Expressway and 3hase #, 3hase ##, and 3hase ### of 8J ; est Expressway will expire in 5une +, +=, September +, ::, 5une +, :%, and 5anuary +, :>, respectively. (or the detailed results and data during the reporting period, please refer to /Share of results of Joint ventures0 set out above.

The following is the text of a report set out on pages III # 3 to III # H5, received from the ! ompany/s reporting accountants, Deloitte )ouche )ohmatsu, ! ertified Pu-lic +ccountants, ==P, for the purpose of incorporation in this circular,

# Deloitte.

# 德勤

## ACCO#NTANTS6 RE' ORT ON ! ISTORICA \$INANCIA IN\$ORMATION O\$ S! EN%! EN IN&ESTMENT INTERNATIONA CA' ITA ! O DIN(S IN\$RASTR#CT#RE CO)\* TD

TO T! E DIRECTORS O\$ S! EN%! EN E. ' RESS7A, COM' AN, IMITED

### Introduction

; e report on the historical financial information of Shenzhen #nvestment #nternational Capital Holdings #nfrastructure Co., Ltd .the /Tar8et Co30any01 and its subsidiaries .together, the /Tar8et ( rou001 set out on pages ###Q& to ###Q>\*, which comprises the consolidated statements of financial position of the ! arget 8roup as at ' eember :-, +, ->, +, -\* and +, +, and 5uly :-, +, +-, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in e<uity and the consolidated statements of cash flows of the ! arget 8roup for each of the three years ended ' eember :-, +, +, and the seven months ended 5uly :-, +, +- .the /Relevant ' eriods01 and a summary of significant accounting policies and other explanatory information .together, the /! istorial \$inanial Infor3ation01. !he Historical (inancial #nformation set out on pages ###Q& to ###Q>\* forms an integral part of this report, which has been prepared for inclusion in the circular issued by Shenzhen Expressway Company Limited .the /Co30any01 dated +& Covenber +, +- .the /Cir1ular01 in connection with the ma8or transaction and connected transaction in relation to the ac<uisition of ! arget Company.

### Dire1tors6 res0onsibility for the ! istorial \$inanial Infor3ation

! he directors of the ! arget Company are responsible for the preparation of Historical (inancial #nformation that gives a true and fair view in accordance with the basis of preparation set out in Cote ## to the Historical (inancial #nformation, and for such internal control as the directors of the ! arget Company determine is necessary to enable the preparation of Historical (inancial #nformation that is free from material misstatement, whether due to fraud or error.

! he directors of the Company are responsible for the contents of this Circular in which the Historical (inancial #nformation of the ! arget 8roup is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

### Re0ortin8 a1lountants6 res0onsibility

Hur responsibility is to express an opinion on the Historical (inancial #nformation and to report our opinion to you. ; e conducted our work in accordance with Hong ong Standard on #nvestment Circular 7eporting Engagements +, , /" ccountants@ 7eports on Historical (inancial #nformation in #nvestment Circulars0 issued

by the Hong ong #nstitute of Certified 3ublic " ccountants .the /! 4IC' A01. ! his standard re<uired that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical (inancial #nformation is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical (inancial #nformation. ! he procedures selected depend on the reporting accountants' Judgement, including the assessment of risks of material misstatement of the Historical (inancial #nformation, whether due to fraud or error. #n making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical (inancial #nformation that gives a true and fair view in accordance with the basis of preparation set out in Cote ## to the Historical (inancial #nformation in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the ! arget Company, as well as evaluating the overall presentation of the Historical (inancial #nformation.

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

#### Opinion

#n our opinion the Historical (inancial #nformation gives, for the purposes of the accountants' report, a true and fair view of the ! arget Group's financial position as at ' ebruary : -, +, ->, +, -\* and +, +, and 5uly : -, +, +- and of the ! arget Group's financial performance and cash flows for the 7elevant 3eriods in accordance with the basis of preparation set out in Cote ## to the Historical (inancial #nformation.

#### Review of stub 0eriod 1o30arative finan1ial infor3ation

; e have reviewed the stub period comparative financial information of the ! arget Group which comprises, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in e<uity and the consolidated statement of cash flows for the seven months ended 5uly : -, +, +, and other explanatory information .the /Stub ' eriod Co30arative \$inan1ial Infor3ation01. ! he directors of the ! arget Company are responsible for the preparation of the Stub 3eriod Comparative (inancial #nformation in accordance with the basis of preparation set out on in Cote ## to the Historical (inancial #nformation. Our responsibility is to express a conclusion on the Stub 3eriod Comparative (inancial #nformation based on our review. ; e conducted our review in accordance with Hong ong Standard on 7eview Engagements +&-, /7eview of #nterim (inancial #nformation 3erformed by the #ndependent " uditior of the Entity0 issued by the H #C3". " review consists of making in<quiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. " review is substantially less in scope than an audit conducted in accordance with Hong ong Standards on " uditing and conse<quently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. " ccordingly, we do not express an audit opinion. \$ased on our review, nothing has come to our attention that causes us to believe that the Stub 3eriod Comparative (inancial #nformation, for the purposes of accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Cote ## to the Historical (inancial #nformation.

Re0ort on 3atters under the Rules (overnin8 the istin8 of Se1urities on the Sto1? E>1han8e and the Co30anies (7 indin8 u0 and Mis1ellaneous ' rovisions) Ordinan1e

Ad2ustments

#n preparing ! he Historical (inancial #nformation, no ad2ustments to the Knderlying (inancial Statements as defined on page ### 4 & have been made.

Di+idends

; e refer to Cote D .++1 to the Historical (inancial #nformation which contains information about the dividends paid by the ! arget Company in respect of the 7elevant 3eriods.

Deloitte Tou1he Toh3atsu  
! ertified Pu-lic +ccountants  
==P

Covember +&, +, +-

! HISTORICA \$INANCIA IN\$ORMATION O\$ T! E TAR(ET (RO#'

' reOaration of ! istori1al \$inan1ial Infor3ation

Set out below is the Historical (inancial #nformation which forms an integral part of this accountants® report.

The consolidated financial statements of the Target Group for the relevant periods, on which the Historical (inancial #nformation is based, have been prepared in accordance with the "ccounting Standards for \$usiness Enterprises issued by Ministry of (inance of the PRC ./CAS2E01 and were audited by us in accordance with Hong ong Standards on "uditing issued by the H #C3" ./#nderlyin8 \$inan1ial State3ents01.

The Historical (inancial #nformation is presented in Renminbi ./RM201.



CONSO IDATED STATEMENTS O\$ \$INANCIA ' OSITION

+\* +) DE! E1' E\$ 23, 403H, 4035 +ND 4040 +ND F6=7 23, 4043

\$ 1'

Ite3s	Note D	T! E TAR(ET (RO#'			
		As at July -1* +/-+1	As at De1e3ber -1* +/-+	As at De1e3ber -1* +/-1<	As at De1e3ber -1* +/-1G
<b>Current Assets</b>					
\$ank balances and cash	3	-,%&-,, :>,-=:.&&	>+,-=*,%&.,	+&%,+,->=%>:	)>:,&:,+,+-.&*
(inancial assets at fair value through profit or loss	4	:*)&* &, &,-	>, -,%&, :,-: .+*	Q	Q
3repayments		&&&,+*.*>*	%&%,, =&.%%	>- *,&, >:.)	Q
Hther receivables	2	,, , , , , %.)=	+*+,*>.%&	)>,+*>:=	)>, , >&.-%
Hther current assets	9	: , * , % = * * : : = %	+ = , , & * , % , , , ,	Q	Q
Total Current Assets		+ , - % = > ) = , % & . > )	- , ) % = , % = , - > > , , >	+ & ) , , * , % > + % )	+ ) & , - , > : , , % . ) &
<b>NonE1urrent Assets</b>					
Long4term receivables	:	& , , = * + , + = & , :	: + + , = > : , * % , > :	: - - , + & , % : : : :	Q
Long4term e<uity investments	@	* , > & , , , = , - : , , =	* , = + % , % : > - : . + >	- , , % * : , * % > , % & . ) ,	- , , > : & , + - , > > : : )
E<uity instrument at fair value through other comprehensive income	E	- * , % , , , , , , , , ,	: - , , , , , , , , , , , , ,	+ + ) , , , , , , , , , , , , ,	- - , - , , , , , , , , , , , , ,
(ixed assets	H	- , = > + , - % + = =	+ , - - , , ) - - = +	- , % & ) , - * = & .	- , + * - , , > - , , >
8oodwill	5	+ , + , > * : , - : - + ,	+ , + , > * : , - : - + ,	+ , + , > * : , - : - + ,	+ , + , > * : , - : - + ,
Total NonE1urrent Assets		- , , - , % , : , = , > > , =	- , , + & , % & - , % , = , :	- - , - : + , + + , - : - ) . % :	- - , , & * , % , - , , * % . ) &
TOTA ASSETS		- + , + ) + , * , % , + : & . * :	- - , * : , - - - , ) * % . - -	- - , : = > : : , + * * , *	- - , - : : , ) , * & , - , + >
<b>Current liabilities</b>					
Short4term borrowings	30	% * > , - , ) , : + . ) )	: + & , % * > , * ) + , , )	+ , - > = , > , % , = : > %	+ , % % , , : & , % * ) . % +
Employee benefits payable	33	% , - ) - , + + : . + *	& , & , > , & , + - )	> , ) * = : , * , > -	= , > > , > , & . > )
! ax payable	34	& , * , ) , > ,	- & ) % > , % = * % )	Q	Q
Hther payables	32	- , , : & + , = = :	* , & : > , > * * = &	: , * % ) , + - - , , >	) , - : - , - ) + . * +
Con4current liabilities due within one year	39	: , * & , * = & , * > - * =	: : & > = ) % , - & > . > )	- , * , + : % , = = & & &	: ) , = * % % ) . * +
Hther current liabilities	3:	: , + % ) , , * + + -	- , % , & , > % : . > )	Q	Q
Total Current liabilities		& . ) & > , + % , * * + . ) )	: , * - , + > & , > & ) . : :	+ , : , * , ) * & , * * * . - >	+ , ) , & , = : % , - + - . + +
<b>NonE1urrent liabilities</b>					
Long4term borrowings	3@	- , + + , & + , > ) ) * . +	+ , , : % : = % , - ) = , , ,	+ , - = - ) & % , = : , , , +	- , % & : - > ) , & . ) +
' eferred tax liabilities	3E	- + , , ) % > , ) = : = &	= , ) , + % , + : . & &	> , , ) > , % = , . =	* ) > > , , % = , %
Hther non4current liabilities	3H	- , * + , , , + > , % , > > ,	- , * & : % > & , : , = + ,	& , > + + & : - > , & , , ,	& , = - ) , * = % % ) , , ,
Total NonE1urrent liabilities		: , = ) : , - - % , > % + + )	& , , % & , * > & , = * = . ) &	= , = & , = & ) , - , & . - *	: ) , + * , = & , + & = . ) =
TOTA IA2I ITIES		> , & - - , : ) , > & & . * +	= , * = - + , * ) & : . * =	* : > & , & & - , : : =	> , * : & , * , : ) > > *
<b>E?K#! 6</b>					
Share capital	35	: + + , * : , , , ,	: + + , * : , , , ,	: + + , * : , , , ,	: + + , * : , , , ,
Capital reserve	40	+ , = - > , * - % , * * & . > :	+ , ) > , > = * , & % = . * *	% = : - = * , - = & . * %	: & - , ) % > : , > = . ) >
Hther comprehensive income	43	. % ) = > > + , ) & - , = 1	. ) & + : % * , , , ) . % * 1	- , - % - , : , * , * ) . : = 1	* % % > , > , = * . * + 1
" ccumulated losses	44	- , - = % , : > + , : = * ) * 1	* = % , & : = & * & , : 1	. & * - , % : > , & * : : 1	- . ) & , + = : , ) - , + , 1
E<uity attributable to owners of the Company		* = % , * = : , * & , =	- , , ) > , & , % > > = : =	- , , , ) * , , = % , ) > & & . & 1	= = > - , - , , - > - > 1
Con4controlling interests		+ , > = % , % ) & , & > % . * &	+ , > * ) & : - ) : = =	: , , ) , & ) > > , . =	: , - % = , , - , - , & , +
TOTA E" #IT,		: , > % , % : > , * , , -	: , * ) & > + , % - - &	- , * * & : * + , * % . = +	+ , : = > , , , , , : + . *
TOTA E" #IT, AND IA2I ITIES		- + , + ) + , * , % , + : & . * :	- - , * : , - - - , ) * % . - -	- - , : = > : : , + * * , *	- - , - : : , ) , * & , - , + >

STATEMENTS O\$ \$INANCIA ' OSITION

+\* +) DE! E1' E\$ 23, 403H, 4035 +ND 4040 +ND F6=7 23, 4043

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Ite3s	T! E TAR(ET COM' AN,			
	As at July -1* +/+1	As at De1e3ber -1* +/+1	As at De1e3ber -1* +/1<	As at De1e3ber -1* +/1G
<b>Current Assets</b>				
\$ank balances and cash	+=%,+)=,&--,-,	) ,++:, , &&.)>	- *%,*:) ,)*+, :	-+ : ,+* ,-->.:)
Hther receivables	Q	+-*,%&, ,>.-+	Q	Q
Total Current Assets	+=%,+)=,&--,-,	+> ,> , =, , >+> ,	- *%,*:) ,)*+, :	-+ : ,+* ,-->.:)
<b>NonE1urrent Assets</b>				
Long4term e<uity investments	>,>: )&&-,+ ) ,=*	>,*&&,>%,>--.*>	*,%+, , * ,&, =.%:	*: -+,%*:, , -% , &
Total NonE1urrent Assets	>,>: )&&-,+ ) ,=*	>,*&&,>%,>--.*>	*,%+, , * ,&, =.%:	*: -+,%*:, , -% , &
<b>TOTA ASSETS</b>	* ,--,-, = ,> ,)->*	* ,+ , ) ,)%=>* &.>	* ,=- ,> & , , **%)	* ,& : % , * ,+ , - : : .& ,
<b>Current liabilities</b>				
Short4term borrowings	Q	Q	- * , ) , ) = * , : + . % %	+ , % % , , : & , % * ) . % +
Hther payables	* = , & + = , % > . ) %	& , : % * . & >	Q	+ , ) > , ) > + + -
Con4current liabilities due within one year	: , * & , % % & , & % : . * =	: , : & > , ) : , > : : : &	- , * , + : % , = & & &	: % , ) = * , % % ) . * +
Total Current liabilities	& , : = , * > + , + + . ) +	: , : & > , ) > , * + . > +	+ , , - % , * - % , , * ) . **	+ , % * : , : * & , > : % . ) %
<b>NonE1urrent liabilities</b>				
Long4term borrowings	) & , % : + , , > * . & +	- , + > - : = : & > + , , >	+ , - = - ) & % = : , , +	- , % & : , - ) > , : & . ) +
Hther non4current liabilities	- , * , + , , + > , % , > , >	- , * & : , % & , : , = + ,	& , > + + , & : - , > , & , ,	& , = - ) * - = % % ) . , ,
Total NonE1urrent liabilities	+ , % ) , % , % * > . , &	: , + + & , * % = , = * . + >	) , * * & , = : % : & , +	) , + , , , > , - * , . ) +
<b>TOTA IA2I ITIES</b>	) , ) , & , % & + , - , )	) , % = : , ) % , * > + , - ,	* , , , * , * * + , ) : - , -	> , > % : , & > - , , ) . + =
<b>E" #IT,</b>				
Share capital	: + + , * : , , ,	: + + , * : , , ,	: + + , * : , , ,	: + + , * : , , ,
Capital reserve	+ , % > + , + > = , % + = . = )	+ , % & * , + % , , * , , * +	& : ) , % % , = , = . >>	+ , % , + * , * + , . ) -
Hther reserve	. - + : , % ) , = > . ) % 1	. * + , = > - , % : . ) . ) 1	- * , - & * , - + ) . = :	- & , : + , & ) . ) >
" ccumulated gains	& > , - + + , - = + - +	- * ) , + : * , % + = . > +	+ % , > : , , = , : . * &	: ) + , = ) - = * , . + &
TOTA E" #IT,	+ , % , = - ) % , > ) - + :	+ , ) % : , : - , * - + . ) >	= , ) , > % : , & ) > . % %	% > + , & & - , = - : :
<b>TOTA E" #IT, AND IA2I ITIES</b>	* , - - - , = , > , ) - > *	* , + + , ) , % = , > * & . >	* , = - , > & ) , , ** . %	* , & : % , * , + , - : : . & ,

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2014

AND FOR THE PERIOD ENDED FROM 2013 TO 2014

\$ '1

Items	Note	Seven Months ended				
		Seven Months ended	July 1 to /	Year ended	Year ended	Year ended
		July 1 to /	(unaudited)	December 31 to /	December 31 to /	December 31 to /
I) Revenue		Q	Q	Q	Q	Q
Less: Cost of services		Q	Q	Q	Q	Q
Taxes and surcharges	42	Q	Q	Q	Q	- , , * % , & ) + & =
Administrative expenses	49	+ , ) - + , ) > ) + =	+ - , ) + % , - : : + %	: ) , , - , , : * : - &	: = - & & , > , ) : .	: % , > = - , > % , , )
Financial costs	4:	> * : - % , > + , ) %	= : , % % = - & = : = ,	+ : = > > + , > > > +	: % - , - , ) * , + ,	: - & , : * , % + : . ) :
Including interest expenses		- & + , ) - > , > , : &	+ , = , ) * , % & * :	: , * , * , : , : , + *	: % - , & ) & , * > % - -	: , * , : = , % % , + >
Interest income		& = + = , ) = > > -	: % , % % = > * + , + :	% * , ) = - % % & , : :	: , : * , > & % -	- - , ) + = + + + % &
Other income		Q	Q	: , * > , : = : , &	: % = * = + ,	+ - & , * & , ) ,
Investment income losses	4e	+ & = % + - , & ) & - >	- : * , - * & , ) > > - = 1	- % = * , , , * > % :	& , + & % = ) ) % + *	+ = : = * & , & ) * > =
Including income losses from investments in associates and joint ventures		+ & , ) * - = & ) & - >	- : * , - * & , ) > > - = 1	: : > > ; + - , & + & % 1	: * * , : = ) ) % + *	+ = : - * & , & ) * > =
Gains from changes in fair values		- & * & , * & , & - -	Q	- , % , : , + : , + *	Q	Q
II) Operating Profit (loss)						

CONSO IDATED STATEMENTS OF CASH FLOWS  
 FIVE YEARS ENDED DECEMBER 31, 2013, 2012, 2011, 2010, 2009  
 AND ENDED FEBRUARY 23, 2008

\$ in millions

Items	Note	Seven Months	Seven Months	Year ended	Year ended	Year ended
		ended July 31, 2013	ended July 31, 2012	December 31, 2012	December 31, 2011	December 31, 2010
<b>Operating Activities</b>						
Cash received from customers	4H 3	1,234	1,100	1,234	1,100	1,234
Subtotal of cash inflows from operating activities		1,234	1,100	1,234	1,100	1,234
Cash payments to employees		(100)	(90)	(100)	(90)	(100)
Cash payments for taxes		(50)	(45)	(50)	(45)	(50)
Other cash payments relating to operating activities	4H 4	(100)	(90)	(100)	(90)	(100)
Subtotal of cash outflows from operating activities		(250)	(225)	(250)	(225)	(250)
Net Cash used in Operating Activities	45 3	984	875	984	875	984

Ite3s	Note D	Seven 3onths	Seven 3onths	, ear ended	, ear ended	, ear ended
		ended July -1*	ended July -1*	De1e3ber -1*	De1e3ber -1*	De1e3ber -1*
		+ /+1	+ /+ / (unaudited)	+ /+ /	+ /1 <	+ /1 G
Other cash received relating to financing activities	4H : "	Q	Q	Q	Q	=,+,+,+,+*,>=+,+,
Subtotal of cash inflows from financing activities		-),>,&+),%>&.*:	+,>.*=>*,+>*,.,,	%,--,-,%>):&>%	-,+>,>%>:=)&	+,-,*)-,%-:,*)>>>
Cash repayments of borrowings		-,,))>+>+>-,: :	-,*+>->*,>>),.,,	&,+*,>&&,,=&.-=	-,,,:>:,+>=:.*	--,&->+,+,&*.+>
Cash payments for distribution of dividends or profits or settlement of interest expenses		: ->=&,>),.*)	+>:-,;>+,%&-,,=	&-),->:,+>=&%	%%,*)+>:-:.>	%&=,,: :.%%,%
#including? payments for distribution of dividends or profits to minority owners of subsidiaries		: ,>=-,%)*.=)	Q	*%,*:, ,&+=%%	-*&,%*&,%)=.+>	+*+>),,=:+>=
Other cash payments relating to financing activities	4H @"	Q	Q	Q	Q	+,*%:,+)%,%+>>
Subtotal of cash outflows from financing activities		-:;>&,%&+,-&-.**	+>+,>,%>+&+>.,=	&,) +%:, +&:,)-)+	-,%%*,=)),>>==	-&,*->,%,,&%).**
Net Cash from (used in) financing activities		+>:,>&,&&+.*&	):-,>:-,)>)*.:	&>=:&,+>:.-+>	.,+>*,=,%+,,:1	=,;&:,,-,%-->*
I&) Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		=>&,&:.-+>	.-,,-,>:,+>.-)1	.>+,%-,,&:.-=1	)),,;>*.-&	.-+>+&*,>.,=1
&) Net Increase (Decrease) in Cash and Cash Equivalents		>)>*,%*,+&.>)	--,,),*,+>+>	: :%,&&+>),,,: :	.-=,)*&,&&.),1	+):,&-):,,:&:
" dd? Opening Balance of Cash and Cash Equivalents	45 2"	%>+>)&):%>)	+&%>+>,>=%>:	+&%>+>,>=%>:	+):,&-):,,:&:	Q
&I) Closing Balance of Cash and Cash Equivalents	45 2"	-,&%,,=-,%) ,.-+>	+%)>*,>=:.%	%>+>)&):%>)	+&%>+>,>=%>:	+):,&-):,,:&:

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Seven 3onths ended July -1\* +/-/ (#naudited)

Attributable to o=ners of the Tar8et Co30any

lte3s	Share 1a0ital	Ca0ital reserve	Other reserve	A11u3ulated losses	NonE1ontrollin8 interests	Total
##. "s at 5anuary - , + , +	: ++ , * , , , ,	% = : , - = * , - = & , * %	. - , - % - , : * , + * ) : = 1	. & * - , % : > , & * : , : 1	: , , ) : , & ) = > , , - =	- , * * & , : * , - * % = +
##. Changes for the period	Q	- = , & - + , & + + , *	) & , * , = , ) & , - > 1	. & * * : - - , : + * = 1	. % + , - ) & & ) * . = % 1	. & : > , * , = , + , , , 1
. #1 3rofit and total comprehensive income loss1	Q	Q	) & , * , = , ) & , - > 1	. + * : , , > * , > - - , - , 1	. % + , - ) & & ) * . = % 1	. & - , - ) - > * - , : 1
. #1 Hwners@ contributions and reduction in capital	Q	- = , & - + , & + + , *	Q	Q	Q	- = , & - + , & + + , *
- . Hwners@ contributions in capital	Q	% * , & ) > % , , , ,	Q	Q	Q	% * , & ) > % , , , ,
+ . Hthers	Q	- = , * & : , * + + , *	Q	Q	Q	- = , * & : , * + + , *
. ##1 3rofit distribution	Q	Q	Q	. + , ) , + + - , + % - > = 1	Q	. + , ) , + + - , + % - > = 1
- . ' ividends distributed to shareholders	Q	Q	Q	. + , ) , + + - , + % - > = 1	Q	. + , ) , + + - , + % - > = 1
###. "s at 5uly : - , + , +	: ++ , * , , , ,	= % , % * - , % * = > %	. - , + - % , * & ) , * : ) . % % 1	. * * , , > & * , % + ) , , , 1	: , , - - , : , : , & - , & +	- , % % % , & + - , & = % = +

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Items	Year ended December 31, 2014					
	Attributable to owners of the Target Company					
	Share Capital	Capital reserve	Other reserve	Accumulated losses	Noncontrolling interests	Total
Balance at January 1, 2014	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Changes for the year	Q	+,-,+,,+>:.,&	%,>,>,+>*.=>	.&,>,*,,,-,.,1	.-)=,)=,*,-.+1	-(%),&,>%=:
Profit and total comprehensive income	Q	Q	%,>,>,+>*.=>	.+==)=,*,-.+1	-(%),&,>%=:	+&),)=,&-):.*
Owners' contributions and reduction in capital	Q	+,-,+,,+>:.,&	Q	Q	Q	+,-,+,,+>:.,&
Owners' contributions in capital	Q	-,*,+,,*,&&*&=	Q	Q	Q	-,*,+,,*,&&*&=
Others	Q	->*,=,*,>:.%=	Q	Q	Q	->*,=,*,>:.%=
Profit distribution	Q	Q	Q	+,),+,-,+%->>1	.->+),)%*+,-:1	:>>,%=>&&,-1
Dividends distributed to shareholders	Q	Q	Q	+,),+,-,+%->>1	.->+),)%*+,-:1	:>>,%=>&&,-1
Balance at December 31, 2014	1,000,000	+),>%=>*,&&=**	.)&+,:%*,,,).%*1	.*=%,&:=,&*&.,:1	+,>*,&(-):.=	:,*),&,>&+,%-&



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Items	Year ended December 31, 2014					
	Attributable to owners of the Target Company					
	Share Capital	Capital reserve	Other reserve	Accumulated losses	Noncontrolling interests	Total
Balance at January 1, 2014	1,111,000	1,111,000	1,111,000	1,111,000	1,111,000	1,111,000
Changes for the year	Q	+1,111,000	-1,111,000	+1,111,000	-1,111,000	Q
Profit and total comprehensive income	Q	Q	-1,111,000	+1,111,000	1,111,000	1,111,000
Owners' contributions and reduction in capital	Q	+1,111,000	Q	Q	Q	+1,111,000
Owners' contributions in capital	Q	+1,111,000	Q	Q	Q	+1,111,000
Others	Q	+1,111,000	Q	Q	Q	+1,111,000
Profit distribution	Q	Q	Q	+1,111,000	-1,111,000	Q
Dividends distributed to shareholders	Q	Q	Q	+1,111,000	-1,111,000	Q
Balance at December 31, 2014	1,111,000	1,111,000	1,111,000	1,111,000	1,111,000	1,111,000

\$ 1'

Items	Year ended December 31, 2016						Total
	Attributable to owners of the Target Company						
	Share Capital	Capital reserve	Other reserve	Accumulated losses	Noncontrolling interests		
Balance at January 1, 2016	Q	Q	Q	Q	Q	Q	
Changes for the year	: +, *, , , ,	: &-, )%>, : >=.)>	. *%%>, >, =*.*+*1	.-)&, +=:.)-, ., +, 1	: ; -% =, , , -, , &., +,	+; : >, * , , , , : +: *	
Profit and total comprehensive income							
Loss	Q	Q	. *%%>, >, =*.*+*1	.-)&, +=:.)-, ., +, 1	&>, >: ) , +&.)&	.-, =-, +&%)&>%1	
Owners' contributions and reduction in capital	: +, *, , , ,	: &-, )%>, : >=.)>	Q	Q	: ; >>, %-, )+>, &=	: ; =, , , , : +, *&). -%	
Owners' contributions in capital	: +, *, , , ,	-%+, *>%+, +)=)*	Q	Q	Q	-%. : ; , >, * =)*	
Others	Q	->>, )=; - , *.*	Q	Q	: ; >>, %-, )+>, &=	: ; %=) , =+&, &>.&)	
Profit distribution	Q	Q	Q	Q	. + = * , >> = , + &> , * - 1	. + = * , >> = , + &> , * - 1	
Dividends distributed to shareholders	Q	Q	Q	Q	. + = * , >> = , + &> , * - 1	. + = * , >> = , + &> , * - 1	
Balance at December 31, 2016	: +, *, , , ,	: &-, )%>, : >=.)>	. *%%>, >, =*.*+*1	.-)&, +=:.)-, ., +, 1	: ; -% =, , , -, , &., +,	+; : >, * , , , , : +: *	

## NOTES TO T! E ! ISTORICA \$INANCIA IN\$ORMATION

F%\$ E+! & %F )&E )&\$EE 7E+\$\* ENDED DE! E1' E\$ 23, 4040,  
+ND )&E \*EDEN 1%N)&\* ENDED F6=7 23, 4043

## I) ( ENERA IN\$ORMATION

Shenzhen #nvestment #nternational Capital Holdings #nfrastucture Co., Ltd. ./the ! arget Company0, collectively referred to as /the ! arget 8roup0 when including subsidiaries1 is incorporated in the \$ritish Dirgin #slands with limited liability on ' eember ->, +, -=.

! he ! arget Company is an investment holding company. ! he ! arget 8roup focuses on initiation, promotion, development and operation of toll expressways and bridges as well as land development and utilisation along with the Buangshen Superhighway in the 37C through its 8oint ventures established in the 37C.

! he parent company of the ! arget Company is Shenzhen #nvestment Holdings .S#H1 #nternational Capital Holdings Co., Ltd. which is a limited company incorporated in Hong ong, the ultimate holding parent company is Shenzhen #nvestment Holdings Co., Ltd., and the ultimate actual controller is the State4owned " ssets Supervision and " dministration Commission of Shenzhen 9unicipal 3eople's 8overnment.

## II) 2ASIS O\$ ' RE' ARATION O\$ ! ISTORICA \$INANCIA IN\$ORMATION

## 2asis of Ore0aration

! he ! arget Company is incorporated in the \$ritish Dirgin #slands, in view of the re-uirements on the management of the ! arget Company to prepare financial statements in accordance with the " ccounting Standards for \$usiness Enterprises promulgated by 9inistry of (inance of the 3eople's 7epublic of China and relevant regulations thereto .hereinafter referred to as /the C" S\$E01, the ! arget 8roup prepared the Historical (inancial #nformation in accordance with the C" S\$E. #n addition, the ! arget 8roup also discloses financial information in accordance with the 3eparation Convention of #nformation ' isclosure by Companies Hffering Securities to the 3ublic Co. -% 4 8eneral 7ules on (inancial 7eporting .7evised in +, -&1.

## (oin8 1on1ern

" s at 5uly :-, +, +-, the ! arget 8roup had net current liabilities of 79\$+,&\*, ,: >:,&&%.>, . " s the ! arget Company's ultimate holding parent company, Shenzhen #nvestment Holdings Co., Ltd. has agreed to provide all necessary financial support to the ! arget Company during the period when it has continued to be the ! arget Company's shareholder, until completion of the ac<uisition of the ! arget 8roup by Shenzhen Expressway Company Limited. ! hereafter, Shenzhen Expressway Co., Ltd. will continuously provide all necessary financial support to the ! arget 8roup in the future no less than +- months so as to maintain the ! arget 8roup's ability to continue as a going concern, the financial statements have been prepared on a going concern basis.

## 2asis of a11ountin8 and Orin1i0le of 3easure3ent

! he ! arget 8roup has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the ! arget 8roup adopts the historical cost as the principle of measurement in the financial statements. ; here assets are impaired, provisions for asset impairment are made in accordance with relevant re<uirements.

; here the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash and cash e<uivalents paid or the fair value of the consideration given to ac<uire them at the time of their ac<uisition. Liabilities are recorded at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash and cash e<uivalents expected to be paid to settle the liabilities in the normal course of business.

(air value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurements date, regardless of whether that price is directly observable or estimated using valuation technique. (air value measurement and/or disclosure in the financial statements are determined according to the above basis.

; hen measuring non-financial assets at fair value, the capability of market participants to use the assets for optimal use to generate economic benefits, or to sell the assets to other market participants that can be used for optimal use to generate economic benefits is considered.

(or financial assets whose transaction price is the fair value upon initial recognition and using valuation technique involving unobservable inputted value in subsequent measurement of fair values, the valuation technique should be adjusted during the valuation to make the results of initial recognition determined by valuation are equal to the transaction price.

(air value measurements are categorized into Level -, + or : based on degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

V Level - inputs are quoted prices unadjusted in active markets for identical assets or liabilities that the entity can access at the measurement date.

V Level + inputs are inputs, other than inputs within Level -, that are observable for the asset or liability.

V Level : inputs are unobservable inputs for the asset or liability.

### III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

#### 1) Statement of financial position with the CAS 2014

The Historical financial information of the Target Company have been prepared in accordance with the CAS 2014, and present truly and completely, the consolidated financial position as at 31 July 2014, 31 December 2014, 31 December 2015, 31 December 2016, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the three years ended 31 December 2014, 2015, and the seven months ended 31 July 2016.

#### 2) Accounting period

The Target Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December. The operating cycle of the Target Company and its subsidiaries is one year.

#### 3) Operating cycle

The operating cycle refers to the period since when an enterprise purchases assets for processing purpose till the realization of those assets in cash or cash equivalents.

#### 4) Reporting currency

The major subsidiaries and joint ventures of the Target Company have US\$ as their functional currency according to their primary economic environment. The Target Company adopts US\$ as reporting currency to prepare its Historical financial information.

F) Accounting treatment of business combinations

Business combinations are classified as business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

7.1 Business combinations involving enterprises under common control

" business combination involving enterprises under common control is a business

## B) ' reOaration of ! istorial \$inancial Infor3ation

! he scope of consolidation in the Historical (inancial #nformation is determined on the basis of control. Control is the power over the investee, exposures or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. #f changes of related facts and situations lead to changes of related elements of control, the ! arget 8roup will conduct reassessment.

! he combination of subsidiaries begins with controlling the subsidiary by the ! arget 8roup, and ceases with the ! arget 8roup's losing control of the subsidiary.

(or a subsidiary disposed of by the ! arget 8roup, the operating results and cash flows before the date of disposal .the date when control is lost1 are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

(or a subsidiary ac<uired through a business combination not involving enterprises under common control, the operating results and cash flows from the ac<quisition date .the date when control is obtained1 are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

Co matter when the business combination occurs in the reporting period, subsidiaries ac<uired through a business combination involving enterprises under common control are included in the ! arget 8roup's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. ! heir operating results and cash flows from the beginning of the earliest reporting period are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

! he significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the ! arget Company.

" ll intragroup assets and liabilities, e<quity, income, expenses and cash flows relating to transactions between members of the ! arget 8roup are eliminated in full on consolidation.

! he portion of subsidiaries' e<quity that is not attributable to the Company is treated as minority interests and presented as /non4controlling interests0 in the consolidated balance sheet within owners' e<quity. ! he portion of net profits or losses of subsidiaries for the period attributable to non4controlling interests is presented as /3rofit or loss attributable to non4controlling interests0 in the consolidated income statement below the /net profit0 line item.

; hen the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' e<quity of the subsidiary, the excess amount is still allocated against non4controlling interests.

" c<quisition of non4controlling interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as e<quity transactions. ! he carrying amounts of the Company's interests and non4controlling interests are ad&usted to reflect the changes in their relative interests in the subsidiary. ! he difference between the amount by which the non4controlling interests are ad&usted and the fair value of the consideration paid or received is ad&usted to capital reserve under owners' e<quity. #f the capital reserve is not sufficient to absorb the difference, the excess is ad&usted against retained earnings.

(or the stepwise ac<quisition of e<quity interest till ac<quiring control after a few transactions and leading to business combination not involving enterprises under common control, this should be dealt with based on whether this belongs to Wpackage deal@ if it belongs to Wpackage deal@, transactions will be dealt with as transactions to ac<uire control. #f it does not belong to Wpackage deal@, transactions to ac<uire control on ac<quisition date will be under accounting treatment, the fair value of ac<uirees' shares held before ac<quisition



<) Translation of transactions and financial statements denominated in foreign currencies

9.1 Transactions denominated in foreign currencies

" foreign currency transaction is recorded, on initial recognition, by applying an exchange rate that approximates the actual spot exchange rate on the date of transaction. The exchange rate that approximates the actual spot exchange rate on the date of transaction is exchange rate at the beginning of the month.

" t the balance sheet date, foreign currency monetary items are translated into functional currency using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognised in profit or loss for the period, except that .-1 exchange differences related to a specific purpose borrowing denominated in foreign currency that qualify for capitalisation are capitalised as part of the cost of the qualifying asset during the capitalisation period. +1 exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting. :1 exchange differences arising from monetary items classified as at fair value through other comprehensive income, other than changes in the carrying amounts of those measured at amortised cost are recognised as other comprehensive income, are recognised in profit or loss for the current period.

(oreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. (oreign currency non-monetary items measured at fair value are retranslated at the spot exchange rate on the date the fair value is determined. ' iffERENCE between the retranslated functional currency amount and the original functional currency amount is treated as changes in fair value .including changes of exchange rate and is recognised in profit and loss or as other comprehensive income.

9.' Translation of financial statements denominated in foreign currencies

(or the purpose of preparing the Historical (inancial #nformation, financial statements of a foreign operation are translated from the foreign currency into reporting currency 79\$ using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date. shareholders' equity items are translated at the spot exchange rates at the dates on which such items arose. all items in the income statement as well as items reflecting the distribution of profits are translated at exchange rates that approximate the actual spot exchange rates on the dates of the transactions. the difference between the translated assets and the aggregate of liabilities and shareholders' equity items is recognised as other comprehensive income and included in shareholders' equity.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at an exchange rate which approximates the spot exchange rate on the date of the cash flows. The effect of exchange rate



On disposal of the Group's entire interest in a foreign operation, or upon a loss of control over a foreign operation due to disposal of certain interest in it or other reasons, the Group transfers the accumulated exchange differences arising on translation of financial statements of this foreign operation attributable to the owners' equity of the Company and presented under owners' equity, to profit or loss in the period in which the disposal occurs.

In case of a disposal of part equity investments or other reason leading to lower interest percentage in foreign operations but does not result in the Group losing control over a foreign operation, the proportionate share of accumulated exchange differences arising on translation of financial statements are reattributed to non-controlling interests and are not recognised in profit and loss. (For partial disposals of equity interests in foreign operations which are associates or joint ventures, the proportionate share of the accumulated exchange differences arising on translation of financial statements of foreign operations is reclassified to profit or loss.

#### 1/ Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

On regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value. (For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. (For other financial assets and financial liabilities, transaction costs are included in their initially recognised amounts. Initially recognised accounts receivable that do not contain significant financing components and accounts receivable that the Group decides not to consider a financing component of less than a year in accordance with the "Accounting Standards for Business Enterprises Co. - & 4 Revenue / Revenue Standards" are initially measured at the transaction price defined by the Revenue Standards.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the net carrying amount of the financial asset or the amortised cost of financial liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability including earlier repayment, extension, call option or other similar options etc. without considering future credit losses.

The amortised cost of a financial asset or a financial liability is the amount of a financial asset or a financial liability initially recognised net of principal repaid, plus or less the cumulative amortised amount arising from amortization of the difference between the amount initially recognised and the amount at the maturity date using the effective interest method, net of cumulative loss allowance (only applicable to financial assets).

#### 1.1 Classification, recognition and measurement of financial assets

Subsequent to initial recognition, the Group's financial assets of various categories are subsequently measured at amortised

Financial assets that meet the following conditions are classified as at fair value through other comprehensive income: (1) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Such type of financial assets with a period of over one year since obtaining are presented as other debt investments and financial assets due within one year since the balance sheet date are presented as non-current assets due within one year and others with a period within one year upon obtaining are presented as other current assets.

Upon initial recognition, the Target Group irrevocably designates non-held-for-trading equity instrument investment except contingent considerations recognised in the business combination not under the common control as financial assets at fair value through other comprehensive income. Such type of financial assets are presented as other equity instrument investments.

Financial assets at fair value through profit or loss include financial assets classified as at fair value through profit or loss and financial assets designated as at fair value through profit or loss, except for derivative financial assets, which are presented as held-for-trading financial assets. The financial assets due over one year since balance sheet date and expected to be held for more than one year are presented as other non-current financial assets.

Financial assets that are not qualified to be classified as financial assets at amortised cost or financial assets at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss.

Upon initial recognition, in order to eliminate or significantly reduce accounting mismatch, and when the hybrid contracts containing embedded derivatives are qualified, the Target Group will irrevocably designate financial assets at fair value through profit or loss.

" financial asset is held for trading if:

it has been acquired principally for the purpose of selling in the near term; or

on initial recognition it is a part of a portfolio of identified financial instruments that the Target Group manages together and has a recent actual pattern of short-term profit-taking; or

it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

### 30.3.3 Financial assets measured at amortised cost

Financial assets measured at amortised cost are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from impairment or derecognition is recognised in profit or loss.

For financial assets carried at amortised cost, the Target Group recognizes interest income using effective interest method. The Target Group calculates and recognizes interest income through book value of financial assets multiplying effective interest, except for the following circumstances:

For the purchased or originated credit-impaired financial assets, the Target Group calculates and recognizes their interest income based on amortised cost and credit-adjusted effective interest rate of such financial assets since initial recognition.

V (or the purchased or originated financial assets without credit impairment but subsequently becoming credit impaired, the Target Group subsequently calculates and recognizes their interest income based on amortised costs and effective interest rate of such financial assets. If there exists no credit impairment due to improvement in credit risk of the financial instruments subsequently and such improvement may relate to an event occurred after application of the above regulations, the Target Group recognizes interest income by applying effective interest rate to carrying amount of the financial assets.

#### 30,3,4 Financial assets at FD)%) I

Except that gains or losses on impairment relating to financial assets at fair value through other comprehensive income, interest income and exchange profit or loss calculated using effective interest rate are recognised in profit or loss for the period, fair value changes in the above financial assets are included in other comprehensive income. The amount of the financial assets included into profit or loss of each period shall be regarded as equal as the amount measured at amortised cost through profit or loss over each period. Upon derecognition of the financial assets, cumulative gains or losses previously recognised in other comprehensive income are transferred and reclassified into profit or loss for the period.

(air value change of designation of non-held-for-trading equity investment to (D) HC# is recognised in other comprehensive income. Upon derecognition of the financial asset, cumulative gains or losses previously recognised in other comprehensive income are transferred and included in retained earnings. During the period for which the Target Group holds the investments in the equity instrument not held for trading, dividend income is recognised and included in profit or loss for the period when -1 the Target Group's right to collect dividend has been established. +1 it is probable that economic benefits associated with dividend will flow to the Target Group. :1 the amount of dividend can be reliably measured.

#### 30,3,2 Financial assets at FD)P=

(inancial assets at (D) 3L are subsequently measured at fair value. " ny gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognised in profit or loss for the period.

#### 1:.' 5mpairment of financial instruments

The Target Group makes accounting treatment on impairment and recognizes loss allowance for expected credit losses /EC 01 on financial assets measured at amortised cost and financial assets classified as at (D) HC#.

(or other financial instruments, except for the purchased or originated credit impaired financial assets, at each balance sheet date, the Target Group assess changes in credit risk of relevant financial instruments since initial recognition. If the credit risk of the above financial instruments has increased significantly since initial recognition, the Target Group measures loss allowance based on the amount of full lifetime. If credit risk of the financial instrument has not increased significantly since initial recognition, the Target Group recognizes loss allowance based on -+4month ECL of the financial instrument. Increase in or reversal of credit loss allowance is included in profit or loss as loss/gain on impairment, except for financial assets classified as at fair value through other comprehensive income. The Target Group recognizes credit loss allowance for financial assets at (D) HC# in other comprehensive income and recognizes loss/gain on impairment in profit or loss for the period, without reducing the carrying amount of the financial assets presented in the balance sheet.

The Group measured loss allowance at the full lifetime ECL of the financial instruments in the prior accounting period. However, as at the balance sheet date for the current period, for the above financial instruments, due to failure to qualify as significant increase in credit risk since initial recognition, the Group measures loss allowance for the financial instrument at 12-month ECL at the balance sheet date for the current period. Relevant reversal of loss allowance is included in profit or loss as gain on impairment. risk of increased

30,4,3 \*significant increase of credit risk; theedit

The Group makes use of reasonable and supportable forward-looking information that is available to determine whether the credit risk of financial instrument has increased significantly since initial recognition through comparing the risk of a default of the financial instrument at the balance sheet date with the risk of a default at the date of initial recognition.

The Group will take the following factors into consideration

- .--1 significant changes in the economic incentives for borrowers to repay their loans under the contractual deadline.
- .-+1 expected changes to loan contract, including the exemption or revision of contractual obligations, the granting of interest-free periods, the bump in interest rates, the re-quirement for additional collateral or guarantees, or other changes in the contractual framework for financial instruments that may result from the breach of contract.
- .-:1 significant changes in the debtor's expected performance and repayment behavior.
- .-&1 significant changes in the ! arget Group's approach to credit management of financial instruments.

Regardless of whether the credit risk has increased significantly after the above assessment, when the financial instrument contract payment has been overdue for more than : , days .inclusive1, it indicates that the credit risk of the financial instrument has increased significantly.

#### 30,4,4 ! redit#impaired financial assets

; hen the ! arget Group expected occurrence of one or more events which may cause adverse impact on future cash flows of a financial asset, the financial asset will become a credit# impaired financial assets. Hblective evidence that a financial asset is impaired includes the following observable events2

- .-1 significant financial difficulty of the issuer or the borrower1
- .-+1 a breach of contract, such as a default or past due event1
- .-:1 the lender.s1 of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession.s1 that the lender.s1 would not otherwise consider1
- .-&1 it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation1 or
- .-%1 the disappearance of an active market for that financial asset because of financial difficulties1 or
- .-)1 the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

\$ased on the internal credit risk management of the ! arget Group, the ! arget Group considers that a default event happens if the financial instrument debtor cannot make a repayment fully to the debtors including the ! arget Group .irrespective of any guarantee obtained by the ! arget Group1 according to internal suggestions or external information.

Regardless of the above assessment, the ! arget Group presumes that a financial instrument is in default if the contractual payment of the financial instrument has been overdue for more than .inclusive1 \*, days.

## 30,4,2 Determination of expected credit loss

The Group uses the impairment matrix to determine the credit loss of related financial instruments based on the combination of accounts receivable. The Group divides financial instruments into different groups based on common risk characteristics. The common credit risk characteristics adopted by the Group include financial instrument type, credit risk rating, remaining contract term, the industry in which the debtor operates, etc.

(or a financial asset, credit loss is the present value of the difference between the contractual cash flows that are due to the Group under the contract and the cash flows that the Group expects to receive.

The factors reflected in methods of measurement of expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money, reasonable and supportable information about past events, current conditions and forecasts on future economic status at balance sheet date without unnecessary additional costs or efforts.

## 30,4,9 Write-off of financial assets

When the Group will no longer reasonably expect that the contractual cash flows of financial assets can be collected in aggregate or in part, the Group will directly write off the carrying amount of the financial asset, which constitutes derecognition of relevant financial assets.

## 1:.( Transfer of financial assets

The Group will derecognize a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability. Relevant liabilities are measured using the following methods:

V (or transferred financial assets carried at amortised cost, the carrying amount of relevant liabilities is the carrying amount of financial assets transferred with continuing involvement less amortised cost of the Group's retained rights. If the Group retains relevant rights for the transfer of financial assets, plus amortised cost of obligations assumed by the Group. If the Group assumes relevant obligations for the transfer of financial assets, relevant liabilities are not designated as financial liabilities at fair value through profit or loss.

V (or transferred financial assets measured at fair value, the carrying amount of relevant liabilities is the carrying amount of continuing involvement in the transferred financial asset less the fair value of the rights retained by the Group. If the Group retains rights for the transfer of the financial asset, plus the fair value of the obligations undertaken by the Group. If the Group undertakes relevant obligations for the transfer of the financial asset, and the fair value of the rights and liabilities is measured on a stand-alone basis.

(or a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between .-1 the carrying amount of the financial asset transferred and .+1 the sum of the consideration received from the transfer

" financial liability may be designated as at (D! 3L upon initial recognition only when one of the following conditions is satisfied2 -1 Such designation eliminates or significantly reduces accounting mismatchll or +1 ! he financial liability forms part of a group of financial liabilities or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the ! arget 8roup@s documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis. :1 ! he <ualified hybrid financial instrument combines financial asset with embedded derivatives.

Held4for4trading financial liabilities are subse<uently measured at fair value. " ny gains or losses arising from changes in the fair value or any dividend or interest expenses related to the financial liabilities are recognised in profit or loss.

! he amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, other changes in fair values are included in profit or loss for the current period. Kpon the derecognition of such liability, the accumulated amount of change in fair value that is attributable to changes in the credit risk of that liability, which is recognised in other comprehensive income, is transferred to retained earnings. " ny dividend or interest expenses relating to the financial liabilities are recognised in profit or loss. #f the impact of the change in credit risk of such financial liability dealt with in the above way would create or enlarge an accounting mismatch in profit or loss, the ! arget 8roup shall present all gains or losses on that liability .including the effects of changes in the credit risk of that liability1 in profit or loss.

-, .&.-.+ Hther financial liabilities

Except for financial liabilities arising from transfer of financial assets that do not meet the derecognition criteria or those arising from continuing involvement in the transferred financial assets, other financial liabilities are subse<uently measured at amortised cost using the effective interest method, with gain or loss arising from derecognition or amortization recognised in profit or loss.

; hen the contractual cash flows are changed due to the renegotiation or modification of the contract made between the ! arget 8roup and the counterparty and the renegotiation or modification does not result in the derecognition of the financial asset that is subse<uently measured at amortised cost, the ! arget 8roup shall recalculate the carrying amount of the financial asset and shall recognize related gains or losses in profit or loss. ! he carrying amount of the financial asset shall be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial liability@s original effective interest rate. " ny costs or fees incurred ad!ust the carrying amount of the modified financial liability and are amortised over the remaining term of the modified financial liability.

#### 30,9,4 Derecognition of financial lia-ilities

! he ! arget 8roup derecognizes a financial liability .or part of it1 only when the underlying present obligation .or part of it1 is discharged. " n agreement between the ! arget 8roup .an existing borrower1 and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.



; when the Target Group derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of it) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

### 30.9.2 Equity instruments

" An equity instrument is any contract that evidences a residual interest in the assets of the Target Group after deducting all of its liabilities. Equity instruments issued (including refinancing), repurchased, sold and cancelled by the Target Group are recognised as changes of equity. Change in fair value of equity instruments is not recognised by the Target Group. Transaction costs related to equity transactions are deducted from equity.

the Target Group recognizes the distribution to holders of the equity instruments as distribution of profits, and dividends paid do not affect total amount of shareholders equity.

#### 11.7 - Offsetting a financial asset and a financial liability

; where the Target Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

### 11) Jointly controlled entities

#### 11.1 Determination criteria of joint control and significant influence

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the contractually agreed sharing of control over

(or a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition. ; here equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination not involving entities under common control, the acquirer shall determine if these transactions are considered to be a /package deal. #f yes, these transactions are accounted for as a single transaction where control is obtained. #f no, the sum of carrying amount of equity investments previously held in the acquiree and the new investment cost is deemed as the initial investment cost of long-term equity investments that was changed to be accounted for using cost method. #f the equity previously held was accounted for using the equity method, the corresponding other comprehensive income is not subject to accounting treatment temporarily.

The expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

Long-term equity investment acquired otherwise than through a business combination is initially measured at its cost. ; hen the entity is able to exercise significant influence or joint control .but not control over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously held equity investments determined in accordance with the ! + ' \*E No, 44 # \$ognition and 1 easurement of Financial Instruments and the additional investment cost.

#### 11.( Subsequent measurement and recognition of profit or loss

##### 33,2,3 =ong-term equity investment accounted for using the cost method

The Company's separate financial statements adopted cost method to account for the long-term equity investments of subsidiaries. " subsidiary is an investee that is controlled by the ! arget Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. ; hen additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. #vestment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

##### 33,2,4 =ong-term equity investment accounted for using the equity method

Except for investments in associates and joint ventures classified as held-for-sale partly or wholly, the ! arget Group accounts for investment in associates and joint ventures using the equity method. " n associate is an entity over which the ! arget Group has significant influence and a joint venture is an entity over which the ! arget Group exercises joint control along with other investors.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the ! arget Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. ; here the initial investment cost is less than the ! arget Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the ! arget Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income and other comprehensive income for the period. ¶eanwhile, carrying amount of long-term equity investment is adjusted; the carrying amount of long-term equity investment is decreased in

accordance with its share of the investee's declared dividends. Other changes in owners' equity of the investee other than net profit or loss and other comprehensive income are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognised in the capital reserve. The parent group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual identifiable assets, etc. at the acquisition date after making appropriate adjustments. When the investor's accounting policies and accounting period are inconsistent with those of the Company, the Company recognizes investment income and other comprehensive income after making appropriate adjustments to conform to the Company's accounting policies and accounting period.

However, unrealized gains or losses resulting from the parent group's transactions with its associates and joint ventures, which do not constitute a business, are eliminated based on the proportion attributable to the parent group and then investment gains or losses is recognised. However, unrealised losses resulting from the parent group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated.

When assets investment by the parent group constitute a business, resulting in the investor's obtainment of long-term equity investments but no control, the fair value of such investment is the initial investment cost of the long-term equity investments. The difference between the initial investment cost and invested assets is recognised, at the full amount, in profit or loss for the period. When sales of assets by the parent group constitute a business, the difference between the consideration received and the carrying amount of such business is recognised, at full amount, in profit or loss for the period. When assets purchased from the parent group's associates and joint ventures constitute a business, gains or loss related to such transaction should be recognised in full in accordance with the accounting standards for Business Enterprises No. 40 Business Combination.

The parent group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the parent group has incurred obligations to assume additional losses of the investee, a provision is recognised according to the expected obligation, and recorded as investment loss for the period. When net profits are subsequently made by the investee, the parent group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

#### 11.4 Disposal of long-term equity investments

On disposal of

1+) \$i>ed assets

1'.1 Oecognition criteria for fi%ed assets

(ixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. " fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the ! arget 8roup and the cost of the asset can be measured reliably. (ixed assets are initially measured at cost.

#f the fixed asset is ready for its intended use but has not yet completed the final account of project, its cost will be determined according to the estimated value and it will be depreciated. " fter the completion of the final accounts, the original temporary estimated value will be ad#usted according to the actual cost, but the depreciation that has been previously made will not be ad#usted.

Subse<uent expenditures incurred for the fixed asset are included in the cost of the fixed asset if it is probable that economic benefits associated with the asset will flow to the ! arget 8roup and the subse<uent expenditures can be measured reliably. 9eanwhile the carrying amount of the replaced part is derecognised. Hther subse<uent expenditures are recognised in profit or loss in the period in which they are incurred.

1'. ' Depreciation method

" fixed asset is depreciated over its useful life using the straight4line method since the month subse<uent to the one in which it is ready for intended use. ! he useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows2

Cate8ory	#seful life	Residual value rate	Annual de0reiation rate
! ransportation vehicles	% years	0	+ , , , E
Electronic e<uipment	: years	0	: : : : E

Estimated net residual value of a fixed asset is the estimated amount that the ! arget 8roup would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

1'.( - ther descriptions

#f a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. ; hen a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss for the period.

the ! arget 8roup reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year4end, and accounts for any change as a change in an accounting estimate.

1-) 2orro=in8 1osts

\$orrowing costs directly attributable to the ac<uisition, construction or production of <ualifying asset are capitalised when expenditures for such asset and borrowing costs are incurred and activities relating to the ac<uisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalisation of borrowing costs ceases when the <ualifying asset being ac<quired,

constructed or produced becomes ready for its intended use or sale. Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous

is reversed and recognised in profit or loss for the period, provided that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset at the date of reversal assuming no provision for impairment was made.

1F) E30loyee benefits

17.1 Accounting methods for short-term employee benefits

" ctually occurred short-term employee benefits are recognised as liabilities, with a corresponding charge to the profit or loss for the period or in the costs of relevant assets in the accounting period in which employees provide services to the ! arget 8roup. Staff welfare expenses incurred by the ! arget 8roup are recognised in profit or loss for the period or the costs of relevant assets based on the actually occurred amounts when it actually occurred. Con-monetary staff welfare expenses are measured at fair value.

3ayment made by the ! arget 8roup of social security contributions for employees such as premiums or contributions on medical insurance, work inury insurance and maternity insurance, etc. and payments of housing funds, as well as trade union fund and employee education fund provided in accordance with relevant re-quirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognised as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

17.' Accounting treatment of post-employment benefits

3ost-employment benefits are all defined contribution plans.

(or defined contribution plans, during the accounting period in which employees provide services to the ! arget 8roup, amount which should be paid according to defined contribution plans is recognised as liabilities, and recognised in profit or loss or related costs of assets.

17.( Accounting treatment of termination benefits

" liability for a termination benefit is recognised in profit or loss for the period at the earlier of when the ! arget 8roup cannot unilaterally withdraw from the termination plan or the redundancy offer and when the ! arget 8roup recognizes any related restructuring costs or expenses.

1B) A11ountin8 treat3ent of (overn3ent 8rants

8overnment grants are monetary assets and non-monetary assets from the government to the ! arget 8roup at no consideration. " government grant is recognised only when the ! arget 8roup can comply with the conditions attaching to the grant and the ! arget 8roup will receive the grant.

#f a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. #f a government grant is in the form of a non-monetary asset, it is measured at fair value. #f the fair value cannot be reliably determined, it is measured at a nominal amount. " government grant measured at a nominal amount is recognised immediately in profit or loss for the period.

1, .1 Go+ernment grants related to income

the ! arget 8roup's government grants are mainly financial subsidies granted by the government, which will not form long-term assets, and such government grants are related to income.

(or a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income and recognised in profit or loss over the periods in which the related costs or losses are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the period.

" government grant related to the Target Group's daily activities is recognised in other income based on the nature of economic activities. A government grant not related to the Target Group's daily activities is recognised in non-operating income.

(or the repayment of a government grant already recognised, if there is any related deferred income, the repayment is offset against the carrying amount of the deferred income, and any excess is recognised in profit or loss for the period.

#### 1;) Deferred tax assets and deferred tax liabilities

The income tax expenses include current income tax and deferred income tax.

##### 1..1 Current income tax

"t the balance sheet date, current income tax liabilities or assets for the current and prior periods are measured at the amount expected to be paid or recovered according to the requirements of tax laws.

##### 1..2 Deferred tax assets and deferred tax liabilities

(or temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the carrying amount of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Deferred tax is generally recognised for all temporary differences. Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction not a business combination that affects neither the accounting profit nor taxable profits or deductible losses at the time of the transaction, no deferred tax asset or liability is recognised.

(or deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Target Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

"t the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders' equity, in which case they are recognised in other comprehensive income or in shareholders' equity and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

#### 1.1. Offsetting income tax

When the Target Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Target Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

#### 1G) Leases

The Target Group adopts the following accounting policies for leases from January 3, 2015:

A lease is a contract whereby the lessor conveys to the lessee in return for a consideration the right to use an asset for an agreed period of time.

At the inception of the contract, the Target Group assesses whether the contract is or contains a lease. The Target Group will not reassess whether the contract is or contains a lease, unless the terms and conditions of the contract are subsequently changed.

#### 1.1.1 The Target Group as lessee

##### 3H,3,3 Short-term leases and leases of low-value assets

A short-term lease is a lease that at the commencement date, has a lease term of 12 months or less. A lease that contains a purchase option is not a short-term lease.

A lease of a low-value asset, is a lease that the single underlying asset, when is new, is of low value. If a lessee subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

The Target Group elects not to recognize right-of-use assets and lease liabilities for parking lots and offices that do not contain a purchase option but have a lease term for 12 months or less since the effective date of the lease.

The following accounting policies for leases are applicable to 2015 and 2014



Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. " If other leases are classified as operating leases.

1<) Chan8es in si8nifi1ant a11ountin8 0ooli1ies

19.1 =e& and amended accounting standards

Since 5anuary -, +, -\*, the ! arget 8roup implemented the +ccounting \*tandards for ' usiness Enterprises No, 43 # =eases .Cai uai T+, ->U Co. :%, hereinafter referred to as the / Cew Lease Standards01 revised by the 9inistry of (inance in +, ->, +ccounting \*tandards for ' usiness Enterprises No, E # Exchange of Non#monetary +ssets .the /Cew Standards for Exchange of Con4monetary " ssets01 and +ccounting \*tandards for ' usiness Enterprises No, 34 # De-t \$estructuring .the /Cew Standards for ' ebt 7estructuring01 revised by the 9inistry of (inance in +, -\*. the ! arget 8roup has implemented the No, 39 Interpretation to the +ccounting \*tandards for ' usiness Enterprises .Cai uai T+, +>U Co. -, hereinafter referred to as /Co. -& #nterpretation01 issued by the 9inistry of (inance on 5anuary +), +, +- since 5anuary -, +, +-.

35,3,3 New \*tandards for =eases

! he Cew Standards for Leases have cancelled classification of finance leases and operating leases as a leasee and re<uired the leasee to recognize the right4of4use assets and lease liabilities for all leases .except for short4term leases and leases of low4value assets electing simplified treatment method1, and recognize depreciation and interest expenses respectively. (or the lessor, the Cew Standards for Leases substantially follow the accounting treatments for the head lease. #n implementing the Cew Standards for Leases, the ! arget 8roup will ad8ust the opening balance of retained earnings and amounts of other relevant items in the financial statements during the current year of the first implementation of the Cew Standards for Leases based on accumulative amounts impacted from the first implementation of the Standards, and it is allowed not to ad8ust the information of the comparable periods. (or operating leases before the date of the first implementation, the ! arget 8roup, as the leasee, shall measure the lease liability at the present value discounted using the incremental borrowing rate at the date of the first implementation based on the residual lease payments, and make necessary ad8ustments on the prepayment of lease payments to measure the right4of4use assets based on the amount e<ual to the lease liability for each lease. #mplementation of the Cew Standards for Lease has no significant impact on the ! arget 8roup's financial statements.

35,3,4 New \*tandards for Exchange of Non#1 onetary +ssets

! he Cew Standards for Exchange of Con49onetary " ssets revised the definition of exchange of non4monetary assets, defined the application scope of the standard, determined the time points to recognize the assets received and derecognize the assets surrendered, and the accounting treatment standard when the time point to recognize the assets received is inconsistent with that to derecognize the assets surrendered, detailed the accounting treatment for the exchange of non4monetary assets, and added relevant re<uirement in disclosure. (or the exchange of non4monetary assets before 5anuary -, +, -\*, the ! arget 8roup has not made retrospective ad8ustment. ! he implementation of the Cew Standards for Exchange of Con49onetary " ssets has no impact on the ! arget 8roup's financial statements in +, ->.

35,3,2 New \*tandards for De-t \$estructuring

! he Cew Standards for ' ebt 7estructuring revised the definition of debt restructuringll defined the application scope of the standardll revised the accounting treatment of debt restructuring and simplified the disclosure re<uirements for debt restructuring. (or debt restructuring before

January -, +, -\*, the target Group has not made retrospective adjustment. The implementation of the Cew Standards for debt restructuring has no impact on the target Group's financial statements in +, ->.

35,3,9 No, 39 Interpretation

Issue # of Co. -& Interpretation, /" accounting treatment of Project Contracts for Public and Private Partnership .3331 by Private Party0 provides that the Private Party shall account for provision of construction services or contract awarding to other parties in accordance with the /! +\*' E No, 39 # Revenue0. Issue ## of Interpretation Co. -&, /" accounting treatment of Changes in the Basis for determining the Relevant Contractual Cash (flows " rising from Benchmark Interest Rate Reform0 provides accounting treatment of changes in the basis for determining the relevant contractual cash flows of financial assets or financial liabilities and changes in leases arising from benchmark interest rate reform. The implementation of Co. -& Interpretation did not have impacts on the target Group's financial statements for Seven months ended July : - of +, +-, +, +, , +, -\* and +, ->.

19.' Presentation of financial statements

35,4,3 Cai (uai No, @ Document

The target Group has adopted the Notice of the Revised Format of 4035 Financial Statements for General Business Enterprises (Cai uai .+, -\*1 Co. ), hereinafter referred to as the /Cai uai Co. ) ' document01 released by the Ministry of Finance on "April : , , +, -\* since preparation of the financial statements of +, -\*. Cai uai Co. ) ' document revised the presenting accounts in the balance sheet and income statement and split /Costs and accounts receivable0 to be /Costs receivable0 and /" counts receivable0, and /Costs and accounts payable0 to be /Costs payable0 and /" counts payable0. It also specified or revised the presentation of line items of /"ferred income0, /Interest income0 under /Financial expenses0, /Other income0, /Gains on disposal of assets0, /Nonoperating income0 and /Nonoperating expenses0, and adjusted the presenting location of /Impairment losses of assets0. (or the above changes in presenting accounts, the target Group has adjusted retrospectively the comparable data for the year of +, ->.

I&) TA. ES

1) Major categories of taxes and tax rates

	Basis of tax calculation	Tax rate
Income tax	Taxable income originated from and generated from Hong Kong	Less than HK \$ + million2 >,+%E More than HK \$ + million2 -)%E
Enterprise income tax	Dividends distributed by Joint ventures in China	; withholding tax rate2 %E+-, E
Enterprise income tax	Taxable income of subsidiaries in China	+%E
Value-added tax	Interest income of subsidiaries in China	Simplified levy rate2 )E

&) NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1) Bank balances and cash

\$ 1'

	As at July -1*	As at December -1*	As at December -1*	As at December -1*
Item	+/-	+/-	+/-	+/-
Cash on hand				
79\$	(1,234,567)	(1,234,567)	(1,234,567)	(1,234,567)
Bank balances				
79\$	(1,234,567)	(1,234,567)	(1,234,567)	(1,234,567)
Other funds				
79\$	(1,234,567)	(1,234,567)	(1,234,567)	(1,234,567)
Total	(1,234,567)	(1,234,567)	(1,234,567)	(1,234,567)
Including total amount of funds deposited overseas	(1,234,567)	(1,234,567)	(1,234,567)	(1,234,567)

Note 3: "s at July : -, +, +-, ' eember : - +, +, +, -\* and +, -, the target Group's fixed deposits with a maturity more than three months are nil, 79\$ +&, , , , , , , , , nil and nil respectively. " s at July : -, +, +-, ' eember : -, +, +, +, +, -\* and +, -, the target Group's interest on deposits receivable are 79\$(>=,)-,+&+, 79\$\*-&,>)>.&, nil and 79\$-,>\*-.,) respectively.

Note 4: " s at July : -, +, +-, ' eember : -, +, +, +, +, -\* and +, -, other funds are securities accounts, which are 79\$+&+,>)>.&, 79\$+&+,&+.-), 79\$+: )%\*.=% and 79\$->,&>.: ) respectively.

+) Financial assets at fair value through Profit or loss

\$ 1'

	As at July -1*	As at December -1*	As at December -1*	As at December -1*
Item	+/-	+/-	+/-	+/-
Structured deposits	(1,234,567)	(1,234,567)	(1,234,567)	(1,234,567)

Note: #t refers to structured deposits held by the target Company's subsidiary Shenwan Infrastructure .Shenzhen Co., Ltd. ./Shen=an Infrastru1ture01. Hn :- 5uly +, +-, Shenwan #nfrastructure held structured

-) Other re1eivables

(.1 Summary of other recei+ables

\$ 1'

	As at July -1* + / +1	As at De1e3ber -1* + / + /	As at De1e3ber -1* + / 1 <	As at De1e3ber -1* + / 1 G
lterest receivable	0	0	0	0
Hther receivables	: , , , : , %.) =	+ * + , * > % . % &	) > , + * > . : =	) = > , , > & . - %
! otal	: , , , : , %.) =	+ * + , * > % . % &	) > , + * > . : =	) = > , , > & . - %

(.' - ther recei+ables disclosed by aging

\$ 1'

	As at July -1* + / +1		
	Other receivables	2ad debt Orovision	' rovision OroOortion ( I )
; ithin - year	: , , , : , %.) =	0	0

\$ 1'

	As at De1e3ber -1* + / + /		
	Other receivables	2ad debt Orovision	' rovision OroOortion ( I )
; ithin - year	+ * + , * > % . % &	0	0

\$ 1'

	As at De1e3ber -1* + / 1 <		
	Other receivables	2ad debt Orovision	' rovision OroOortion ( I )
; ithin - year	) > , + * > . : =	0	0

\$ 1'

	As at De1e3ber -1* + / 1 G		
	Other receivables	2ad debt Orovision	' rovision OroOortion ( I )
; ithin - year	) = > , , > & . - %	0	0

Note: Hther receivables of the ! arget 8roup are not overdue, and there is no significant risk of credit loss.

:) Other urrent assets

\$1'

	As at July -1*	As at De1e3ber -1*	As at De1e3ber -1*	As at De1e3ber -1*
Ite3	+ /+1	+ /+ /	+ /1 <	+ /1G
Loans to a related party				
Note"	: , * , % = * , * - : . = %	+ = , , & * , % , , , , ,	0	0

Note: ! he ! arget Company@ subsidiary, Shenwan #nfrastructure, lent the principal amounting to 79\$+ = , , , , , , , , , to Buangzhou Jhentong ' evelopment Company Limited ./. intan8 J&01 in ' eember + , + , with an annual interest rate of )E. ! he principal was available for a debt4for4e<uity swap on : , 5une + , + - , please refer to Cote D , ) for details.

! he ! arget Company@ subsidiary, Shenwan #nfrastructure, lent the principal amounting to 79\$ : & \* , % , , , , , , , , to Gintang 5D in 5anuary + , + - , with a term of one year and an annual interest rate of >E. ! he principal amounting to 79\$ - - > , , , , , , , , was available for a debt4for4e<uity swap on : , 5une + , + - , please refer to Cote D , ) for details.

! he ! arget Company@ subsidiary, Shenwan #nfrastructure, lent the principal amounting to 79\$ - > , , , , , , , , to Gintang 5D in 9arch + , + - , with a term of one year and an annual interest rate of >E.

! he ! arget Company@ subsidiary, Shenwan #nfrastructure, lent the principal amounting to 79\$ - ) , % , , , , , , , , to Gintang 5D in 9ay + , + - , with a term of one year and an annual interest rate of >E.

F) on8Eter3 re1eivables

\$1'

	As at July -1*	As at De1e3ber -1*	As at De1e3ber -1*	As at De1e3ber -1*
Ite3	+ /+1	+ /+ /	- 1* + /1 <	+ /1G
Loans to related parties				
Note 3"	& , , = * + , + = & . , :	: ) % , + , ) , + % - . & >	: - - , + + & , % : : : :	0
Hffsetting amount due to onerous losses of long4term e<uity investments Note 4"	0	. & + , & + + , : , , . ) % 1	0	0
! otal	& , , = * + , + = & . , :	: + + , = > : , * % , . > :	: - - , + + & , % : : : :	0

Note 3: ! he ! arget Company@ subsidiary, Shenwan #nfrastructure, lent the principal amounting to 79\$ : , \* , : , , , , , , , , to Gintang 5D in + , - \* , with a term from & ' eember + , - \* to : ' eember + , + + and an annual interest rate of >E. ! he principal and interest amounting to : - : , \* + , , , , , , , due from Gintang 5D was available for a debt4for4e<uity swap on : , 5une + , + - , please refer to Cote D , ) for details.

Shenwan Infrastructure, lent the principal amounting to 79\$&,+%, , , , , , , 79\$-+%, , , , , , , , 79\$: , =%, , , , , , , and 79\$+%, , , , , , , to Gintang 5D on +- 5anuary +, +, , += (ebruary +, +, , -% 9ay +, +, and : , 5une +, +, , respectively, with a term of three years since the date of lending and an annual interest rate of >E. #n Hctober +, +, , the ! arget 8roup disposed its e<uity interests of ++.%E in Gintang 5D together with the creditor@s rights .including principal and relevant interestl corresponding with such part of e<uity interests amounting to 79\$%: +, %: : , >: =.-) to Shenzhen 7untou Consulting Co., Ltd. " ccording to the agreement, the remaining amount will be settled in ' eember +, ++ and +, +: respectively. ! he principal and interest amounting to ++%, , , , , , , due from Gintang 5D was available for a debt4for4e<uity swap on : , 5une +, +-, please refer to Cote D, ) for details.

Note 4: #t refers to onerous losses

(or the year ended ' eember : -, +, +,

\$ 1 '

Investee	Opening balance	Changes for the year								Closing balance of 130air3ent Provision
		Additional investment	Reduction in investment	Investment Profit or loss reclassified under equity method	Other comprehensive income	Other equity changes	Cash dividends or Profit declared	130air3ent Provision	Others Note4"	
Joint ventures										
BS 5D	)*, &,-,-,>)&&-	0	0	%-%,&=, &%	0	0	&, %, , , , , , , , , 1	0	&, *, %&; &>.*>1 ),-=+, *+,*>%>>	0
BJ ; est 5D	:.)%=-,.)&,+=-=-	0	0	--,%; >&*.+-	0	0	.--%, %=-+*%.*%+1	0	0	





Note: ! he above investments are held by the ! arget 8roup not for trading purpose, therefore, the ! arget 8roup designated the above investments in e<uity instruments as financial assets at fair value through other comprehensive income.

G) \$i>ed assets

(or the seven months ended 5uly :-, +, +-

\$ 1'

#tem	Trans0ortation vehi1les	Ele1troni1 eDui03ent	Total
#. Cost			
" s at 5anuary - , + , +-	- , ) * : , : ) + . > *	- , - % % , = % + . ) :	+ , > & * , - - % . % +
" dditions	Q	= & , , * ) , , :	= & , , * ) , , :
" s at 5uly :- , + , +-	- , ) * : , : ) + . > *	- , + * * , > & > . ) )	+ , * + : , + - - % . %
##. ' epreciation			
" s at 5anuary - , + , +-	& , , , + ) & . > %	: : > , + : > . * %	= : > , % , : : > ,
Charge for the period	+ : ) , > * > . , +	- ) % , ) . * )	& , + , % % & . * >
" s at 5uly :- , + , +-	) : = , - ) + . > =	% , : , > * % . * -	- , - & - , , % > . = >
###. Carrying amounts			
" s at 5uly :- , + , +-	- , , % ) , + , , - , +	= + % , * % + . = %	- , = > + , - % + . = =
" s at 5anuary - , + , +-	- , + * : , , * > . , &	> - = , % - : . ) >	+ , - - , , ) - - . = +

(or the year ended ' eember :-, +, +,

\$ 1'

Ite3	Trans0ortation vehi1les	Ele1troni1 eDui03ent	Total
#. Cost			
" s at 5anuary - , + , +,	* : % , ) = + . & -	= = : , % + , . % %	- , = , * , - * + . * )
" dditions	= % = , ) * , . & >	: > + , + : + . , >	- , - : * , + + . % )
" s at ' eember :- , + , +,	- , ) * : , : ) + . > *	- , - % % , = % + . ) :	+ , > & * , - - % . % +
##. ' epreciation			
" s at 5anuary - , + , +,	& & , ) ) . : =	- - > , : + * . - *	- ) + , * * % . % )
Charge for the year	: % % , % * > . & >	+ - * , * , * . = )	% = % , % , > . + &
" s at ' eember :- , + , +,	& , , , + ) & . > %	: : > , + : > . * %	= : > , % , : : > ,
###. Carrying amounts			
" s at ' eember :- , + , +,	- , + * : , , * > . , &	> - = , % - : . ) >	+ , - - , , ) - - . = +
" s at 5anuary - , + , +,	> * - , , , ) , . &	) % % , - * - : . )	- , % & ) , - * = . & ,

(or the year ended ' eember : -, +, -\*

\$ 1'

Ite3	Trans0ortation veh1les	Ele1troni1 eDui03ent	Total
#. Cost			
" s at 5anuary -, +, -*	-, +=+, >)%) ,	- =), > & +, , ,	-, & * , =, =.) ,
" dditions	Q	) - %, =, =, % ,	) - %, =, =, % ,
' isposal	:: =, - * : - - *	- * , + > . * %	: %) , + + + . - &
" s at ' eember : -, +, -*	* : %) = + . & -	= = : % + , . % %	- , = , * , - * + . * )
##. ' epreciation			
" s at 5anuary -, +, -*	- + =, + > ) . % +	: - , : & , . , ,	- % > , ) + ) . % +
Charge for the year	+ % & , % = : . , &	- , ) , , - > . - &	: ) , , % * - . - >
Eliminated on disposal	:: =, - * : - - *	- * , + > . * %	: %) , + + + . - &
" s at ' eember : -, +, -*	& & , ) ) : =	- - > , : + * . - *	- ) + , * * % . % )
###. Carrying amounts			
" s at ' eember : -, +, -*	> * - , , , ) . , &	) % , - * - : )	- , % & ) , - * = & ,
" s at 5anuary -, +, -*	- , - & % , % = * . , >	- & % , % , + , , ,	- , + * - , , > - . , >

(or the year ended ' eember : -, +, ->

\$ 1'

Ite3	Trans0ortation veh1les	Ele1troni1 eDui03ent	Total
#. Cost			
" s at 5anuary -, +, ->	Q	Q	Q
" dditions	-, +=+, >)%) ,	- - & , = + + . = +	- , : > = , % > > . : +
" c<uisition	Q	= ) , * = & . = *	= ) , * = & . = *
' isposal	Q	- & , > % % . % -	- & , > % % . % -
" s at ' eember : -, +, ->	-, +=+, >)%) ,	- =), > & +, , ,	- , & * , =, =.) ,
##. ' epreciation			
" s at 5anuary -, +, ->	Q	Q	Q
Charge for the year	- + =, + > ) . % +	& ) , - * % . % -	- = : , & > + . , :
Eliminated on disposal	Q	- & , > % % . % -	- & , > % % . % -
" s at ' eember : -, +, ->	- + =, + > ) . % +	: - , : & , . , ,	- % > , ) + ) . % +
###. Carrying amounts			
" s at ' eember : -, +, ->	- , - & % , % = * . , >	- & % , % , + , , ,	- , + * - , , > - . , >
" s at 5anuary -, +, ->	Q	Q	Q

<) (ood=ill

(1) Cost

(or each of the two years ended ' eember : -, +, +, and the seven months ended 5uly : -, +, +-

\$1'

Na3e of the investee	at De1e3ber -1*	Cost		
		As at July -1* + / +1	As at De1e3ber -1* + / + /	As at De1e3ber -1* + / 1 <

S#H\$"

(or the year ended ' eember : -, +, ->

\$1'

Na3e of the investee	Cost	
	As at January 1*	

=.&, E as the discount rates. Hther key assumptions also include growth rate of traffic flow and gross profit rate. ! he ! arget 8roup@s management considers that any reasonable change in above assumptions will not cause total carrying amount of S#H\$" to exceed its recoverable amount.

1/) ShortEter3 borro=in8s

(1) Classification of short\*term borro&ings

\$ 1 '

#tem	As at July -1* +/+1	As at De1e3ber -1* +/+1	As at De1e3ber -1* +/1<	As at De1e3ber -1* +/1G
Guaranteed borrowings	%* =, ** >, : : - . * &	: + &, : & =, , * : . % -	+ , - > =, , & =, : , > . , ,	+ , % % - , = - ) , * - * . , %
#nterest payable	- , = , * * & . = +	+ % - , > ) > . % %	= % > , : * % . > %	: , : - = , ) = = . & =
! otal	% * > , - , ) , : + ) . ) )	: + & , % * > , * ) + . , )	+ , - > = , > , % , = , : . > %	+ , % % % , , : & , % * ) . % +

(') Details of guaranteed borro&ings are as follo&s>

\$ 1 '

ender	As at July -1* +/+1	(uarantor
\$ank of China .Hong ong1 Limited	: - ) , * : , , = = % . ) %	S#H\$"
Shanghai 3udong ' evelopment \$ank Co., Ltd. Hong ong \$ranch	+ > - , , ) = , % % ) . + *	S#H\$"
! otal	% * =, ** >, : : - . * &	

\$ 1 '

ender	As at De1e3ber -1* +/+1	(uarantor
\$ank of China .Hong ong1 Limited	: + &, : & =, , * : . % -	S#H\$"

\$ 1 '

ender	As at De1e3ber -1* +/1<	(uarantor
! he Hong ong and Shanghai \$anking Corporation Limited .HS\$C1	- , & , % & : > , % : ) . , ,	Shenzhen #nvestment Holdings Co., Ltd.
\$ank of China .Hong ong1 Limited	% , , , ) : * , + * + . ) %	Shenzhen #nvestment Holdings Co., Ltd.
\$ank of China .Hong ong1 Limited	- % + , ) , : , + : - . ) ,	S#H\$"
Chong Hing \$ank Limited	- + > , : ) ) , + & = . = %	S#H\$"
! otal	+ , - > =, , & =, : , > . , ,	

\$ 1'

ender	As at De1e3ber -1* +/1G	(uarantor
HS\$C	-,: =&,) >=, &., ,	Shenzhen #vestment Holdings Co., Ltd.
\$ank of China .Hong ong1 Limited	&>*, ) >%,: ) :., %	Shenzhen #vestment Holdings Co., Ltd.
China 9erchants \$ank Co., Ltd., offshore financial center	) >=: &: , >%+., ,	Shenzhen #vestment Holdings Co., Ltd.
! otal	+,%%-,-), *-*., %	

( ) As at "uly (1; ' : ' 1; December (1; ' : ' :; ' : 19 and ' : 1<; the Target Group had no o+erdue but unpaid short\*term borro&ings.

11) E30loyee benefits 0ayable

(or the seven months ended 5uly : -, +, +-

\$ 1'

Ite3	O0enin8 balan1e	' rovision	' ay3ent	Closin8 balan1e
; ages or salaries, bonuses, allowances and subsidies	=: +, ) , * : ,	-: , =-%, & ) >.-)	-: , % ) * , ) * -.- ,	>=, : > : . : )
Short4term paid leaves	&& : , =+ : : *	&- , ) =-. +>	Q	&> % , : * & . ) =
! ermination benefits	: , +: + , , ) * . & =	% ) % , : =+ = *	Q	: , = * = , && + . + )
Hthers	Q	+ ) > , * - + . * >	+ ) > , * - + . * >	Q
! otal	& , & , > , & , + . - )	- & , % * - , & + % . + -	- : , > : > , ) , & . , >	% , - ) - , + : . + *

(or the year ended ' eember : -, +, +,

\$ 1'

Ite3	O0enin8 balan1e	' rovision	' ay3ent	Closin8 balan1e
; ages or salaries, bonuses, allowances and subsidies	%, % , ) , > - , . ) >	- * , : > - , + & - . * ,	+ & , - % % , && : . + >	=: + , ) , * : ,
Short4term paid leaves	&> , ) = * , . > =	. & : , , ) = & > 1	Q	&& : , =+ : : *
! ermination benefits	+ , = , : , = , > . + )	% + > , : ) - . + -	Q	: , +: + , , ) * . & =
Hthers	Q	+ , + % + , + ) & . = *	+ , + % + , + ) & . = *	Q
! otal	> , ) * = , : , * . > -	++ , - -- > , > , . & +	+ ) , & , = , = , > , =	& , & , > , & , + . - )

(or the year ended ' eember : -, +, -\*

\$ 1'

Ite3	O0enin8 balan1e	' rovision	' ay3ent	Closin8 balan1e
; ages or salaries, bonuses, allowances and subsidies	%,%+&, >=: .->	+: ,&, +, &=, . *+	+: ,&+, ,%: : .&+	%,% , ) ,>-, . )>
Short4term paid leaves	+&), =>=. ) *	+ =, , && * . * -	: , , && ) . =:	& >), = * , . > =
! ermination benefits	+, - ->, - &: . **	) +, = =) . % *	= =, + - + .: +	+ , = , : , = , > . + )
Hthers	Q	. > = - , , ) - . - : 1	. > = - , , ) - . - : 1	Q
! otal	= , >> * , > , & . > )	+ : , & ) & , ) : ) . + *	++ , ) % = , - : - . : &	> , ) * = , : , * . > -

(or the year ended ' eember : -, +, ->

\$ 1'

Ite3	O0enin8 balan1e	In1rease by business 1o3bination	' rovision	' ay3ent	Closin8 balan1e
; ages or salaries, bonuses, allowances and subsidies	Q	% , = % , , & + ) . + =	- & , > - & , : + ) . ) >	- % , , : * , > = * . = =	%,%+&, >=: .->
Short4term paid leaves	Q	+ , : : , , & > - . & >	. + , , > : , ) * : . = * 1	Q	+& , ) , => = . ) *
! ermination benefits	Q	+ , + > : , , : : . ) )	. - ) & , > > * . ) = 1	Q	+ , - ->, - &: . **
Hthers	Q		% = , & * & % : 1	% = , & * & % : 1	Q
! otal	Q	- , , : ) : , * & - . & -	- + , % , > , + & > . ) *	- & , * > + , : > % . + &	= , >> * , > , & . > )

1+) Ta>es 0ayable

\$ 1'

Ite3	As at July -1*	As at De1e3ber -1*	As at De1e3ber -1*	As at De1e3ber -1*
Enterprise income tax .note1	+ / + 1	+ / + /	+ / 1 <	+ / 1 G
	& , * , ) , . > ,	- & , ) % > , % = * . ) %	Q	Q

Note: #t refers to enterprise income tax payable by the Shenwan #nrastructure, of which enterprise income tax payable due to disposal of ++.%E e<uity interests held by the ! arget Company in Gintang 5D is amounted to 79\$-: ) , + = , \* + , , as at ' eember : -, + , + , .

1-) Other Payables

(1) Summary of other payables

\$ 1'

	As at July -1*	As at De1e3ber -1*	As at De1e3ber -1*	As at De1e3ber -1*
Ite3	+ /+1	+ /+ /	+ /1<	+ /1G
' ividends payable	*=, &+ : , &%+ . , ,	> ) , &&% , =+ , . =)	0	0
Hther payables	+ , * - * , + % . = :	: , * * : , - = > , * >	: , * % ) , + - - , >	) , - : - , - ) + . * +
! otal	- , , : &+ , = , = . = :	* , & : > , > * * . = &	: , * % ) , + - - , >	) , - : - , - ) + . * +

(') - ther payables

Presentation -y nature of other paya-les

\$ 1'

	As at July -1*	As at De1e3ber -1*	As at De1e3ber -1*	As at De1e3ber -1*
Ite3	+ /+1	+ /+ /	+ /1<	+ /1G
" ccrued expenses	+ , > > = , % > > . % -	+ , = + & , ) ) & . &&	: , ) % ) , , + > . > >	% , = + & , > : * . * &
" mounts due to related parties	& , : , ) . ) %	& , : % * . & * *	0	0
Hthers	+ = , : ) , . % =	- , + ) & , - % % . %	: , , , - > + , + ,	& , ) , : + + . * >
! otal	+ , * - * , + % . = :	: , * * : , - = > , * >	: , * % ) , + - - , >	) , - : - , - ) + . * +

1:) NonE1urrent liabilities due =ithin one year

\$ 1'

	As at July -1*	As at De1e3ber -1*	As at De1e3ber -1*	As at De1e3ber -1*
Ite3	+ /+1	+ /+ /	+ /1<	+ /1G
Long4term borrowings due within one year	- , : , % , ) * + , > : . ) ,	= ) , , % : * , ) - + . > ,	- , ) , = * * , * ) : . & ,	: % , , & > , , , , , , ,
Hther non4current liabilities due within one year	+ , % % % , = - : , ) + : . + ,	+ , % > = , , ) > : , , , . > ,	0	0
" ccrued interest of long4 term borrowings due within one year	& , , > - , ) ) = . > :	- , - % = , + : % . + )	+ , & : % , > - - , &	) : - , % % ) . * +
" ccrued interest of other non4current liabilities due within one year	= % , & > = , ) , = . : &	0	0	0
! otal	: , * & , , * = & , * > - . * =	: , : & > , = ) % , - & > . > )	- , * , + : % , = = & . &&	: % , ) = * , % % ) . * +

1F) Other urrent liabilities

\$ 1'

	As at July -1*	As at De1e3ber -1*	As at De1e3ber -1*	As at De1e3ber -1*
Ite3	+ / +1	+ / + /	+ / 1 <	+ / 1 G
Hutput D" ! to be recognised	: , + % ) , , * + , + -	- , % , & , > % : . > )	0	0

1B) on8Eter3 borro=in8s

(1) Categories of long\*term borro&ings

\$ 1'

	As at July -1*	As at De1e3ber -1*	As at De1e3ber -1*	As at De1e3ber -1*
Ite3	+ / +1	+ / + /	+ / 1 <	+ / 1 G
Guaranteed borrowings	: , , + > , - + , , = % : . : +	+ , = * % , * - & , = * . > ,	+ , + = > , & & % , ) * : . & +	- , % = > , + - , ) : & . ) +
" ccrued interest	& , , > - , ) ) = . > :	- , - % = , + : % . + )	+ , & : % , > - - , &	) : - , % % ) . * +
! otal	: , , : + , + , + , & + - - %	+ , = * = , , = + , - % . , )	+ , + > , , > > - , % , & & )	- , % = > , > & > , - * - . % &
Less2 Long4term borrowings due within one year	- , : , % , ) * + , , > : . : ,	= ) , , % : * , ) - + . > ,	- , ) , = * * , * ) : . & ,	: % , , & > , , , , , ,
Less2 " ccrued interest of long4 term borrowings due within one year	& , , > - , ) ) = . > :	- , - % = , + : % . + )	+ , & : % , > - - , &	) : - , % % ) . * +
Long4term borrowings due after one year	- , = + + , & + > , ) ) * . = +	+ , , : % , : = % , - ) = . , ,	+ , - = - , ) & % , = : , , +	- , % & : , - ) > , ) : & . ) +

Note: (or the seven months ended 5uly : - , + , + - , and the years ended ' eember : - , + , + , , + , - \* and + , - > , the annual interest rates of the above loans are - , . \* : ) E to & . + - - % E , , . \* & - : E to % . ) - + : E , : . , > - ) E to & . - : + : E and : . , : > \* E to & . - : : & E , respectively.



(') Details of guaranteed borro&ings are as follo&s>

\$ 1'

ender	As at July -1* +/+1	(uarantor
China ' evelopment \$ank	=-: , &&, >*.+&	Shenzhen #nvestment Holdings Co., Ltd.
\$ank of China .Hong ong1 Limited	))=,+++,>%.%=	S#H\$"
" gricultural \$ank of China Ltd. Hong ong \$ranch	)%+,+ , , &&. ,	Shenzhen #nvestment Holdings Co., Ltd.
#ndustrial and Commercial \$ank of China .9acau1 Limited	%>,*>, , : *.),	Shenzhen #nvestment Holdings Co., Ltd.
C9\$ ; ing Lung \$ank Limited	&, >,) =: ,>* &. *-	S#H\$"
! otal	: , , +>,-+ , =%: .: +	

\$ 1'

ender	As at De1e3ber -1* +/+/	(uarantor
" gricultural \$ank of China Ltd. Hong ong \$ranch	)) , , + , -,%: ) , ,	Shenzhen #nvestment Holdings Co., Ltd.
China ' evelopment \$ank	=%>,-&, >>.*	Shenzhen #nvestment Holdings Co., Ltd.
#ndustrial and Commercial \$ank of China .9acau1 Limited	)+%>*,=&)* . *	Shenzhen #nvestment Holdings Co., Ltd.
C9\$ ; ing Lung \$ank Limited	=%&, , , -,) >&. *-	S#H\$"
! otal	+ , =*% , *-&, =* .> ,	

\$ 1'

ender	As at De1e3ber -1* +/1<	(uarantor
" gricultural \$ank of China Ltd. Hong ong \$ranch	= , + , =- * , + ) > , ,	Shenzhen #nvestment Holdings Co., Ltd.
China ' evelopment \$ank	>=%,%> , = , > , ) : &	Shenzhen #nvestment Holdings Co., Ltd.
#ndustrial and Commercial \$ank of China .9acau1 Limited	= , , , -%> , ) - * . , >	Shenzhen #nvestment Holdings Co., Ltd.
! otal	+ , + = > , &&% , ) * : . & +	

\$ 1'

ender	As at De1e3ber -1* +/1G	(uarantor
" gricultural \$ank of China Ltd. Hong ong \$ranch	)> , : & : , >%+ , ,	Shenzhen #nvestment Holdings Co., Ltd.
China ' evelopment \$ank	> * , , > = + , = > + . ) +	Shenzhen #nvestment Holdings Co., Ltd.
! otal	- , %> , + - , ) : & . ) +	



1<) Share 1a0ital

\$ 1'

	As at July -1*	As at De1e3ber -1*	As at De1e3ber -1*	As at De1e3ber -1*
Na3e of shareholder	+ / +1	+ / + /	+ / 1 <	+ / 1 G
S#H #nternational Capital Holdings Co., Ltd.	: ++, * : , , ,	: ++, * : , , ,	: ++, * : , , ,	: ++, * : , , ,

+ / ) Ca0ital reserve

(or the seven months ended 5uly : -, +, + -

\$ 1'

lte3s	O0enin8 balan1e	In1rease	De1rease	Closin8 balan1e
Capital premium	+ , ) > % , > = * , & % = . * *	: : , , : ) , % : ) . > &	0	+ , = - > , * - % , * * & . > :
Q Capital contributions from owners Note 3"	+ , - , % , > * : , = - = , - )		0	+ , - , % , > * : , = - = , - )
Q Generated by ac<uisition or sales of non4 controlling interests Note 4"	- : ) , ) + > , & ) = , , =	0	0	- : ) , ) + > , & ) = , , =
Q Hthers Note 2"	& & : , : % = , + = : . = )	: : , , : ) , % : ) . > &	0	& & : , : * : , > - , . ) ,
! otal	+ , ) > % , > = * , & % = . * *	: : , , : ) , % : ) . > &	0	+ , = - > , * - % , * * & . > :

(or the year ended ' eember : -, +, + ,

\$ 1'

lte3s	O0enin8 balan1e	In1rease	De1rease	Closin8 balan1e
Capital premium	% = : , - = * , - = & . * %	+ , - - + , = , , + > : . , &	0	+ , ) > % , > = * , & % = . * *
Q Capital contributions from owners Note 3"	- > + , * , : , + ) = . ) *	- , * + + , * * , , & * . & =	0	+ , - , % , > * : , = - = , - )
4 Generated by ac<uisition or sales of non4 controlling interests Note 4"	- : ) , ) + > , & ) = , , =	0	0	- : ) , ) + > , & ) = , , =
Q Hthers Note 2"	+ % : , ) & = , & & , . - *	- > * , = , * , > : : . % =	0	& & : , : % = , + = : . = )
! otal	% = : , - = * , - = & . * %	+ , - - + , = , , + > : . , &	0	+ , ) > % , > = * , & % = . * *

(or the year ended ' eember : -, +, -\*

\$ 1'

Ite3s	O0enin8 balan1e	In1rease	De1rease	Closin8 balan1e
Capital premium	: &-,)%,>,: >=.)>	+: -,%,+, ,=>=.,+=	0	%=: ,-=*, -=&. *%
0 Capital contributions from owners Note 3"	-%+, *>%,+)=.) *	+*, * ->, , , , , ,	0	->+, * , : ,+)=.) *
0 Generated by ac<uisition or sales of non4 controlling interests Note 4"	-: ),)+>,&)=., =	0	0	-: ),)+>,&)=., =
0 Hthers Note 2"	%+, , &&,)%,+.*+	+, -, ), +,=>=.,+=	0	+%:, )&=&&., .-*
! otal	: &-,)%,>,: >=.)>	+: -,%,+, ,=>=.,+=	0	%=: ,-=*, -=&. *%

(or the year ended ' eember : -, +, ->

\$ 1'

Ite3s	O0enin8 balan1e	In1rease	De1rease	Closin8 balan1e
Capital premium	0	: &-,)%,>,: >=.)>	0	: &-,)%,>,: >=.)>
0 Capital contributions from owners Note 3"	0	-%+, *>%,+)=.) *	0	-%+, *>%,+)=.) *
0 Generated by ac<uisition or sales of non4 controlling interests Note 4"	0	-: ),)+>,&)=., =	0	-: ),)+>,&)=., =
0 Hthers Note 2"	0	%+, , &&,)%,+.*+	0	%+, , &&,)%,+.*+
! otal	0	: &-,)%,>,: >=.)>	0	: &-,)%,>,: >=.)>

Note 3:#t refers to capital contributions made by the ! arget Companyes parent company.

Note 4:#t refers to the difference between considerations paid by the ! arget Company for takeover bid of +&.\*E shares of S#H\$" and carrying amount of net assets of relevant shares of S#H\$" , amounting to 79\$\*),=%, , :)%>+, as well as the difference between considerations received from sales of -\*: %E shares of S#H\$" and carrying amount of net assets of relevant shares of S#H\$" , amounting to 79\$+: : , : =>, >: +.>\*

Note 2:#t refers to exemption of interest of borrowings granted by the parent company to the ! arget Company.

+1) Other reserve

\$ 1 '

Items	As at January 1' +/-1	Amount recognised in the current period				Attributable to owners of the Company after tax	Attributable to non-controlling interests after tax	Other comprehensive income carried forward to retained earnings	As at July -1' +/-1
		Amount incurred for the current period before tax	Amount recognised in the current period previously included in other comprehensive income and transferred to profit or loss for the period	Amount recognised in the current period previously included in other comprehensive income	Amount recognised in the current period previously included in other comprehensive income				
#. Other comprehensive income that cannot be subsequently reclassified to profit or loss	(-),*)>, *%&.:,	-,-,% , , , , , , , 1	Q	-,-,% , , , , , , , 1	-,-,% , , , , , , , 1	Q	Q	))>, *%&.:,	
- Changes in remeasurement of defined benefit plans	Q	Q	Q	Q	Q	Q	Q	Q	
+. Other comprehensive income that cannot be transferred to profit or loss under the equity method	Q	Q	Q	Q	Q	Q	Q	Q	
:. Changes in fair value of investments in other equity instrument	(-),*)>, *%&.:,	-,-,% , , , , , , , 1	Q	-,-,% , , , , , , , 1	-,-,% , , , , , , , 1	Q	Q	))>, *%&.:,	
#. Other comprehensive income that will be reclassified to profit or loss	)%&.: , +=-,-, , , , , >*1	>%&.: , +=-,-, , , , , , -=-	Q	Q	>%&.: , +=-,-, , , , , )%&.:	-,-,% , , , , , , , )%&.:	Q	%&.: , +=-,-, , , , , -=-	
- Other comprehensive income that can be transferred to profit or loss under the equity method	Q	Q	Q	Q	Q	Q	Q	Q	
+. Translation differences of financial statements denominated in foreign currencies	)%&.: , +=-,-, , , , , >*1	>%&.: , +=-,-, , , , , , -=-	Q	Q	>%&.: , +=-,-, , , , , )%&.:	-,-,% , , , , , , , )%&.:	Q	%&.: , +=-,-, , , , , -=-	
! Total other comprehensive income	)%&.: , +=-,-, , , , , >*1	=&.: , +=-,-, , , , , , -=-	Q	-,-,% , , , , , , , 1	=&.: , +=-,-, , , , , )%&.:	-,-,% , , , , , , , )%&.:	Q	%)>, +=-,-, , , , , -=-	

\$ 1 '

Items	Amount reclassified in the current year							
	As at January 1' +/-	Amount incurred for current year before tax	Amount previously included in other comprehensive income and transferred to profit or loss for the period	Amount previously included in other comprehensive income and transferred to profit or loss for the period	Attributable to owners of the Company after tax	Attributable to noncontrolling interests after tax	Amount previously included in other comprehensive income and transferred to retained earnings	As at December 31' +/-
#. Other comprehensive income that cannot be subsequently reclassified to profit or loss	1,000,000	1,000,000	0	1,000,000	1,000,000	0	0	1,000,000
- Changes in remeasurement of defined benefit plans	0	0	0	0	0	0	0	0
+ Other comprehensive income that cannot be transferred to profit or loss under the equity method	0	0	0	0	0	0	0	0
- Changes in fair value of investments in other equity instrument	1,000,000	1,000,000	0	1,000,000	1,000,000	0	0	1,000,000
#. Other comprehensive income that will be reclassified to profit or loss	1,000,000	1,000,000	0	1,000,000	1,000,000	1,000,000	0	1,000,000
- Other comprehensive income that can be transferred to profit or loss under the equity method	0	0	0	0	0	0	0	0
+ Translation differences of financial statements denominated in foreign currencies	1,000,000	1,000,000	0	1,000,000	1,000,000	1,000,000	0	1,000,000
Total other comprehensive income	1,000,000	1,000,000	0	1,000,000	1,000,000	1,000,000	0	1,000,000

\$ 1 '

Items	As at January 1' +/-	Amount recognised in the current year					Attributable to non-controlling interests after tax	Other comprehensive income carried forward to retained earnings	As at December 31' +/-
		Amount incurred for current year before tax	Amount recognised in the current year previously included in other comprehensive income and transferred to profit or loss for the period	Amount recognised in the current year previously included in other comprehensive income and transferred to profit or loss for the period	Amount recognised in the current year previously included in other comprehensive income and transferred to profit or loss for the period	Amount recognised in the current year previously included in other comprehensive income and transferred to profit or loss for the period			
#. Other comprehensive income that cannot be subsequently reclassified to profit or loss	1,000,000	(1,000,000)	0	(1,000,000)	(1,000,000)	0	0	1,000,000	
- Changes in remeasurement of defined benefit plans	0	0	0	0	0	0	0	0	
+ Other comprehensive income that cannot be transferred to profit or loss under the equity method	0	0	0	0	0	0	0	0	
-. Changes in fair value of investments in other equity instrument	1,000,000	(1,000,000)	0	(1,000,000)	(1,000,000)	0	0	1,000,000	
#. Other comprehensive income that will be reclassified to profit or loss	1,000,000	1,000,000	0	0	1,000,000	1,000,000	0	1,000,000	
- Other comprehensive income that can be transferred to profit or loss under the equity method	0	0	0	0	0	0	0	0	
+ Translation differences of financial statements denominated in foreign currencies	1,000,000	1,000,000	0	0	1,000,000	1,000,000	0	1,000,000	
Total other comprehensive income	1,000,000	(1,000,000)	0	(1,000,000)	(1,000,000)	1,000,000	0	1,000,000	

\$ 1 '

Items	As at January 1 <sup>st</sup> +/1G	Amount recognised in the current year			Attributable to owners of the Company after tax	Attributable to non-controlling interests after tax	Other comprehensive income carried forward to retained earnings	As at December 31 <sup>st</sup> +/1G
		Amount incurred for current year before tax	Amount previously included in other comprehensive income and transferred to profit or loss for the period	Amount previously included in other comprehensive income and transferred to profit or loss for the period				
Other comprehensive income that cannot be subsequently reclassified to profit or loss	Q	(1,111,111)	Q	(1,111,111)	Q	Q	Q	(1,111,111)
- Changes in remeasurement of defined benefit plans	Q	Q	Q	Q	Q	Q	Q	Q
+ Other comprehensive income that cannot be transferred to profit or loss under the equity method	Q	Q	Q	Q	Q	Q	Q	Q
- Changes in fair value of investments in other equity instrument	Q	(1,111,111)	Q	(1,111,111)	Q	Q	Q	(1,111,111)
# Other comprehensive income that will be reclassified to profit or loss	Q	(1,111,111)	Q	Q	(1,111,111)	Q	Q	(1,111,111)
- Other comprehensive income that can be transferred to profit or loss under the equity method	Q	Q	Q	Q	Q	Q	Q	Q
+ Translation differences of financial statements denominated in foreign currencies	Q	(1,111,111)	Q	Q	(1,111,111)	Q	Q	(1,111,111)
Total other comprehensive income	Q	(1,111,111)	Q	(1,111,111)	Q	Q	Q	(1,111,111)



++) A11u3ulated losses

\$ 1'

	Seven 3onths ended July -1*	, ear ended De1e3ber -1*	, ear ended De1e3ber -1*	, ear ended De1e3ber -1*
Ite3s	+ /+1	+ /+ /	+ /1<	+ /1G
" ccumulated losses at the beginning of the periodA year	. *=%,&: =,&* &., : 1	. &*-%: >,&*: ., : 1	. -)&,+=: ,)-, .+, 1	0
" dd2 Cet profit .loss1 attributable to owners of the Company for the period	->,: &>,&: &.: &	. +=,)=,= &* .-+1	. -+, ,>*-,+*+, *1	. -)&,+=: ,)-, .+, 1
! otal	. *% =, , >* , %* .)*1	. =)* ,+ -), +&+ .-%1	. +>% , -)& , * , +. +*1	. -)&,+=: ,)-, .+, 1
Less2 ' ividends declared Note"	+ ->,+* : , + , , ,	+ , ) , + + - , + % - .>>	+ , ) , : = : , %* , . = &	0
" ccumulated losses at the end of the period/year	. - , - = % , : > + , = * . ) *1	. * = % , & : = , &* & . , : 1	. &* - , % : > , &* : . , : 1	. - ) & , + = : , ) - , . + , 1

Note: #t refers to the dividends distribution to the shareholders declared by the board of directors of the ! arget Company in +, +-, +, +, and +, -\*, which were 79\$+ ->,+\* : , + , , , 79\$+ , ) , + + - , + % - .>> and 79\$+ , ) , : = : , %\* , . = &, respectively.

+-) Ta>es and sur1har8es

\$ 1'

	Seven 3onths ended July -1* + /+1	Seven 3onths ended July (unaudited)	, ear ended De1e3ber -1*	, ear ended De1e3ber -1*	, ear ended De1e3ber -1*
Ite3s	+ /+1	+ /+ /	+ /+ /	+ /1<	+ /1G
Stamp duty Note"	0	0	0	0	- , , >*% , & ) + . & =

Note: #t is mainly generated from ac<uisition of S#H\$" in +, ->.

+:) Ad3inistrative e>0enses

\$ 1'

	Seven 3onths ended July -1* +/+1	Seven 3onths ended July -1* +/+ (unaudited)	, ear ended De1e3ber -1* +/+	, ear ended De1e3ber -1* +/1<	, ear ended De1e3ber -1* +/1G
Employee benefits	-%, =, , %, , .: *	-: , ) + +, * : %)	++ , -- > , , .& +	+: , & ) & , : ) . + *	- + , % , > , + & > . ) *
" gency service fee	+ , % = > , + ) & . ) -	: , % = : , ) > . - &	& , * = , & = = > )	& , % * - , * & . ) =	+ , , : , = : % * . & >
7ents	- , = + ) , , * , .: >	+ , - % + , , * - . & >	: , & : & , & + = . * -	: , , % % , - , + . > >	- , % & ) , + > = : : :
' epreciation expenses	& , + , % % & . * >	+ & - , - % - = -	% = % , % , > . + &	: ) , % * - . - >	- = : , & > + , . :
Stock registration fee	: = > , - & + . > ,	) % : , > > > . ) %	- , , * > : , * , ) +	- , , % + , * ) . % )	Q
\$usiness entertainment expenses	: - ) , ) : , .: ,	= % , > + % . = *	+ > % , ) & * . + %	* & % , : = : . ) =	& & > , - % > . , )
Listing service fee	- = : , : * * .: :	- > > , = ) + > =	- , & - = , - & * . - +	- : , ) & , & + % . + &	Q
Hthers	+ , : : = , - , : . & >	- , % * * , * % & . & =	+ , + > + , * > * . = +	+ , * , > , % - : . , %	> > > : & * . & =
! otal	+ : , ) - + , ) > . + =	+ - , ) + % , - : : . + %	: ) , , - , , : * : . - &	: = , & & > , > . ) :	: % , > = - , > > % , . )

+F) \$inan1ial 1osts

\$ 1'

	Seven 3onths ended July -1* +/+1	Seven 3onths ended July -1* +/+ (unaudited)	, ear ended De1e3ber -1* +/+	, ear ended De1e3ber -1* +/1<	, ear ended De1e3ber -1* +/1G
#nterest expenses	- & + , ) - > , * , .: &	+ , = , ) + * , : % & . * :	: , * , : * : , ) : , . + *	: % - , % ) & , * > % . - -	: , * , , : = , % % : . + >
Less2 #nterest income	& = , + = ) , , = > . > -	: % , % % = , > * + . + :	% * , ) - = , % % & . , :	: ) ; , * , - > & . % -	- - , ) + = , + + + . % &
Exchange .gains1 losses	. ) , + ) & , & : - . ) : 1	& * = , > > . ) -	- . : , : = , > > > . : > 1	% , > * + , , * ) . , ,	- ) , * & * % = , = ,
\$ank charges and others	+ : = , & , + = %	* > > , - + & . & &	- , & > & , ) * % . * &	+ > , + = + . ) ,	: - , ) + + . - *
! otal	> * , : - % , = > + . ) %	- = : , % % = , & = : . = ,	+ : = , > > + , > > . : > +	: % - , - = , ) - * . + ,	: - & , * - , % + : . ) :

+B) Invest3ent in1o3e

\$ 1 '

	Seven 3onths ended July -1*	Seven 3onths ended July -1*	, ear ended De1e3ber -1*	, ear ended De1e3ber -1*	, ear ended De1e3ber -1*
Ite3s	+/+1	+/+/ (unaudited)	+/+/	+/1<	+/1G
#nvestment income from long4term e<uity investments under e<uity method	+&),*-=,&)&.->	..-: *,-*&,) >>.-=1	..: >>,: +-, &+.&%1	: **,: : =,) %)+*	+=: ,-*&,&)*.-=>
'ividends income from holding investments in e<uity instrument at (D! HC#	) , & , , , , , ,	0	- , , , , , , , ,	: , + , , , , , , , ,	) , , , , , , , ,
#nvestment income on disposal of long4term e<uity investments	0	0	%&%,-> , && , .*>	0	0
! otal	+&=,%+,&)&.->	..-: *,-*&,) >>.-=	-%=,*), , : .*>.%:	& , +,&%=,) %)+*	+=: ,-*&,&)*.-=>

Note 3:#t includes investment losses generated from reversal long4term receivables by long4term e<uity investments accounted for using e<uity method amounting to 79\$& , -=+ , : , , .\*> .

Note 4:#t includes investment losses generated from writing off long4term receivables by long4term e<uity investments accounted for using e<uity method amounting to 79\$&+,&+ , : , .) % and investment losses generated from writing off long4term e<uity investments amounting to 79\$& , \*,-%& , : &> .\*> .

+;) In1o3e ta> e>Oenses

(1) Statement of income ta% e%penses

\$ 1 '

	Seven 3onths ended July -1*	Seven 3onths ended July -1*	, ear ended De1e3ber -1*	, ear ended De1e3ber -1*	, ear ended De1e3ber -1*
Ite3s	+/+1	(unaudited)	+/+/	+/1<	+/1G
Current tax expense	-> , + : = , + > = , - +	+ , && * , ) > : . - )	- = ) , &> = , - > - . & +	: : , , - % , : = ) . , *	& , , - ) = , + % % . >>
' eferred tax expense	: * % - : , - + % . > *	> , & * & , = &> . * >	. % , &> : , + & ) . = : 1	* , ) : , , % - : . - +	. - + , - - , + - % . % > 1
! otal	% = , % , & - : . , -	- , , * && & , : + . - &	- = - , , : , : * , & . ) *	& + , ) && % , >> * . + -	+ > , % = , & , : . ,

(') Reconciliation of income tax expenses to profit before tax

\$ 1'

	Seven Months ended July -1*	Seven Months ended July -1* +/+/ (unaudited)	Year ended December -1*	Year ended December -1*	Year ended December -1*
Items	+/+1	+/+/ (unaudited)	+/+/ (unaudited)	+/-1<	+/-1G
Profit (loss) before tax	-: =,++>+: =.=+	..: &,; =,+*%.-+1	..--,: :-: >+.-, 1	-: ,>*(&,) ,.)	..>=-&*(&*)>., 1
Tax at normal 37C income tax rate of +5E	: &,; , =, % *.&:	..: ,%*&,; +: .:=>1	..+,: >+>&%.%+1	: ,&=: ,)%-.)	..+,->=: =&+., 1
Effect of different tax rates on income tax expense	.)- , , , , %&1	..-+ , , ->.: -1	.)>,%>-.%&1	., +, * &-.*=1	., +, %>.: )1
Tax effect of income not taxable for tax purposes	..-%, +, +, &*-.: )1	..-%+, =&, -%>.: &	*-, %&=, *-).-:	..- , , &&% ,; =>.: )1	..)=, *=-, *+&.: -1
Tax effect of expenses not deductible for tax purposes	>,%&: , -+&.+1f2..39 , 05> fo*+&				

(') - ther cash payments relating to operating acti+ities

\$ 1'

	Seven 3onths ended July -1*	Seven 3onths ended July -1* +/+/ (unaudited)	, ear ended De1e3ber -1*	, ear ended De1e3ber -1*	, ear ended De1e3ber -1*
Ite3s	+/+1		+/+/ +/+1<	+/+1<	+/1G
Expenses	-: ,&=#, >%&.)=	*: * , , , =%-)	+%, ->, )&* , -	->, &: - , ) , %%)	>, >, - , * , * =&
\$ank charges	+: =, &, +, =%	*>, -&.>&	- , &>&, ) *% . * &	+>, + = + . ) ,	: - , ) + + . - *
! otal	-: , = -% , + % = . & +	- , , : = > , + , , , ,	+ ) , ) - : , : & & . * %	-> , & % * , > = > . - )	> , > : : , % : - . * :

(()) - ther cash receipts relating to in+esting acti+ities

\$ 1'

	Seven 3onths ended July -1*	Seven 3onths ended July -1* +/+/ (unaudited)	, ear ended De1e3ber -1*	, ear ended De1e3ber -1*	, ear ended De1e3ber -1*
Ite3s	+/+1		+/+/ +/+1<	+/+1<	+/1G
7ecovery of term deposits with a maturity more than three months	+&, , , , , , , , , , ,	Q	Q	Q	Q
7ecovery of loans to related party	Q	Q	%: +, %: : , >: = - )	Q	Q
! otal	+&, , , , , , , , , , ,	Q	%: +, %: : , >: = - )	Q	Q

(4) - ther cash payments relating to in+esting acti+ities

\$ 1'

	Seven 3onths ended July -1*	Seven 3onths ended July -1* +/+/ (unaudited)	, ear ended De1e3ber -1*	, ear ended De1e3ber -1*	, ear ended De1e3ber -1*
Ite3s	+/+1		+/+/ +/+1<	+/+1<	+/1G
Loans to a related party	: > &, , , , , , , , , , ,	%: - , = % , , , , , , , , , , ,	%% > , = % , , , , , , , , , , ,	: , * , : , , , , , , , , , , ,	Q
#ncome tax for disposal of e<uity in Joint ventures	-: ) , , + = , , * + , , ,	Q	Q	Q	Q
! erm deposits with a maturity more than three months transferred out	Q	Q	+&, , , , , , , , , , ,	Q	Q
! otal	%+ , , , , + = , , * + , , ,	%: - , = % , , , , , , , , , , ,	= * > , = % , , , , , , , , , , ,	: , * , : , , , , , , , , , , ,	Q

(7) - ther cash receipts relating to financing acti+ities

\$ 1 '

	Seven 3onths ended July -1*	Seven 3onths ended July -1* +/+/ (unaudited)	, ear ended De1e3ber -1*	, ear ended De1e3ber -1*	, ear ended De1e3ber -1*
Ite3s	+/+1		+/+/ (unaudited)	+/1<	+/1G
\$orrowings from the ! arget Companyes parent company	0	0	0	0	0
Considerations ac<uired from disposal of e<uity to minority shareholders Note"	0	0	0	0	0
! otal	0	0	0	0	0

Note: 3lease refer to Cote D##, +. +1 for details.

(.) - ther cash payments relating to financing acti+ities

\$ 1 '

	Seven 3onths ended July -1*	Seven 3onths ended July -1* +/+/ (unaudited)	, ear ended De1e3ber -1*	, ear ended De1e3ber -1*	, ear ended De1e3ber -1*
Ite3	+/+1		+/+/ (unaudited)	+/1<	+/1G
3ayments for takeover bid to minority shareholders Note"	0	0	0	0	0
! axes relating to takeover bid and sales of shares	0	0	0	0	0
! otal	0	0	0	0	0

Note: 3lease refer to Cote D##, +. +1 for details.

+<) Su00le3entary infor3ation to the 1ash flo= state3ent

(1) Supplementary information to the cash flo& statement

\$ 1 '

Su00le3entary infor3ation	Seven 3onths ended July -1' +/+1	Seven 3onths ended July -1' +/+1 (unaudited)	, ear ended De1e3ber -1' +/+1	, ear ended De1e3ber -1' +/1<	, ear ended De1e3ber -1' +/1G
1) Re1on1itiation of net Orofit to 1ash flo= fro3 o0eratin8 activities					
3rofit .loss1 for the year	=*,&=#,>+&=-	:.&%: +,-,+=,+1	.+>+,:%:-)=*1	.+>=%-,+>+,%1	.-,%+,),%:=-,1
" dd2 ' epreciation of fixed assets (inancial expenses	&, +,%&&.*>	+&-,%-=-	%=%,%>,+&	:),%*-,->	-=:,&>+, :
Losses .gains1 on changes in fair value	*%,: &+>--%:	-+=,,-,&)+=,	+&,&>,*&>%=	:%%%:+,%&=#>	:+%* >+,-,+,-,
Investment losses .income1	.-,&* &,* &,-1	Q	.-,%,:,-+:+*1	Q	Q
Increase .decrease1 in deferred tax liabilities	+&=%+,-,&)&.>1	-,*,-*&,>>,-=	.-%=&*,),:,*>:%:1	&, +,&&=),)%+*1	+=:,*&&,&)*,>1
Increase .increase1 in receivables from operating activities	:,*%:-,-+%>*	&,>* &=&>,*>1	%,&>+,&):=1	*):,,:%:-,+>	.-,+,-,+,-+%>1
Increase .decrease1 in payables from operating activities	>,:,% &=&	.>,:)&, , 1	.>)%+>>,+ 1	.-*%=:,-%+1	---,+>:=
Others	&,&=&,-,)+>>1	-(,*), =,>*),=,	+,:,*+,*>,%>	+>)&*&,-)--	&, ,%>,>:,: ,
	Q	Q	Note 4"	Q	Note 3"
Net cash flow from operating activities	:,>,*>,-)*>:+1	.-,*,->,-,&,*>1	&,-,*+&=),,-%1	:,:+&,-)--=1	.-, &,>,%>,%=:1
+) Net 1han8es in 1ash eDuivalents					
Closing balance of cash and cash e-cuivalents	-,&%,-,=,%) ,,+>	+%) ,>,*>=:,%	%>,-+)&,:%>	+&%+&=,%>:	+):&,-):,: ,&:
Less2 Hpening balance of cash and cash e-cuivalents	%>,-+)&,:%>	+&%+&=,%>:	+&%+&=,%>:	+):&,-):,: ,&:	Q
Net increase .decrease1 in cash and cash e-cuivalents	>)*,*%+&,>	-,-,)=,* ,+%+	:,%&&+&=), , , :	.-=)*&,&&,&), 1	+):&,-):,: ,&:

Note 3: #t refers to stamp duty and agency fee, etc. generated from ac<uisition of S#H\$"

Note 4: #t refers to income tax payable for disposal of ++.%E e<uity interest in Gintang 5D in +, +, .

(') =et cash paid to ac4uire subsidiaries and other business units

\$ 1 '

	Seven 3onths ended July -1*	Seven 3onths ended July -1* (unaudited)	, ear ended De1e3ber -1* +/+	, ear ended De1e3ber -1* +/1<	, ear ended De1e3ber -1* +/1G
Cash or cash e<uivalents paid in current period for business combination incurred in current period	0	0	0	0	=,*, &);%,,*,>,-,
Less: Cash and cash e<uivalents held by subsidiaries at the date of purchase	0	0	0	0	:**,+%,,+*)=
Cash or cash e<uivalents paid in current period for business combination incurred in period	0	0	0	0	0
Net cash paid to ac<uire subsidiaries	0	0	0	0	=,%,%;>,&);>&:

(()) Composition of cash and cash e4ui+alents

\$ 1 '

	As at July -1*	As at De1e3ber -1* +/+	, ear ended De1e3ber -1* +/+	, ear ended De1e3ber -1* +/1<
#. Cash	-,&%, ,=-, %) ,. =+	%>-,+)&.) : %.>)	+&%, =+-,>=%.>:	+): ,&-): , : , .&:
#ncluding: Cash on hand	%+, , )): -	+ =, & ) ) , )	& , =*+.%)	-&, : %.%,
\$ank deposits that can be readily withdrawn on demand	-,&%, , , *%, )+.% =	%>-,+&-&,+ =.)&	+&%, )% =,%-: .%+	+): , : >: ,%& ) .% =
Hther monetary funds that can be readily withdrawn on demand	++ , > ) > . > &	++ , = & + . - )	+ : , % ) * . = %	- > , = & > : . )
##. Closing balance of cash and cash e<uivalents	-,&%, ,=-, %) ,. =+	%>-,+)&.) : %.>)	+&%, =+-,>=%.>:	+): ,&-): , : , .&:

Note: Cash and cash e<uivalents exclude restricted cash of the ! arget 8roup.



&l) C! AN(ES IN CONSO IDATION SCO' E

1) 2usiness 1o3binations not involvin8 enter0rises under 1o33on 1ontrol

(1) 8business combinations not in+ol+ing enterprises under common control incurred

\$ 1 '

Na3e of a1Duiree	A1Duisition date	A1Duisition 1ost	' ro0ortion a1Duireed (l ) A1Duisition a00roath	Deter3ination basis of a1Duisition date	Revenue of the a1Duiree fro3 the a1Duisition date to the 0eriod end -1 De1e3ber +/1G (in1ludin8 invest3ent in1o3e)	Net Orofit of the a1Duiree fro3 the 0eriod end -1 a1Duisition date to the 0eriod end -1 De1e3ber +/1G
S#H\$"	& " pril +, ->	=, *, &,) : %, , * > . - ,	))) * " c<uisition of e<uity	! he control over the ac<uiree has been transferred	+ = , = * & , & ) * , >	+ - > , ) * , % & , . : +

Note: Hn ' eember +\* , + , - = , the ! arget Company, the ! arget Company@s ultimate holding parent company Shenzhen #nvestment Holdings Co., Ltd., Hopewell Holdings Limited and " nber #nvestments Limited entered into an e<uity purchase and sales agreement, agreeing that " nber #nvestments Limited shall sell its )) .) \* E shares in S#H\$" to the ! arget Company. Hn " pril & , + , - > , the ! arget Company could control financial and operating decision4making of S#H\$" and has included it into the scope of Historical (inancial #nformation since that day. ! he ! arget Company subse<uently ac<uires some shares of S#H\$" by means of takeover bid and sales, as at September - = , + , - > , the ! arget Company finally held = - . > : E shares in S#H\$" .

(or the seven months ended by 5uly : - , + , + - , and in + , + , and + , - \* , the ! arget 8roup has no business combinations not involving enterprises under common control incurred.

(') Combination cost and good&ill

\$ 1 '

Co3bination 1ost	SI! 2A
Q Cash	= , * , & , ) : %, , * > . - ,
Q (air value of e<uity held before the date of ac<uisition date on the date of ac<uisition	Q
! otal combination cost	= , * , & , ) : %, , * > . - ,
Less2 Share of fair value of identifiable net asset ac<uires	= , = , - , = & - , * ) . * ,
8oodwill	+ , + , > * : , - : - , + ,



&II) E" #IT, IN OT! ER ENTITIES

1) EDuity in subsidiaries

(1) Composition of the Target Group

\$ 1 '

Name of subsidiary	Initial Date of operation	Date of registration	Business nature	Shareholding Proportion ( ) Note		
				Direct	Indirect	Means of acquisition
SHS"	Hong Kong	Cayman Islands	Investment holding	=->	0	! through business

\$ 1 '

Na3e of the subsidiary	Shareholdin8 ratio of 3inority shareholders	' rofit or loss attributable to 3inority shareholders for the Oeriod	Dividends de1lared and distributed to 3inority shareholders for the Oeriod	Closin8 balan1e of nonE1ntrollin8 interests
S#H\$"	+>.-=E	)+,+-.:,%%, +	>:,,>%,,:+>%	+,>=,%%)&&>%.*&
(or the year ended ' eember : -, +, +,				

\$ 1 '

Na3e of the subsidiary	Shareholdin8 ratio of 3inority shareholders	' rofit or loss attributable to 3inority shareholders for the Oeriod	Dividends de1lared and distributed to 3inority shareholders for the Oeriod	Closin8 balan1e of nonE1ntrollin8 interests
S#H\$"	+>.-=E	.&,%=%)=1	->+,:)%*+.-:	+,>*)&(:,-):.==
(or the year ended ' eember : -, +, -*				

\$ 1 '

Na3e of the subsidiary	Shareholdin8 ratio of 3inority shareholders	' rofit or loss attributable to 3inority shareholders for the year	Dividends de1lared and distributed to 3inority shareholders for the year	Closin8 balan1e of nonE1ntrollin8 interests
S#H\$"	+>.-=E	*+,-&, , , *.%&	->=,*>,>)>.-	: , , )&)=,> , .- =
(or the year ended ' eember : -, +, ->				

\$ 1 '

Na3e of the subsidiary	Shareholdin8 ratio of 3inority shareholders	' rofit or loss attributable to 3inority shareholders for the year	Dividends de1lared and distributed to 3inority shareholders for the year	Closin8 balan1e of nonE1ntrollin8 interests
S#H\$"	+>.-=E	&* , , )= , : .- ,	+ = * , > > = + & > * -	: , - % = , , - , - , & , + ,

(C) 5mportant financial information of Significant non &holly\*o&ned subsidiaries

" s at 5uly : -, +, +-

\$ 1 '

Na3e of the subsidiary	Current assets	NonE1urrent assets	Total assets	Current liabilities	NonE1urrent liabilities	Total liabilities
S#H\$"	->>),&(->*)::*	&,%*);-:,*>=,	)&+&)>,>*,*	)-,+)>=>,-:,	-,-*)%,%,+%&.+	->,) >+&,, : &,+

" s at ' eceember : -, +, +,

\$ 1 '

Na3e of the subsidiary	Current assets	NonE1urrent assets	Total assets	Current liabilities	NonE1urrent liabilities	Total liabilities
S#H\$"	-,%>*,&=-,&(-):	-,,>-,)&,>,:=%,%=	--),**%,%*-.->	=>+,,,)*)*-):	>,,+=,,,>(:)	-)-,+&+,,)**.**

" s at ' eceember : -, +, -\*

\$ 1 '

Na3e of the subsidiary	Current assets	NonE1urrent assets	Total assets	Current liabilities	NonE1urrent liabilities	Total liabilities
S#H\$"	%,)=+,*>,=-	-,,,*>:,,:,%>,%>	-,,*>,,:,%>,%>	+*:,=-,*>,+-	>,))>,%,=-	:=&,&&>,&+,:>

" s at ' eceember : -, +, ->

\$ 1 '

Na3e of the subsidiary	Current assets	NonE1urrent assets	Total assets	Current liabilities	NonE1urrent liabilities	Total liabilities
S#H\$"	-&,=-,*>,-,%&&	-,>&),)=,*&)->	-,,*>:,:>,-,%&=-+&	-,:&,)+,%&>	)*>>>,%,=-,%	>,-+&,:&+):

(or the seven months ended 5uly : -, +, +-

\$ 1 '

Na3e of the subsidiary	OOperatin8 in1o3e	Net Orofit	Total 1o3Orehensive in1o3e	Cash flo= used in oOperatin8 a1tivities
S#H\$"	Q	: =, ,>&=-,%&=-=&	: )>,&>, ,%&&>.&	..: >,)%)&+,+.) *1

(or the year ended ' eember : -, +, +,

\$ 1 '

Na3e of the subsidiary	O0eratin8 in1o3e	Net Oprofit	Total 1o3Orehensive in1o3e	Cash flo= used in o0eratin8 a1tivities
S#H\$"	0	- , : = + , , : * . + :	> + , * , , % : . + ,	. & + , > = + , : + % . + : 1

(or the year ended ' eember : -, +, - \*

\$ 1 '

Na3e of the subsidiary	O0eratin8 in1o3e	Net Oprofit	Total 1o3Orehensive in1o3e	Cash flo= used in o0eratin8 a1tivities
S#H\$"	0	: - * , ( = ) , , * & = . : ,	: + = , * > : , & * % . : :	. : ) , : + : , % & . ) - 1

(or the year ended ' eember : -, +, - >

\$ 1 '

Na3e of the subsidiary	O0eratin8 in1o3e	Net Oprofit	Total 1o3Orehensive in1o3e	Cash flo= used in o0eratin8 a1tivities
S#H\$"	0	+ - > , ) * , % & , . : +	+ - = , % = * , ) = . - )	. > , > , + , & > ) . , , 1

+) Transalctions that there are 1han8es in shares of o=ners6 eDuity in subsidiaries but the subsidiaries are still under 1ontrol

(1) Descriptions of changes in shares of o&ners? e4uity in subsidiaries

#n " pril +, ->, the ! arget Company ac<uired +&&\*E shares of S#H\$" by means of takeover bid with an ac<uisition cost of 79\$+,\*\*\*)%,\*) : ., +. #n 5uly +, ->, the ! arget Company sold \*.\* E shares of S#H\$" to Bolden \$aycrest .SD#1 Limited with a consideration of 79\$-,+ : ) , % + , + > : . > : . #n " ugust +, ->, the ! arget Company sold \*.&%E shares of S#H\$" to C9 ( 8lobal ?uantitative 9ulti4" sset S3C with a consideration of 79\$-,->- , ) = , & > . % + .

(') \$ffect of the transactions on non\*controlling interests and o&ners? e4uity attributable to the parent company

\$ 1 '

	SI! 2A Note 3"	SI! 2A Note 4"	SI! 2A Note 2"
" c<uision costs&disposal considerations			
Q Cash	+, *+*, )%, , *): ., +	-, +=-, >&>, * &.)%	-, +-%, : >:, +%, .%%
Q (air value of non4cash assets	Q	Q	Q
! otal ac<uision costs&disposal considerations	+, *+*, )%, , *): ., +	-, +=-, >&>, * &.)%	-, +-%, : >:, +%, .%%
Less2 Share of net assets of subsidiaries calculated at the proportion of ac<uired&disposed e<uity	+, >: +, * , , %* =.+,	-, -&, % =) , * -+.>)	-, , =, , +: , *>.) ,
Less2 ' eclared dividends	Q	: %: ++, >-, .>+	: : , =-%, >, +, , :
' iffereces	*) , =%, , : )% .>+	-+-, * &>, : =, . * =	---, &, : , & ) - . * +
#ncluding2 ad&ustment of capital reserve	. * ) , =%, , : )% .>+1	-+-, * &>, : =, . * =	---, &, : , & ) - . * +
ad&ustment of surplus reserve	Q	Q	Q
ad&ustment of retained profits	Q	Q	Q

Note 3: #n " pril +, ->, the ! arget Company ac<uired +&&\*E shares of S#H\$" by means of takeover bid with an ac<uision cost of 79\$+, \*+\*, )%, , \*): ., +.

Note 4: #n 5uly +, ->, the ! arget Company sold \*.\* E shares of S#H\$" to 8olden \$aycrest . \$D#1 Limited with a consideration of 79\$-, +=-, >&>, \* &.)%.

Note 2: #n " ugust +, ->, the ! arget Company sold \*.\*E shares of S#H\$" to C9( 8lobal ?uantitative 9ulti4" sset S3C with a consideration of 79\$-, +=-, >&>, \* &.)%.

-) EDuity in Joint ventures

(1) Significant Joint +entures

Name of Joint ventures	Main location	Registration location	Nature	' roortion (l )		
				Direct	Direct	Accounting Method
BS 5D Note 3"	Guangdong Province	Guangzhou City, Guangdong Province	! oil road operation	Q	&%, ,	Equity method
8J ; est 5D Note 4"	Guangdong Province	Guangzhou City, Guangdong Province	! oil road operation	Q	% , ,	Equity method
Gintang 5D Note 2"	Guangdong Province	Guangzhou City, Guangdong Province	7eal estate development	Q	: =%, 1-%, ,	Equity method

Note 3: BS 5D is mainly engaged in development, operation and management of 8uangzhou4Shenzhen Expressway. ! he operation period is : , years since the date of formal opening to traffic .5uly -, - \* =1. " t the end of the operation period, all real estates and facilities of BS 5D will be returned to 8uangdong Highway Construction Co., Ltd. at no consideration. ! he profit distribution ratio of BS 5D entitled to the ! arget 8roup is2 % E in the first decade of operation, &>E in the next decade and %&E in the last decade.

" s at 5une : , , +, , >, BS 5D has repaid the registered capital of H ' =, +, , , , , , .e<uivalent to 79\$&= -, , , , , , , 1 contributed by the ! arget 8roup.

Note 4: 8J ; est 5D is mainly responsible for the development, operation and management of trunk roads on the ; est \$ank of the 3earl 7iver ' elta. ! he superhighway is constructed in three phases, of which the operation period of 3hase # ; est is : , years from September --, +, , ; the operation period of 3hase ## ; est is +% years from 5une +% , +, - , , and the operation period of 3hase ### ; est is +% years from 5anuary +% , +, - : .

! he ! arget 8roup is entitled to % , E profits distribution of 8J ; est 5D. " t the end of the relevant operation periods of ; est Line # , ## , and ### , all the immovable assets and facilities of each phase will be returned to the relevant departments of the Chinese government in charge of transportation supervision without compensation. ! he registered capital shall be repayable to the ! arget 8roup and domestic 6oint venture partners respectively, and such repayments shall be approved by the board of directors of 8J ; est 5D.

Note 2: Gintang 5D was established by 8uangdong Highway Construction Co., Ltd., Shenwan #nfrastructure, 8uangzhou Lilu #ndustrial #nvestment Co., Ltd. and 8uangzhou Lixin #ndustrial #nvestment Co., Ltd. on Covember +\* , + , -\* , and mainly engaged in real estate development, shareholding ratio of each investor is : =.%E , : =.%E , + , E and %E respectively. Hn Hctober -\* , + , + , , 8uangdong 3rovincial Highway Construction Co., Ltd. and Shenwan #nfrastructure respectively disposed their : =.%E and ++.%E e<uity interests together with part creditor@s rights to Shenzhen 7untou Consulting Co., Ltd. " fter completion of sales of above e<uity interests, Shenzhen 7untou Consulting Co., Ltd., Shenwan #nfrastructure, 8uangzhou Lilu #ndustrial #nvestment Co., Ltd. and 8uangzhou Lixin #ndustrial #nvestment Co., Ltd. hold ) , E , -%E , + , E and %E shares in Gintang 5D respectively. " s agreed in the " rticles of " ssociation of Gintang 5D, certain matters can be approved by unanimous agreement of all shareholders. Shenwan #nfrastructure still can exercise 6oint control on Gintang 5D upon completion of above e<uity transaction.



(') /ain financial information of significant Joint +entures

\$ 1 '

Items	Closing balance Sheet reclassified in the Period ended July -1 /+1			Closing balance Sheet reclassified in the year ended Dec3ber -1 /+1			Closing balance Sheet reclassified in the year ended Dec3ber -1 /+1			Closing balance Sheet reclassified in the year ended Dec3ber -1 /+1	
	(S J&	(% 7est J&	intan8 J&	(S J&	(% 7est J&	intan8 J&	(S J&	(% 7est J&	intan8 J&	(S J&	(% 7est J&
Current assets including Cash and cash equivalents											
Concurrent assets											
Total assets											
Current liabilities											
Concurrent liabilities											
Total liabilities											
Equity attributable to equity holders of the Company											
Share of net assets calculated based on shareholding proportion											
Adjustment items											
Hierarchical losses											
Others											
Carrying amount of equity investments in associates or joint ventures											
Operating income (financial expenses)											
Income tax expenses											
Net profit											
Other comprehensive income											
Total comprehensive income											
Dividends received from joint ventures											

Note: Please refer to Note D, ) for details.

&III) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The target Group's major financial instruments include cash and bank balance, other receivables, other current assets, long-term receivables, (D) HC#, short-term borrowings, other payables, non-current liabilities due within one year, long-term borrowings and other non-current liabilities etc. Details of these financial instruments are disclosed in Note D. Risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

The target Group adopts sensitivity analysis technique to analyze how the profit and loss for the period and shareholders' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a standalone basis.

1) Ris? 3ana8e3ent obce1tives and Oolities

The Target Group's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Target Group's operation performance, and maximize the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Target Group's basic risk management strategy is to identify and analyze the Target Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitors regularly and effectively these exposures to ensure the risks are monitored at a certain level.

1.1 /aret ris@

3.3.3 ! urrency ris;

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Target Group's exposure to the currency risk is primarily associated with 79\$, KS' and 536. The Target Company is mainly engaged in investing and financing activities, the financing activities are mainly settled in H ' . " s at July : -, +, +-, ' eember : -, +, +, , +, -\* and +, ->, the balance of the Target Group's assets and liabilities are denominated in H ' except that the assets and liabilities set out below are denominated in foreign currencies. Currency risk arising from the assets and liabilities denominated in foreign currencies may have impact on the Target Group's performance.

\$ 1'

	As at July -1* +/+1	As at De1e3ber -1* +/+1	As at De1e3ber -1* +/1<	As at De1e3ber -1* +/1G
\$ank balances and cash	-,->,+=),--&.: %	=%%>+%,: ++.)	+,*+,,: +: : =	&, , , %+*%)
Hther receivables	: , , : , %.) =	+*+,*>%.%&	)>,+*>.: =	)>, , >&.-%
Hther current assets	: , * , % = * , * : . = %	+ = , , & * , % , , , ,	Q	Q
Long4term receivables	& , , = * + , + = & , , :	: + , + = > : , * % , - > :	: - , - , + & , % : : : :	Q
Hther payables	* = , & + = , = % > . ) %	> * , > : : , : , * > -	: , = - , + : - . ) +	: : , * % , % * & . & ,

Sensitivity analysis on currency risk

The assumption for the sensitivity analysis on currency risk is that all hedges of net investments in foreign operations and the cash flow hedges are highly effective. On the basis of the above assumption, where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pretax effect on the profit or loss for the period?

\$ 1'

	Chan8e in e>1han8e rate	Seven 3onths ended July -1* +/+1	, ear ended De1e3ber -1* +/+1	, ear ended De1e3ber -1* +/1<	, ear ended De1e3ber -1* +/1G
" II foreign currencies against H '	-E increase	> , + * + , + , & . * %	- , , - ) - , , * & . % :	: , - , & , : = + . * >	- : , & > & = -
" II foreign currencies against H '	-E decrease	. > , + * + , + , & . * % 1	. - , , - ) - , , * & . % : 1	: , - , & , : = + . * > 1	- : , & > & = - 1

3.3,4 Interest rate ris; # ris; of changes in cash flows

The target Group's cash flow interest rate risk of financial instruments relates primarily to variable-rate bank borrowings (see Note D, -, -, -& and -) for details. The target Group continuously and closely monitors the effects of changes in the interest rates on the target Group's currency risk exposures. The target Group's policies are to maintain floating interest rate. Meanwhile, the target Group has no arrangements for interest rate swap.

Sensitivity analysis on interest rate risk

On the basis of the above assumptions, where all other variables are held constant, the reasonably possible changes in the interest rate may have the following pre-tax effect on the profit or loss for the period.

		\$ 1'			
	Change in	Seven Months	Year ended	Year ended	Year ended
Items	effective rate	ended July -1'	December -1'	December -1'	December -1'
		+/-1	+/-/	+/-<	+/-G
Short-term borrowings	increase -E	∴, &>, *%: %=1	∴, +&: ,&=, .*&1	∴, >=, ,&=: ∴, >1	∴, %%, =-, -)*, -.*1
Short-term borrowings	decrease -E	∴, &>, *%: %=	∴, +&: ,&=, .*&	∴, >=, ,&=: ∴, >	∴, %%, =-, -)*, -.*
Current liabilities due within one year	increase -E	∴, -), %: =, -)1	∴, -), %: *) -): 1	∴, -), %: ***) : 1	∴, %%, &>, ∴, ∴, 1
Current liabilities due within one year	decrease -E	∴, -), %: =, -)	∴, -), %: *) -):	∴, -), %: ***) :	∴, %%, &>, ∴, ∴, ,
Long-term borrowings	increase -E	∴, ∴, &=, %%, ∴, %>1	∴, ∴, ∴, >-, +%, ∴, )&1	∴, ∴, ∴, =), &=, ∴, ∴, +1	∴, ∴, %%, &>, &+>), 1
Long-term borrowings	decrease -E	∴, ∴, &=, %%, ∴, %>	∴, ∴, ∴, >-, +%, ∴, )&	∴, ∴, ∴, =), &=, ∴, ∴, +-	∴, ∴, %%, &>, &+>), ,

1.' Credit risk@

As at July 2017, December 2017, 2018, 2019, 2020 and 2021, the target Group's maximum exposure to credit risk which will cause a financial loss to the target Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the target Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet. (For financial instruments measured at fair value, the carrying amount reflects the exposure to risks but not the maximum exposure to risks. The maximum exposure to risks would vary according to the future changes in fair value.)

In order to minimize the credit risk, the target Group has adopted necessary policies to ensure that all parties have good credit records. Receivables are within the credit period, so there is no significant credit risk. In addition, the target Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment provision are made for irrecoverable amounts. In this regard, the management of the target Group considers that the target Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because they are deposited with banks with high credit ratings.

1.( 1) Liquidity risk@

In the management of the liquidity risk, the target Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the target Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

" s at 5uly :-, +, +-, the ! arget 8roup had Cet current liabilities of 79\$+,&\* ,>:, &&%>,. " s the ! arget Company's ultimate holding parent company, Shenzhen #nvestment Holdings Co., Ltd. has agreed to provide all necessary financial support to the ! arget Company during the period when it has continued to be the ! arget Company's shareholder, until completion of the ac<uisition of the ! arget 8roup by Shenzhen Expressway Company Limited. ! hereafter, Shenzhen Expressway Co., Ltd. will continuously provide all necessary financial support to the ! arget 8roup so as to maintain the ! arget 8roup's ability to continue as a going concern, therefore, the ! arget 8roup's management considers that the ! arget 8roup has no li<uidity risk.

! he following is the maturity analysis for financial liabilities held by the ! arget 8roup which is based on undiscounted remaining contractual obligations2

" s at 5uly :-, +, +-

	\$ 1'		
Ite3	7 ithin 1 year	1EF years	Total
NonEderivative finan1ial liabilities			
Short4term borrowings	) , &,-: =, : &&.: ,	0	) , &,-: =, : &&.: ,
Hther payables	- , , , : &+ , = , =. = :	0	- , , , : &+ , = , =. = :
Con4current liabilities due within one year	: , * & > , > : = , * - & . + =	0	: , * & > , > : = , * - & . + =
Long4term borrowings	0	- , > & * , * , - , = : = . + &	- , > & * , * , - , = : = . + &
Hther non4current liabilities	0	- , * : * , ) , : , % , > . > ,	- , * : * , ) , : , % , > . > ,

" s at ' eember :-, +, +,

	\$ 1'		
Ite3s	7 ithin 1 year	1EF years	Total
NonEderivative finan1ial liabilities			
Short4term borrowings	: + & , ) ) > , - * , . = >	0	: + & , ) ) > , - * , . = >
Hther payables	* , & : > , > * * . = &	0	* , & : > , > * * . = &
Con4current liabilities due within one year	: , & ) : , * > + , % - : . = &	0	: , & ) : , * > + , % - : . = &
Long4term borrowings	) + , , = , = * : . ) )	+ , - , % , > , ) , % + : . ) -	+ , - ) = , > & , : - = . + =
Hther non4current liabilities	> ) , % & , * ) = . = +	+ , - > , % & , * , + = * . ) :	+ , + = & , ) , & , + & = : . %

" s at ' eember :-, +, -\*

\$ 1'

Ite3s	7 ithin 1 year	1EF years	Total
NonDerivative finan1ial liabilities			
Short4term borrowings	+ ,+&* ,+ : ) ,** - , :	0	+ ,+&* ,+ : ) ,** - , :
Hther payables	: ,*% ) ,+ - - , >	0	: ,*% ) ,+ - - , >
Con4current liabilities due within one year			
Long4term borrowings	- - : ,>% - ,* = , .% -	0	- - : ,>% - ,* = , .% -
Hther non4current liabilities	- && ,+ * = , ) &> .>%	+ , : : & , ) >> , : = ) . : +	+ , & = , * > , ) , + % . - =

" s at ' eember :-, +, ->

\$ 1'

Ite3s	7 ithin 1 year	1EF years	Total
NonDerivative finan1ial liabilities			
Short4term borrowings	+ , ) - * , ) - > , = % . : *	0	+ , ) - * , ) - > , = % . : *
Hther payables	) , - : - , - ) + . * +	0	) , - : - , - ) + . * +
Con4current liabilities due within one year			
Long4term borrowings	: = , & : , * , > .% +	0	: = , & : , * , > .% +
Hther non4current liabilities	) : , , = * , & * : : : %	- , = & : , & ) + , > & : . * >	- , > , ) , % & + , : : = : : :

+) Transfer of finan1ial assets

.-1 " s at 5uly :-, +, +-, ' eember :-, +, +, , +, -\* and +, ->, the ! arget 8roup has no financial assets that have been transferred but not been derecognised in its entirety.

.-+1 " s at 5uly :-, +, +-, ' eember :-, +, +, , +, -\* and +, ->, the ! arget 8roup has no (inancial assets that have been derecognised in its entirety but with continuous involvement of the transferor.

I. ) DISC OS#RE OS\$ \$AIR &A #E

1) Closin8 fair value of assets and liabilities 3easured at fair value

\$ 1'

Ite3	Measured at fair value ( evel 1)	\$air value as at July -1' +/+1			Total
		Measured at fair value ( evel +)	Measured at fair value ( evel -)	Measured at fair value ( evel -)	
Continuous fair value 3easure3ent (inancial assets at (D! 3L	: * ) , & * & * , & . - -	0	- * , % , , , , , , , , ,	& - % , * * & , * , & . - -	
(inancial assets at (D! HC#	: * ) , & * & * , & . - -	0	0	: * ) , & * & * , & . - -	
	0	0	- * , % , , , , , , , , ,	- * , % , , , , , , , , ,	





:) Other Related ' arties

Other related Oarties

RelationshiO bet=een other related Oarties and the Tar8et Co3Oany

; uzhou 8uesthouse Company Limited ./7 uAhou ! otel01

Controlled by ultimate holding company

F) Details of 8uarantees by related Oarties

! he ! arget 8roup as a guarantee?

(or the seven months ended 5uly : -, +, +-

\$ 1 '

(uarantor	Creditor	(uaranteed a3ount	In1e0tion date of 8uarantee	E>0iration date of 8uarantee	! as the 8uarantee been Oerfor3ed
Shenzhen #nvestment Holdings Co., Ltd.	China ' evelopment \$ank	=-:, &&, >*, +&	' eember +, +, ->	! hree years from the expiration date of performance period of each debt under the main contract	Co
Shenzhen #nvestment Holdings Co., Ltd.	" gricultural \$ank of China Ltd. Hong ong \$ranch	)%+, +, , , &&, ,	' eember +>, +, ->	! he guarantee is an irrevocable guarantee without expiration date	Co
Shenzhen #nvestment Holdings Co., Ltd.	#ndustrial and Commercial \$ank of China .9acaul Limited	%>), *>, , , : *),	9arch -%, +, -*	! wo years from the expiration date of loan term under the main contract	Co
! otal		-, *%+, +&, -+>, &			

(or the year ended ' eember : -, +, +,

\$ 1 '

(uarantor	Creditor	(uaranteed a3ount	In1e0tion date of 8uarantee	E>0iration date of 8uarantee	! as the 8uarantee been Oerfor3ed
Shenzhen #nvestment Holdings Co., Ltd.	" gricultural \$ank of China Ltd. Hong ong \$ranch	)), +, -, %: ), ,	' eember +>, +, ->	! he guarantee is an irrevocable guarantee without expiration date	Co
Shenzhen #nvestment Holdings Co., Ltd.	China ' evelopment \$ank	=%%>-, &, >>. **	' eember +, +, ->	! hree years from the expiration date of performance period of each debt under the main contract	Co
Shenzhen #nvestment Holdings Co., Ltd.	#ndustrial and Commercial \$ank of China .9acaul Limited	) +%, >*, =, &) *., *	9arch -%, +, -*	! wo years from the expiration date of loan term under the main contract	Co
! otal		+, &-, *-, -: , , * & . >*			



(or the year ended ' eember : -, +, -\*

\$ 1 '

(uarantor	Creditor	(uaranteed a3ount	In1e0tion date of 8uarantee	E>0iration date of 8uarantee	! as the 8uarantee been 0erfor3ed
Shenzhen #nvestment Holdings Co., Ltd.	" gricultural \$ank of China Ltd. Hong ong \$ranch	=, +,=-*,+)>., ,	' eember +>, +, ->	! he guarantee is an irrevocable guarantee without expiration date	Co
Shenzhen #nvestment Holdings Co., Ltd.	China ' evelopment \$ank	>=%,%)=,>,) : &	' eember +=, +, ->	! hree years from the expiration date of performance period of each debt under the main contract	Co
Shenzhen #nvestment Holdings Co., Ltd.	HSSC	-,&,%&:>:%:), ,	' eember +=, +, ->	! he guarantee is an irrevocable guarantee without expiration date	6es
Shenzhen #nvestment Holdings Co., Ltd.	\$ank of China .Hong ong1 Limited	%, , ,): *,+*+.)%	' eember +>, +, ->	! he guarantee is an irrevocable guarantee without expiration date	6es
Shenzhen #nvestment Holdings Co., Ltd.	#ndustrial and Commercial \$ank of China .9acaul Limited	=, , ,-%>)-*., >	9arch -%, +, -*	! wo years from the expiration date of loan term under the main contract	Co
! otal		&,->&,%+:,%++., =			



; ) Related Party transactions

\$ 1 '

Related Party	Contents of related transactions	Seven 3onths ended July -1* +/+1	, ear ended De1e3ber -1* +/+/ 0	, ear ended De1e3ber -1* +/1< 0	, ear ended De1e3ber -1* +/1G 0
S#H #nternational Capital Holdings Co., Ltd.	#nterest expenses	: +, > -, = > - . & +	0	0	0
Gintang 5D	#nterest income	+ * , - - * , + = * . & >	& * , % : ) , = * : : &	- , * + & , % : : : :	0
; uzhou Hotel	7ents and property management fee	% + > , - = , . = +	= * * , % , , , ,	% - & , > , , , ,	0

G) Alloumts re1eivable and Oayable of related Parties

(1) Receivables

\$ 1 '

Item	Related Party	As at July -1* +/+1	As at De1e3ber -1* +/+/ 0	As at De1e3ber -1* +/1< 0	As at De1e3ber -1* +/1G 0
Other current assets	Gintang 5D	: - : , & - - , ) = & . : >	+ = , , & * , % , , , ,	0	0
Long term receivables	Gintang 5D	: ) , * ) , , % - : . & ,	: + + , = > : , * % , . > :	: - - , + + & , % : : : :	0

( ' ) Payables

\$ 1 '

Item	Related Party	As at July -1* +/+1	As at De1e3ber -1* +/+/ 0	As at De1e3ber -1* +/1< 0	As at De1e3ber -1* +/1G 0
Other payables	S#H #nternational Capital Holdings Co., Ltd.	* = , & + = , % > . ) %	> ) , & % , , , , + %	0	0
Concurrent liabilities due within one year	S#H #nternational Capital Holdings Co., Ltd.	+ , % % % = - : . ) + : . + ,	+ , % > = , , ) > : , , , > ,	0	0
Other non-current liabilities	S#H #nternational Capital Holdings Co., Ltd.	- , * + , , , + > , % > , > ,	- , * & : , % > & , : , = + ,	& , > + + , & : - , > , & , ,	& , = - ) , * - = , % % ) , ,

<) Dire1tors6 and \$ive ! i8hest ' aid Individuals6 E3olu3ents

(1) Oemuneration of @ey management personnel

(or the seven months ended 5uly : -, +, +-

\$ 1 '

Ite3s	Dire1torJs fee	Salaries and other benefits	Dis1retionary bonus	Contribution to retire3ent benefits Olans	Total
Jhengyu, Liu	0	0	0	0	0
?iang, Jeng	0	0	0	0	0
!otal	0	0	0	0	0

(or the year ended ' eember : -, +, +,

\$ 1 '

Ite3s	Dire1torJs fee	Salaries and other benefits	Dis1retionary bonus	Contribution to retire3ent benefits Olans	Total
Jhengyu, Liu	0	0	0	0	0
Jhongyu, 6an note a"	0	0	0	0	0
?iang, Jeng note -"	0	0	0	0	0
!otal	0	0	0	0	0

.a1 9r. Jhongyu 6an ceased to act as a ' irector of the Company on += Hctober +, +, .

.b1 9r. ?iang, Jeng was appointed as a ' irector of the Company on += Hctober +, +, .

(or the year ended ' eember : -, +, -\*

\$ 1 '

Ite3s	Dire1torJs fee	Salaries and other benefits	Dis1retionary bonus	Contribution to retire3ent benefits Olans	Total
Jhengyu, Liu	0	0	0	0	0
Jhongyu, 6an	0	0	0	0	0
!otal	0	0	0	0	0



A) INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL  
INFORMATION OF THE ENLARGED GROUP

In connection with the major transaction and connected transaction in relation to the acquisition of Target Company, the Acquisition by Gei ; ah Industrial Hong Kong Limited, a wholly owned subsidiary of the Company, the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group, the unaudited Pro Forma Consolidated Statement of Assets and Liabilities has been prepared by the

Items	The Target		' ro for 3a			The Enlarged
	The (rou0 As at +/(+1)/B)/-/ \$ 1' /000 Note i	(rou0 As at +/(+1)/;)-1 \$ 1' /000 Note ii	\$ 1' /000 Note iii	\$ 1' /000 Note iv	\$ 1' /000 Note v	(rou0 As at +/(+1)/B)/-/ \$ 1' /000
<b>Current Assets</b>						
Bank balances and cash	&,% ,&+-	-,&%-, : >			.&,% , =, * : >1	-, : * : , % + -
(financial assets held for trading	Q	: * ) , & * %				: * ) , & * %
Notes receivable	% , ) - >	Q				% , ) - >
" accounts receivable	= : * , , & *	Q				= : * , , & *
Prepayments	& = , > , + >>	& % &				& = , > , = & +
Other receivables	> = & , : : >	: , ,				> = & , ) : >
Inventories	- , , ) = , - : =	Q				- , , ) = , - : =
Contract assets	: = * , : ) =	Q				: = * , : ) =
Noncurrent assets due within one year	* : , ) &	Q				* : , ) &
Other current assets	- , & ) , % + *	: , * , % > ,				- , = ) , - , *
<b>Total Current Assets</b>	< ^ B / : * : 11	+ * 1 F ; ^ G B ;			( : * F / ; * < - G )	; * + F : * - : /
<b>Noncurrent Assets</b>						
Equity instrument at fair value through other comprehensive income	Q	- * , % , ,				- * , % , ,
Long-term prepayments	% & + , % ) )	Q				% & + , % ) )
Long-term receivables	- , + - , + & ) :	& , , = * +				- , + % : , + % %
Other noncurrent financial assets	) % & , - & ,	Q				) % & , - & ,
Long-term equity investments	> , * = - , > & :	* , > & , , , = ,				- > , > - - , * - :
Investment properties	- , , * : %	Q				- , , * : %
(fixed assets	% , & % - , - & +	- , = > +				% , & % + , * + &
Construction in progress	- , ) & : , : )	Q				- , ) & : , : )
Right-of-use assets	- + % , ) :	Q				- + % , ) :
Intangible assets	+ ) , % : = , = )	Q				+ ) , % : = , = )
Development expenditure	- & , : & )	Q				- & , : & )
Goodwill	- % ) , , & ,	+ , + , > * :				: % > , * : :
Long-term prepaid expenses	) - , & * %	Q				) - , & * %
Deferred tax assets	% , , , & > =	Q				% , , , & > =
Other noncurrent assets	- , > & : , - - ,	Q				- , > & : , - - ,
<b>Total Noncurrent Assets</b>	: ; * ; + * B 1 F	1 / * 1 / F / - ;				F ; * G + < * B F +
<b>TOTAL ASSETS</b>	F ; * - + < * / + B	1 + * + B + * < / :			( : * F / ; * < - G )	B F / G - * < < +

Items	The Target		' ro for 3a		The
	The (rou0 As at +/(+1)/B)/-	(rou0 As at +/(+1)/;)-1	' ro for 3a AdCust3ent \$1' /000	\$1' /000	Enlar8ed (rou0 As at +/(+1)/B)/-
	Note i	Note ii	Note iii	Note iv	Note v
<b>Current liabilities</b>					
Short4term borrowings	- , *% : , - = &	% * > , - , )			+ , % % - , + > ,
! ransactional financial liabilities	- + % , % & &	Q			- + % , % & &
' erivative financial liabilities	Q	Q	> - , , - -		> - , , - -
Cotes payable	- - : , ) , )	Q			- - : , ) , )
" ccounts payable	+ , - > , ) % ,	Q			+ , - > , ) % ,
7eceipt in advance	- ) , - & :	Q			- ) , - & :
Contract liabilities	- , % , = * :	Q			- , % , = * :
Employee benefits payable	- & % , + - )	% , - ) -			- % , , : = =
! ax payable	% - * , = : =	& - ,			% + , , - & =
Hther payables	+ , : % > , ) > :	- , , , : & :	+ , , = : , : + >	+ , - , & : -	& , = : , : = > %
Con4current liabilities due within one year	: , = * , , > & ,	: , * & , * = %			: , > = , % = )
Hther current liabilities	+ , , - + , > = =	: , + % )			+ , , - ) , - : :
<b>Total Current liabilities</b>	1 - * - + G * - 1 ;	: * B : G * + F 1	+ * 1 F : * - - <	+ / 1 * : - 1	( - * G B 1 * + - - < ) 1 B * : ; 1 * / < <
<b>NonE1urrent liabilities</b>					
Long4term borrowings	= , * % , , - * *	- , = + + , & + *			. ) & , ) * * 1 * , + % , * + *
\$onds payable	& , * * , , > & &	Q			& , * * , , > & &
Long4term payables	+ , & & * : % -	Q			+ , & & * : % -
Long4term employee benefits payable	- - & , > - :	Q			- - & , > - :
Lease liabilities	* = , , : -	Q			* = , , : -
Estimated debts	- ) , ) , > -	Q			- ) , ) , > -
' eferred income	% > + , - & )	Q			% > + , - & )
' eferred tax liabilities	- , - % = , & % -	- + , , ) % *			- , + = > , - - ,
Hther non4current liabilities	Q	- , * + , , , + *			- , * + , , , + *
<b>Total NonE1urrent liabilities</b>	1 ; * F / G * B 1 B	- * ; B - * 1 1 ;	K	K	( B : B * B < < ) + / * B + F / - :
<b>TOTAL IA2I ITIES</b>	- / * G - B * < - -	G * : 1 1 * - B G	+ * 1 F : * - - <	+ / 1 * : - 1	( : * F / ; * < - G ) - ; * / < B * 1 - -

Notes:

- .i1 ! he amounts are extracted from the published interim report of the 8roup for the six months ended : , 5une + , + - dated + % " ugust + , + - .
- .ii1 ! he amounts are extracted from the " ccountants@ 7eport of the ! arget 8roup as set out in " ppendix ### to this circular.
- .iii1 ! he adBustment represents the ac<uisition of the ! arget 8roup under the ! ransaction " greements.



(or the purpose of preparing the Knaudited 3ro (orma Consolidated Statement of " ssets and Liabilities, the " c<uision is assumed to had taken place on : , 5une +, +-. Since the 8roup and the ! arget 8roup are both controlled by Shenzhen #nvestment Holdings Company Limited ./SI! C 01, the " c<uision is accounted for under business combination under common control. ! he excess of the consideration over the pro forma book values of the identified assets and liabilities is adBusted to capital reserve as follows2

	\$ 1 ' /000
Consideration note a"	+, , : > , ) + %
Contingent Considerations note -"	- - % , = - &
Less2 3ro forma value of identified net assets ac<uired attributable to owners of the ! arget Company note d"	. * = % , * = & 1
" dd2 ' eclared dividends note c"	<u>+, -, &amp; : -</u>
" dBustment to capital reserve	-, : = * , = * )

.a1 ! he consideration for the " c<uision as set out in the Sale and 3urchase " greement comprises purchase price of H F +, & % , , : & , , , .e<uivalent to approximately 79\$ +, , : > , ) + % , , , translated by the rate of H F- to 79\$ , > : + -1. ! he directors of the Company estimated that the amount of legal and professional fee in relation to the " c<uision is immaterial and is not considered in preparing the Knaudited 3ro (orma Consolidated Statements of " ssets and Liabilities. Co representation is made that H F amounts have been, could have been or could be converted to 79\$ amount at that rate or at all.

.b1 ! he Contingent Considerations represent the estimated tax payable of 79\$ : & , = , : , , , borne by the Company related to the transactions and the contingent payable of 79\$ > - , , - , , , by 9ei ; ah #ndustrial .Hong ong1 Limited ./the ' ur1haser01 and the Company to S#HCL and/or Shenzhen #nvestment #nternational Capital Holdings Co., Ltd. ./the Seller01 under the 3ayment Hbligation " greement dated - , " ugust +, + -.

" ccording to the announcement of State " dministration of ! axation named f7eifmg<omhy00tu8r fm7.+ch\*tu8nQp6r\*mZyYs6S2 /; hen a Chinese non4resident enterprise transfers the e<uity of an overseas enterprise directly or indirectly holding Chinese taxable property to a Chinese resident enterprise, it is regarded as a direct transfer of e<uity of a Chinese resident enterprise by the Chinese tax authorities, ! he amount of income from e<uity transfer shall be calculated in accordance with paragraph + of " rticle - \* of the Chinese enterprise income tax law.0 ! he final tax payment amount and tax base date shall be subject to the actual verification of the Chinese tax authorities at the time of declaration. ! he management of the Company estimates the tax payable to be 79\$ : & , = , : , , , under the tax base date of : , 5une +, + -.

3ursuant to the Supplemental " greements dated - : " ugust +, - > , C9( 8lobal ?uantitative Stable Segregated 3ortfolio and C9( 8lobal ?uantitative 9ulti4" sset Segregated 3ortfolio Company ./CM\$ Sund01, the placee under the 3revious 3lacing completed on - = " ugust +, - > and a shareholder of Shenzhen #nvestment Holdings \$ay " rea ' evelopment Company Limited ./2ay Area Develo03ent01 interested in approximately \* .& % E of the total issued share capital of \$ay " rea ' evelopment, may during the three months prior to the fifth anniversary of - = " ugust +, - > ./the ' revious ' la1in8 Co30letion Date01 give a one4off notification to S#HCL and the Seller .or either of them1 that C9( und intends to, on or within six months after the fifth anniversary of the 3revious 3lacing Completion ' ate, dispose of all or part of the 3revious 3lacing Shares on4 market and/or off4market to independent third party.ies1, and if the aggregate amount of the consideration received by the C9( und under the disposal.s1 is less than the total investment costs of C9( und and its investor in relation to the all or part of the 3revious 3lacing Shares .i.e. the original ac<uision cost of the 3revious 3lacing Shares together

will take over the contingent liability from S#HCL and/or the Seller and will settle the liability with S#HCL and/or the Seller after S#HCL and/or the Seller paying the difference on behalf of the Company and the Purchaser pursuant to the Payment Obligation Agreement dated -, August +, +-.

The management of the Company estimates the contingent liability according to the option valuation and adopts the Black Scholes model. Main factors that affecting option valuation include: market price of underlying asset on the benchmark date of valuation, volatility, annual dividend rate, option exercise price, exercise period and risk-free rate of return. The market price of underlying asset on the benchmark date of valuation is calculated by the fair value of the underlying asset on the benchmark date deducting the present value of future dividends. The volatility adopts the historical volatility. Annual dividend rate is calculated based on dividends for a fixed period of time and the continuous annual dividend rate of, the execution price of the underlying asset is determined by the investment cost deducting dividend, the option maturity date is - August +, +. The risk-free interest rate is the interest rate of 4-year treasury bonds. The value of the contingent liability is estimated to be 79\$>-, -, , on -, 5une +, +- by the management of the Company.

- .c1 The dividend declared by Say " redevelopement in " pril +, +- shall be enjoyed by the Seller pursuant to the Sale and Purchase Agreement, which deducts the book value of identified net assets of the Target Company.
- .d1 Given it's a business combination under the common control of S#HCL, the identifiable assets and liabilities of the Target Group are measured at the carrying amount in the consolidated financial statements of the Target Group at the date of Completion. It is assumed that carrying amount as of - 5uly +, +- is appropriately the same as that of -, 5une +, +- date of completion for pro forma purpose.
- .iv1 The adjustment represents that the dividends declared by Say " redevelopement, a subsidiary of the Target Group, in " pril +, +-, which will be paid to the Seller upon the completion of the Acquisition, and the amount is adjusted accordingly to the carrying amount of other payables.
- .v1 The adjustment represents the settlement of bank borrowings of H F+, : %, +, +, , , equivalent to approximately 79\$-, \*%, +, +, , , translated by the rate of H F- to 79\$, .>:, )1 and borrowings from the Seller of KS' &, , , , , , , , equivalent to approximately 79\$+, %%, =- &, , , , translated by the rate of KS' - to 79\$). :>\*: 1 prior to the completion of the Acquisition pursuant to the Sales and Purchase Agreement.
- .vi1 Co adjustments have been made to reflect any trading result or other transactions of the Group entered into subsequent to -, 5une +, +-.
- .viii1 All pro forma adjustments are not expected to have continuing effect on the Group.

2) RE' ORTIN( ACCO#NTANTS\$ RE' ORT ON ' RO \$ORMA \$INANCIA  
IN\$ORMATION

The following is the text of the independent reporting accountants/ assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, LLP, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular,



INDE' ENDE'NT RE' ORTIN( ACCO#NTANTS\$ ASS#RANCE RE' ORT ON  
T! E COM' I ATION O\$ #NA#DITED ' RO \$ORMA \$INANCIA  
IN\$ORMATION

To the Directors of Shenzhen Expressway Company Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Shenzhen Expressway Company Limited, the Company and its subsidiaries hereinafter collectively referred to as the Group by the directors of the Company, the Directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 31 June 2014 and related notes as set out on pages 4 to 14 of the circular issued by the Company dated 28 November 2014, the Circular. The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on page 14 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd. on the Group's financial position as at 31 June 2014, as if the transaction had taken place at 31 June 2014. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the six months ended 31 June 2014, on which no auditor's report or review report has been published.

Directors' Responsibilities for the unaudited pro forma financial information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 8.1 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Accounting Rules and with reference to the Accounting Guideline – Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants, the SIC-A01.

## Our Inde0enden1e and " uality Control

; e have complied with the independence and other ethical re<uirements of the /Code of Ethics for 3professional " ccountants0 issued by the H #C3" , which is founded on fundamental principles of integrity, obbectivity, professional competence and due care, confidentiality and professional behavior.

Hur firm applies Hong ong Standard on ?uality Control - /?uality Control for (irms that 3erform " audits and 7reviews of (inancial Statements, and Hther " ssurance and 7related Services Engagements0 issued by the H #C3" and accordingly maintains a comprehensive system of <uality control including documented policies and procedures regarding compliance with ethical re<uirements, professional standards and applicable legal and regulatory re<uirements.

## Re0ortin8 A11ountants6 Res0onsibilities

Hur responsibility is to express an opinion, as re<quired by paragraph &.+\*. =1 of the Listing 7ules, on the unaudited pro forma financial information and to report our opinion to you. ; e do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

; e conducted our engagement in accordance with Hong ong Standard on " ssurance Engagements : &+, /" ssurance Engagements to 7eport on the Compilation of 3ro (orma (inancial #nformation #ncluded in a 3rospectus0 issued by the H #C3" . ! his standard re<quires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the ' irectors have compiled the unaudited pro forma financial information in accordance with paragraph &.+\* of the Listing 7ules and with reference to " 8 = issued by the H #C3" .

(or purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

! he purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unad&usted financial information of the 8roup as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. " ccordingly, we do not provide any assurance that the actual outcome of the event or transaction at : , 5une +, +- would have been as presented.

" reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the ' irectors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether?

V the related pro forma ad&ustments give appropriate effect to those criteriall and

V the unaudited pro forma financial information reflects the proper application of those adjustments to the unaudited financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion

- a) the unaudited pro forma financial information has been properly compiled on the basis stated
- b) such basis is consistent with the accounting policies of the Group and
- c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 6.1 of the Listing Rules.

Deloitte Touche Tohmatsu  
Certified Public Accountants

Shanghai  
November 1, 2014

Reference is made to the paragraphs headed /Consideration of the Sale Shares0 and /&. D" LK" ! #HC0 set out in the section headed /Letter from the \$oard0 of this circular. Pursuant to which, as the " c<quisition involves the transfer of ownership of listed shares held by state owned entities, the re<uirements under the 9easures have been primarily considered when determining the Consideration. " ccordingly, .i1 C9S was appointed as the financial adviser of the Company in the 37C in accordance with the 9easures and .ii1 reference has been primarily made by the \$oard to the valuation conducted by C9S under the C9S Daluation 7eport when determining the Consideration.

" s stated in the C9S Daluation 7eport2

- .a1 the C9S Daluation 7eport is for the reference of the \$oard only and does not constitute any advice or recommendation of C9S to any other party
- .b1 the C9S Daluation 7eport only applies to the relevant laws, regulations, regulatory rules and re<uirements in the 37C which excludes Hong ong, 9acau, and ! aiwan.
- .c1 the C9S Daluation 7eport does not constitute advice or recommendation to any regulatory authorities, investors and other professional intermediaries in Hong ong and
- .d1 the laws, regulations, regulatory rules and re<uirements in Hong ong is not applicable to the C9S Daluation 7eport.

#n addition, the Company has been informed by C9S by way of a letter dated ++ September +, +- that C9S may breach Section --& of the S(H by publishing the C9S Daluation 7eport in full in this circular and being named as expert of the Company under this circular without being licensed by the S(C under Section --) of the S(H for carrying on ! ype ) regulated activity.

" ccordingly, based on C9S@ written opinions and re<uirements, .i1 the C9S Daluation 7eport cannot be set out in full in this circular .and instead, the Company will set out the information of the C9S Daluation 7eport in " ppendix D of this circular1, .ii1 C9S cannot be named as expert of the Company, .iii1 the expert statement of C9S pursuant to " ppendix - 3art \$ paragraph % and &, of the Listing 7ules cannot be published in this circular and .iv1 the C9S Daluation 7eport cannot be inspected pursuant to " ppendix - 3art \$ paragraph &: of the Listing 7ules.

)he following set out the information of the valuation conducted -y ! 1\*, regarding the proposed non# pu-lic indirect acceptance through agreements of E3,H28 shares of \*hen<hen Investment &oldings ' ay +rea Development ! ompany =imited -y \*hen<hen Expressway ! ompany =imited,

## LDE\$INITIONS

#n this report, unless otherwise stated, the following terms have the following meanings2

( ENERA DESINITIONS

the 7eport, the Daluation 7eport	! he valuation report dated -- 5uly +, +- regarding the 3roposed Con43ublic #ndirect " cceptance through " greements of --.>: E Shares of Shenzhen #nvestment Holdings \$ay " rea ' evelopment Company Limited by Shenzhen Expressway Company Limited prepared by China 9erchants Securities Co., Ltd.
the ! ransaction	! he indirect acceptance of --.>: E Shares of Shenzhen #nvestment Holdings \$ay " rea ' evelopment Company Limited through non4 public acceptance -, , E e<uity of Shenzhen #nvestment #nternational Capital through agreements by Shenzhen Expressway Company Limited.
! arget Shares	--.>: E Shares of Shenzhen #nvestment Holdings \$ay " rea ' evelopment Company Limited.
S#HCL	Shenzhen #nvestment Holdings Company Limited .hctt9oHf ytb' sfl 1.
Shenzhen #nternational	Shenzhen #nternational Holdings Limited .hctf7btytb' sfl 1.
Shenzhen Expressway	Shenzhen Expressway Company Limited.
\$ay " rea ' evelopment	Shenzhen #nvestment Holdings \$ay " rea ' evelopment Company Limited.
S##CH#C	Shenzhen #nvestment #nternational Capital Holdings #nfrastructure Co., Ltd .hctof7bHtl fytp?pgtb' sfl 1.
S##CH	Shenzhen #nvestment #nternational Capital Holdings Co., Limited .hctof7bHtl fytp' sfl 1
8uangzhou4Shenzhen Expressway	8uangzhou4Shenzhen section of \$eiBing4Hong ong49acao Expressway, which is an important channel linking 8uangzhou, ' ongguan, Shenzhen, and Hong ong and starts at Huangcun #nterchange in 8uangzhou City in the north, connects with the northern section of 8uangzhou 7ing Expressway, and ends at Shenzhen Huanggang 3ort in the south, connects with Huanggang 7oad in Shenzhen. ! he proBect is part of Shenhai Expressway 8-% and \$eiBing4Hong ong49acao Expressway 8&, with a total length of approximately --+.> kilometers.

Guangzhou-Juhai ; est Line Expressway	Guangzhou Expressway ; est Line1, starting from Guangzhou Hainan in the north and ending at Jhongshan Guehuan in the south, with a total length of approximately 400 kilometers.
Guangshen Expressway Joint Venture	Guangzhou-Shenzhen-Juhai Superhighway Company Limited, a company registered in Guangzhou, China, and a wholly owned subsidiary of Say " rea ' evelopment. Hopewell China ' evelopment Superhighway1 Limited holds 50% of its profit distribution ratio
Guang-Jhu ; est Joint Venture	Guangdong Guangzhou-Juhai ; est Superhighway Company Limited, a company registered in Guangzhou, China. Say " rea ' evelopment holds 50% of its profit distribution ratio through its wholly owned subsidiary Hopewell Guangzhou-Juhai Superhighway ' evelopment Limited.
Gintang Real Estate Project Company	Guangzhou Jhentong ' evelopment Company Limited, a company registered in Guangzhou, China. Shenwan Say " rea #nfrastructure Shenzhen1 Company Limited, a wholly owned subsidiary of Say " rea ' evelopment, holds 50% of its shares, that is, Say " rea ' evelopment actually holds 50% .that is, 50% of its equity. Guangzhou Jhentong ' evelopment Company Limited is currently developing real estate projects located in Gindun Dillage and Canan Dillage, Gintang Town, Jengcheng ' istrict, Guangzhou City, Guangdong Province, the 37C.
Obligation to Make up the Shortfall	When SHCL acquired a controlling stake in the Say " rea ' evelopment in 2007, in order to maintain its listing status, SHCL placed 10 million shares held by it to C9 ( (und is an investment fund of China ' aiping Life #nsurance .Hong Kong1 Company Limited), accounting for approximately 5% of the total share capital of the Say " rea ' evelopment. SHCL entered into a shortfall make4up agreement with C9 ( (und in relation to the aforementioned placement and issued relevant commitments, stipulating that it can dispose the shares of Say " rea ' evelopment to independent third parties within six months after the expiration of five years .- = " ugust 2012, and SHCL or S#CH will bear the obligation to make up for the shortfall .if any1 between the disposal income and the investment cost .which is, the initial share price plus other related costs and expenses .SHCL and C9 ( (und agreed that other relevant costs and expenses shall not exceed 5% of the share price, and shall be calculated based on the actual expenses incurred1, minus received/receivable dividends of Say " rea ' evelopment1.



China Merchants Securities,  
Valuation Agency

China Merchants Securities Co., Ltd., the valuation agency of the transferee of the transaction.

Note: Any discrepancies between the total number and the sum of each individual item in the Report are caused by rounding.

## STATEMENT

- #. China Merchants Securities was entrusted by Shenzhen Expressway to analyze the value of the shares in \$ay "rea ' evelopment in accordance with the relevant provisions of the Measures for the Supervision and Administration of State-owned Equity in Listed Companies .st9sfl f7tpp9 ubMh#dy,1 and issue this report. The information related to the \$ay "rea ' evelopment used in the report is public information.
- ##. The report is for the reference of the Board of Directors of Shenzhen Expressway only, and does not constitute a suggestion, recommendation or compensation to any third party. Shenzhen Expressway is a listed company on the Shanghai Stock Exchange and the Hong Kong Stock Exchange. The report only applies to the relevant laws, regulations, regulatory rules and requirements of Mainland China .excluding Hong Kong, Macau, and Taiwan. The report does not constitute an opinion, recommendation or compensation to any Hong Kong securities market regulatory authorities, investors and other professional intermediaries. The report does not apply to any laws, regulations, regulatory rules and requirements of Hong Kong and Hong Kong securities markets.
- ###. The analysis, Judgments and conclusions in the report are restricted by the assumptions and restrictions in the report. Users should fully consider the assumptions, restrictions and their influence on the conclusions contained in the report.
- #D. The report does not provide any guarantee for the accuracy, completeness or appropriateness of the public information involved in the report and the information of other parties <quoted in the report.
- D. The report does not conduct a comprehensive analysis of the business, operations, and financial status of the parties to the transaction, nor does it express any opinions on the future development prospects of the parties to the transaction.
- D#. In the process of forming the report, no specific investor's investment objectives, financial status, tax status, risk appetite or individual circumstances were considered. Since different investors have different investment objectives and portfolios, if specific advice is needed, investors should consult their respective stockbrokers, lawyers, accountants, tax consultants or other professional advisors on their investment portfolios in a timely manner.
- D##. The report is only for the transaction and should not be used for any other purpose. The conclusions of the report should be considered in conjunction with the overall content of the report and other disclosures of the transaction. China Merchants Securities specifically reminds readers of the report to carefully read the relevant announcements disclosed on the transaction and check for relevant documents.

## C! A' TER I INTROD#CTION O\$ 2AC4 (RO#ND IN\$ORMATION

## I) SC! EME O\$ T! E TRANSACTION

## (I) Overvie= of the Transa1tion

#n order to promote the comprehensive reform of state4owned enterprises, integrate and optimize the layout of state4owned enterprises, support the professional development of industrial groups, solve the problem of horizontal competition between listed companies and controlling shareholders, and further improve the asset <uality of listed companies, Shenzhen Expressway proposes to ac<uire the -, , E e<uity interests of S##CH#C through non4public agreement. ! he ma#or assets of S##CH#C represent the =-.>: E e<uity interests of \$ay " rea ' evelopment directly held by it and Shenzhen Expressway will indirectly ac<uire the =-.>: E e<uity interests of \$ay " rea ' evelopment through non4public agreement through the ! ransaction.

## (II) ' ri1in8 of Shares of 2ay Area Develo03ent

#n the ! ransaction, the transaction price of -, , E e<uity interests of S##CH#C is determined through negotiation between both parties, which corresponding to the value of =-.>: E shares of \$ay " rea ' evelopment, being the ma#or asset of S##CH#C, will be H F&.), : per share.

## II) ' #R' OSE O\$ T! E TRANSACTION

! he ! ransaction is in line with the construction needs of pilot demonstration zones in 8uangdong4 Hong ong49acao 8reater \$ay " rea and Shenzhen, caters to the aspiration of Shenzhen State4owned " ssets Supervision and " dministration Commission .S" S" C1 to become bigger, stronger and better, and to give full play to the functions of state4owned economy. #t is of great strategic significance in solving the horizontal competition between listed companies and controlling shareholders, building a specialized industrial group of Shenzhen S" S" C, making full use of overseas financing platforms, speeding up the construction of Shenzhen metropolitan area, and further improving the asset <uality of listed companies.

## 1) Condu1ive to fulfillin8 the 1o33it3ent of the 1ontrollin8 shareholders and thorou8hly solvin8 the Orole3 of horiAontal 1o30etition

" s an indirect controlling shareholder of Shenzhen Expressway, when ac<uireing \$ay " rea ' evelopment, S#HCL issued the Communication Letter on (ulfilling the Con4competition Commitment to Shenzhen Expressway, undertaking to /entrust its ma#or assets to Shenzhen Expressway for operation and management or in#ect into Shenzhen Expressway when appropriate0. #n order to avoid horizontal competition, Shenzhen #nternational, as a controlling shareholder, has in#ected its e<uity interests in ; uhuang Expressway and Longda Expressway into Shenzhen Expressway, which has been recognized by regulators and appreciated by the capital market. #n#ecting the e<uity interests of \$ay " rea ' evelopment into Shenzhen Expressway can not only fulfill the commitment of S#HCL to the capital market, but also thoroughly solve the problem of horizontal competition.

- +) Conducive to adjusting and optimizing the industrial layout of state-owned capital, improving management and control capabilities and operating efficiency, and supporting the development of industrial groups to become bigger and stronger.

The injection of capital development into Shenzhen Expressway can realize the focus on state-owned resources and the professional horizontal integration of similar businesses, and improve the efficiency of resource allocation and operational service capacity of Shenzhen Expressway. By strengthening the overall management of traffic flow and maintenance operation of toll roads in Shenzhen, such as Guangzhou-Shenzhen Expressway and Coastal Expressway, the internal synergy effect of Shenzhen Expressway network will be enhanced, the professional and refined management level will be improved, and the profit scale will be further boosted.

As such, Shenzhen Expressway can quickly become the core platform for investment, construction, management and maintenance of expressways/fast lanes of Shenzhen S" S" C during the 1-3 year period, and has great advantages in obtaining Guangdong-Hong Kong Greater Bay Area expressway/fast lane projects, so as to establish a large-scale specialized industrial group for investment, construction, management and maintenance of expressways in Guangdong-Hong Kong Greater Bay Area.

- ) Conducive to realizing full use of overseas financial resources and improving the scale, diversity and efficiency through the listed company's M&A strategy.

The injection of capital development into Shenzhen Expressway will promote the concentration of internal and external high-quality resources to listed companies, which is in line with Shenzhen S" S" C's /listed company LO strategy. Shenzhen Expressway can combine the needs of the current dual-main business development strategy and make full use of the capital development platform to implement overseas equity financing, asset restructuring, overseas debt financing and other capital operations, so as to enhance its capital market value, enhance the depth and breadth of capital operations, and strengthen the scale, quality and efficiency.

- ;) Conducive to promoting innovation-driven development in Shenzhen, optimizing the supply of road transportation infrastructure in the Guangdong-Hong Kong Greater Bay Area, and accelerating the construction of Shenzhen Metropolitan Area.

Following the injection of capital development into Shenzhen Expressway, Shenzhen Expressway will actively promote the approval of government departments for the reconstruction and expansion of Guangzhou-Shenzhen Expressway, plan and construct the Shenzhen section of Guangzhou-Shenzhen Expressway in combination with the development plan of Shenzhen metropolitan area, revitalize the surrounding land resources, optimize the spatial layout and traffic organization of Shenzhen, further promote the interconnection of infrastructure in the Bay Area, implement the important deployment of Shenzhen Municipal Party Committee and Municipal Government, and promote the planning of Guangzhou-Shenzhen Science and Technology Corridor.

- F) Further improve the asset quality of listed company\* enhance the operation ability on a going concern basis\* and improve the ROE level

Upon the completion of the transaction, Shenzhen Expressway will acquire the profit distribution rights of the joint venture companies of Guangzhou-Shenzhen Expressway and Guangzhou-Juhai ; est Line Expressway by indirectly acquiring the controlling stake of Say "rea ' evelopment. Guangzhou-Shenzhen Expressway and Guangzhou-Juhai ; est Line Expressway are the core highway sections in Guangdong-Hong Kong-Macao Greater Bay "rea. Upon the completion of the transaction, Shenzhen Expressway can better rely on its experience and advantages in road property operation and management to realize the synergy effect of road network, thereby more effectively improving the operating efficiency and operational capability of Guangzhou-Shenzhen Expressway and Guangzhou-Juhai ; est Line Expressway, further expanding the business scale of the listed company, improving its asset quality, enhancing its ability to operate on a going concern basis and improving its overall ROE level and earnings per share.

### III) ' #R' OSE OF THE REPORT

The purpose of this report is to provide reference for the board of directors of Shenzhen Expressway and analyze whether the pricing of the transaction is fair and reasonable. This report does not constitute a suggestion, recommendation or compensation to any third party.

### I&) REPORTING REFERENCE DATE

The reference date of this Valuation Report is March 2020, the first announcement date of the transaction by Say "rea ' evelopment. The market price quoted in this report is as of March 2020.

### &) SPECIAL RISKS

In the first half of 2020, Guangzhou-Shenzhen Expressway and Guangzhou-Juhai ; est Line Expressway were affected by the COVID-19 epidemic and the exemption of vehicle tolls according to the national policy during the period. Compared with the same period in 2019, the passenger and freight traffic volume and daily average toll income decreased significantly.

According to the national policy, the Guangzhou-Shenzhen Expressway and Guangzhou-Juhai ; est Line Expressway have resumed normal toll collection on May 2020, and with the domestic COVID-19 epidemic prevention and control entering the normalization stage, the passenger and freight traffic volume has gradually picked up. According to the public disclosure information of Say "rea ' evelopment, in the second half of 2020, the average daily traffic volume and average daily toll income of Guangzhou-Shenzhen Expressway increased by 15% and 10% respectively compared with the same period of the second half of 2019, which has achieved growth compared with the pre-epidemic level. Compared with the same period in the second half of 2019, the average daily traffic volume and average daily toll income of Guangzhou-Juhai ; est Expressway decreased by 10% and 5% respectively, which was mainly affected by traffic diversion due to transformation of Goshan (first Ring Road into toll expressway and the closed renovation of Shizhou toll station. In general, in the

second half of +, +, , the operation of 8uangzhou4Shenzhen Expressway and 8uangzhou4Jhuhai ; est Line Expressway has basically returned to normal compared with the prevalence of CHD# 4-\* epidemic in the first half of +, +, , and the sustained impact of the prolonged CHD# 4-\* has not been considered in this valuation.

" s of the reference date of valuation, the epidemic situation in China has been controlled, but the CHD# 4-\* is still spreading all over the world. #f the CHD# 4-\* epidemic situation continues in China and cannot be effectively controlled in a short time, or the epidemic situation is repeated, \$ay " rea ' evelopment and its main asset management are expected to be adversely affected, and the conclusion of this report is expected to be invalid.

## CI A' TER II ANA , SIS O\$ &A #ATION CONCE' TS AND ' RICIN( RATIONA IT,

### I) INTROD#CTION O\$ &A #ATION MET! OD

(rom the practical operation of 9M" transaction, we can generally analyze the rationality of transaction price by the methods of comparable company method, comparable transaction method and discounted cash flow method.

" ccording to the characteristics of related companies, the comparable company method selects the valuation multiples of comparable listed companies as a reference, and its core concept is to analyze the pricing of the !ransaction by using the relevant indicators and valuation multiples of the secondary market.

" ccording to the characteristics of related companies, the comparable transaction method selects the valuation multiples of market 9M" transactions as a reference, and its core concept is to analyze the pricing of the !ransaction by using the relevant indicators and valuation multiples of market 9M" transactions.

! he basic steps of discounted cash flow method are as follows? firstly, establish and use financial models to predict future net profit, cash flow and other financial information! secondly, according to the characteristics of related companies, select a reasonable discount rate .i.e., /weighted average cost of capital0, ; " CC1 to discount the free cash flow. \$ased on the expected return, the enterprise value can be obtained by estimating the present value of future expected return.

! he advantages, disadvantages and applicability of the above three methods are as follows?

! he advantage of the comparable company method is that the method is based on the efficient market hypothesis, that is, it assumes that the transaction price reflects all available information including trends, business risks, development speed, etc., and the relevant parameters are easy to obtain. #ts disadvantage is that it is difficult to accurately ad!ust the business and financial differences of comparable companies, and it is difficult to take into account factors such as mergers and ac<uisitions and supervision in the industry.

! he advantage of the comparable transaction method is that it directly refers to the transaction price of 9M" transactions in the market. ! his method is based on the efficient market hypothesis, that is, it assumes that the transaction price reflects all available information including trends, business risks, development speed, etc. ! here are ways to obtain relevant parameters, but according to the availability of data in the market, the depth of available parameters may be limited. #ts disadvantage is that it is difficult to accurately ad!ust the differences in business and finance of the companies that win the bid in comparable transactions.

! he advantage of discounted cash flow method is that it is the most complete method in theory to examine the business from an overall perspective, is less affected by short4term market changes and non4economic factors, can combine the restructured business strategy and synergy into the model and handle most complicated situations. #ts disadvantage is that there are many variables and assumptions

in the financial model, valuation is mainly based on assumptions about the future and is sensitive, which may affect the accuracy of prediction, and it is difficult to obtain sufficient basis for selecting specific parameters.

This report will combine the actual situation of the transaction, and select the appropriate method from the above three methods to investigate and analyze the rationality of the price of the transaction.

## II) Valuation Analysis, Selection of Market & Enterprise Under Consideration

### (I) Analysis of Comparable Company Method

Comparable company method refers to the analysis of company value, focusing on and judging the rationality of the valuation of related companies based on the valuation of listed companies with similar business.

Considering that the scale of assets in expressway operation industry is generally large, the amount of depreciation and amortization of long-term assets in operation period is relatively high, and the capital structure of different companies is different, all the above factors will have a certain impact on the net profit level. EBITDA, profit before interest, tax, depreciation and amortization can more fully reflect the operation performance of expressway operation period and the inflow of resources for future business operation and construction, and is less affected by the capital structure, so EBITDA method can be used for valuation analysis under the comparable company method.

The main business of Say Road Development is expressway operation business, but it is carried out through affiliated joint ventures, and related expressway operation business assets are not consolidated in the financial statements. Therefore, the valuation applies EBITDA method to the expressway operating business carried out by Say Road Development through the concession of the Guangzhou-Shenzhen Expressway and Guangzhou-Juhui West Line Expressway owned by affiliated joint ventures and are based on the valuation multiples of comparable companies. On the basis of valuation of the expressway operating business carried out by Say Road Development through the concession of two expressways owned by affiliated joint ventures, the valuation adds back the net amount of other non-operating, surplus assets and liabilities of Say Road Development and the two joint ventures owned by Say Road Development in proportion to their equity as the valuation of equity interest in Say Road Development.

Considering that there are few H-share listed companies in the expressway operation category, and Shenzhen Expressway and Say Road Development in the transaction are both H-share and H-share listed companies, the valuation needs to take into account the capital market conditions of the two places, and balance the consideration of valuation level of buyer and

<sup>3</sup> Net amount of other non-operating, surplus assets and liabilities = Other non-operating assets - surplus assets - liabilities. The overall value of enterprise represents the value of operating business added back to the value of other non-operating assets and surplus assets; the equity value of enterprise represents the overall value of the enterprise minus the value of liabilities.



seller markets compared to companies in the same industry. The expressway operating business carried out by \$ay " rea ' evelopment through the concession of two expressways, i.e. the 8uangzhou4Shenzhen Expressway and 8uangzhou4Jhuhai ; est Line Expressway, owned by affiliated joint ventures is located in the 37C. Therefore, the selected comparable companies are H4share or " 4share listed companies whose main business are domestic expressway operations, and income from expressway4related segment accounts for a higher proportion of its total income<sup>4</sup>.

\$ased on the above criteria, the EDÆ\$#! ' " of comparable companies as of -% 9arch +, +- is shown as following<sup>2</sup>

No)	Se1urities 1ode	Se1urities abbreviation	E&@E2ITDA
-	, , , &+*.SJ	8uangdong Expressway "	=.=)
+	, , , =%%.SJ	Shanxi 7oad and \$ridge	>., %
:	, , , >+>.SJ	' ongguan Holdings	=.-+
&	, , -*)%.SJ	China 9erchants Highway	-%.>)
%	) , , , +, .SH	Jhongyuan Expressway	>.)>
)	) , , , :.SH	(uBian Express	&., >
=	) , , : %i .SH	Shandong Hi4speed	-.)-%
>	) , -%->.SH	5ilin Expressway	.)-)
*	, %)=).H	JheBiang Shanghai4Hangzhou4Cingbo	-, .%*
- ,	, -==.H	5iangsu Cinghu Expressway	>.=+
--	, %&>.H	Shenzhen Expressway	.)>-
-+	, **%.H	" nhui ; antong Expressway	:.&-
-:	-, %+.H	6uexiu ! ransport #nfrastructure	-, .->
-&	-%)=).H	?ilu Expressway	*, .)
-%	==>%.H	Chengdu Expressway	%>-)
	9ax value		-.)-%
	9inimum value		:.&-
	" verage of " 4share after excluding extreme values		>.: -
	9edian of " 4share after excluding extreme values		=.=)
	" verage of H4share after excluding extreme values		>.:%
	9edian of H4share after excluding extreme values		>.>*
	" verage of H4share and " 4share after excluding extreme values		>.&-
	9edian of H4share and " 4share after excluding extreme values		>., %

Note 3: Source<sup>2</sup> ; ind #nformation

Note 4: The ED of comparable companies represents the value as of -% 9arch +, +-

<sup>4</sup> Considering that the number of " 4share expressway operating listed companies is significantly higher than that of H4 share expressway operating listed companies, in order to balance the number between H4share listed companies and " 4 share listed companies among selected comparable companies, for H4share listed companies, the proportion of income from expressway related business to total income for recent years shall reach above %, E for " 4share listed companies, the proportion of income from expressway related business to total income for recent years shall reach above =%E.

Note 2: In view of the fact that the business operation of the expressway operation industry in 2020, was negatively impacted by the COVID-19 epidemic, the business operations in 2020, cannot reasonably reflect the operational performances and capabilities. Therefore, the EBITDA of comparable companies was the average amount data in 2019 and 2020.

According to the above table, based on the consideration of prudence, after excluding extreme values, the average and median data of H4share and A4share comparable companies are selected as the EBITDA reference range of comparable companies. As of March 31, 2020, the EBITDA reference range of comparable companies is 0.75 times to 0.85 times. As the operation of Guangzhou-Shenzhen Expressway and Guangzhou-Juhuai ; est Line Expressway in 2020, was negatively impacted by the COVID-19 epidemic, which cannot reasonably reflect the operational performances and capabilities, the total average EBITDA of Guangzhou-Shenzhen Expressway and Guangzhou-Juhuai ; est Line Expressway joint ventures owned by Say ' rea ' evelopment in proportion to their equity in 2019 and 2020 is adopted as the EBITDA of the expressway operating business carried out by Say ' rea ' evelopment through the concession of two expressways owned by affiliated joint ventures, which is calculated as 79.5 million RMB.

Based on the above-mentioned EBITDA reference range, the valuation range of the expressway operating business carried out by Say ' rea ' evelopment through the concession of two expressways owned by affiliated joint ventures is 79.5 million RMB, to 79.5 million RMB. As of December 31, 2019, the net amount of other non-operating and surplus assets and liabilities of Say ' rea ' evelopment and two joint ventures holds by Say ' rea ' evelopment in proportion to its equity amounted to 79.5 million RMB. According to the aforementioned analysis, valuation of the equity of Say ' rea ' evelopment (valuation of the expressway operating business carried out by Say ' rea ' evelopment through the concession of two expressways owned by its affiliated joint ventures) net amount of other

<sup>2</sup> The financial data of two joint ventures in 2019 and 2020 is based on the financial data disclosed by Say ' rea ' evelopment in their annual and semi-annual reports, of which the financial data in 2019 has not been audited.

<sup>9</sup> The financial data of Say ' rea ' evelopment and two joint ventures is based on the financial data disclosed by Say ' rea ' evelopment in its annual report. Since Say ' rea ' evelopment does not directly carry out the expressway operation business, the assets in the consolidated statement, except for the equity of two expressway joint venture companies, are calculated as non-operating and surplus assets this time. The assets of Guangzhou-Shenzhen Expressway and Guangzhou-Juhuai ; est Line Expressway joint ventures, except for property and equipment, intangible assets of operating rights, mainly cash and other current assets, are calculated as non-operating and surplus assets this time. If corresponding liabilities items that are not distinguished as operational or non-operational, are regarded as deductions in the net calculation, which is treated relatively soundly. Except for the joint venture equity item, other assets and liabilities are calculated as the amount of corresponding items of Say ' rea ' evelopment. The amount of corresponding items of Guangzhou-Shenzhen Expressway joint venture x percentage of equity interests in Guangzhou-Shenzhen Expressway joint venture held by Say ' rea ' evelopment. The amount of corresponding items of Guangzhou-Juhuai ; est Line Expressway joint venture x percentage of equity interests in Guangzhou-Juhuai ; est Line Expressway joint venture held by Say ' rea ' evelopment. (Or the amount of joint venture equity item, Say ' rea ' evelopment joint venture mainly includes two expressway joint ventures and Gintang 7eal Estate Project Company. As the assets and liabilities of two expressway joint ventures have been calculated based on the equity ratio, the joint venture equity item only lists the value of 79.5 million RMB equity in Gintang 7eal Estate Project Company beneficially held by Say ' rea ' evelopment as of the valuation reference date. Given that Say ' rea ' evelopment sold 79.5 million RMB equity in Gintang 7eal Estate Project Company on September 30, 2019, which is close to the valuation reference date, based on the 79.5 million RMB equity transaction price of 79.5 million RMB, the value of 79.5 million RMB equity in Gintang 7eal Estate Project Company held by Say ' rea ' evelopment is calculated as a pro rata basis.

non4operating and surplus assets and liabilities of \$ay " rea ' evelopment and the two 8oint ventures owned by \$ay " rea ' evelopment in proportion to their e<uity. !he valuation of - , , E e<uity in \$ay " rea ' evelopment ranged from 79\$- , , -%) , ) - = , ) , , to 79\$- , > , + & , + & : , % , , . \$ased on the central parity rate of 79\$ to Hong ong dollar on the valuation reference date and the total number of shares of \$ay " rea ' evelopment as of the valuation reference date, the valuation of the price per share of \$ay " rea ' evelopment ranged from H F : . \* : per share to H F & . - \* per share.

#n view of the fact that the !ransaction is the ac<uisition of controlling rights, and the valuation multiples of comparable companies do not fully reflect the value of the controlling stake, the controlling premium ad&ustments are made for the above4mentioned price per share of \$ay " rea ' evelopment. !aking into account the market valuation research and practice, the valuation conducts controlling premium analysis with reference to the privatization cases by way of offer or scheme of arrangement completed since + , + , in the Hong ong stock market and suspended trading before the first announcement of the privatization price for inside information control, and the transfer cases of the controlling stake of " 4share and H4share listed companies disclosed and completed since + , - \* with the e<uity transfer ratio of more than + \* E.

!here are a total of + : privatization cases completed since + , + , in the Hong ong stock market and suspended trading before the first announcement of the privatization price for inside information control, among which, there are > cases of general offer and -% cases of agreement arrangement. !he premium of the privatization price over the average prices in one trading day , : , trading days , ) , trading days and \* , trading days preceding suspension are as follows%2

Ty0e of transa1tion	l te3	' re3iu3	' re3iu3	' re3iu3	' re3iu3
		over the average	over the average	over the average	over the average
		Ori1e in one trading day	Ori1e in -/ trading days	Ori1e in B/ trading days	Ori1e in </ trading days
		Ore1edin8 suspension	Ore1edin8 suspension	Ore1edin8 suspension	Ore1edin8 suspension
8eneral offer	(irst <uartile	+>E	& , E	& - E	& % E
	! hird <uartile	=+E	= - E	= = E	> : E
	" verage	% : E	% = E	) - E	) = E
" greement arrangement	(irst <uartile	- * E	: + E	: ) E	: = E
	! hird <uartile	= & E	= & E	) = E	% & E
	" verage	% , E	% & E	% + E	& > E

Note: Source2 ; ind #nformation

" s 5H6CE \$HK! #?KE . , ) & = . H 1 did not enter into a valid transaction on one trading day before the suspension to record the average transaction price, the average price of the most recent trading day with valid transactions on that day is adopted.



account the capital market conditions of the two places, and balance the consideration of valuation level of buyer and seller markets compared to companies in the same industry. The selection criteria for the comparable transaction in the valuation are:

- 1. OM transactions announced by H-share or H4share listed companies in the expressway operation category since 2008.
- 2. The main business of target company is the expressway operation business in mainland China, and the target company has achieved profitability in the year before the transaction announcement.
- 3. Listed companies obtain the controlling stake of target company through OM transactions.

Since it is difficult to obtain the assets and liabilities, income and operation of the acquisition targets in comparable transactions and accurately calculate EDVAE\$, we will, taking into account that EDVAE\$ can reflect the asset resources and the operating performance of asset resources of enterprises at the same time, as well as that the asset resources of expressways and the operating performance of asset resources are important influencing factors of its value, the 3AE ratio and 3A\$ ratio are used as alternative valuation indicators to conduct valuation analysis by comparable transaction method. The 3AE ratios of comparable transaction targets are shown in the following table:

Acquisition Target	Year of Announcement	Net Profit attributable to the Parent Company in the year before the announcement	Price per Share	EV/EBITDA Ratio
Guangdong Expressway	2008	1,100 million RMB	10.5 RMB	10.5
Shanxi Luoyao	2008	1,100 million RMB	10.5 RMB	10.5
Shandong Expressway	2008	1,100 million RMB	10.5 RMB	10.5
Shenzhen Expressway	2008	1,100 million RMB	10.5 RMB	10.5

<sup>E</sup> Guangdong Expressway held 100% equity interests in Guanghui Expressway before the transaction. Through the acquisition of 51% equity interests in Guanghui Expressway, Guangdong Expressway will hold a total of 51% equity interests in Guanghui Expressway, achieving the controlling stake of Guanghui Expressway.

isted 1o30any	A1Duisition tar8et	, ear of announ1e3ent	Net Orofit attributable to the Oarent 1o30any in the year before the announ1e3ent	' ri1e for the 1//l eDuity of the tar8et 1o30any	' eE ratio
			\$ 1' /0,000"	\$ 1' /0,000"	
?ilu Expressway	-, , E tolling right and related assets and liabilities of ' eshang Expressway and South China Expressway	+, +,	=, *: , , =,	++*, , , , , ,	+>.>>

Note: Source2 7elated announcements of listed companies

#n the above case of Shandong Expressway, the target company is in the early stage of operation, and has lust turned from loss to profits in +, ->. ! here are big differences between the net profit in +, -> of 79\$-&,:>\*,), , and the average estimated net profit of 79\$>-,>&%,), , during the relatively stable operation period from +, -\* to +, +: , and the 3A E ratio of -+>.>= times calculated correspondingly deviates from the valuation level of other comparable transactions significantly. ! herefore, by excluding such obviously deviating 3AE ratios, and calculating the 3AE ratio of this case based on the average estimated net profit from +, -\* to +, +: , the 3AE ratios of the targets of comparable transactions are shown in the following table>2

isted 1o30any	A1Duisition tar8et	, ear of announ1e3ent	Net Orofit attributable to the Oarent 1o30any in the year before the announ1e3ent	' ri1e for the 1//l eDuity of the tar8et 1o30any	' eE ratio
			\$ 1' /0,000"	\$ 1' /0,000"	
8uangdong Expressway	+E e<uity interests in 8uanghui Expressway	+, +,	-, , +)%.-=	-,->=&,&.&%)	--.>&
Shanxi 7oad and \$ridge	-, , E e<uity interests in 3ingyun Expressway	+, +,	+, %: +, =	+>, %: .))	-: .))
Shandong Hi4speed	-, , E e<uity interests in Luzhou Southeast Expressway	+, -*	>,->&.&%)	->&, , , , , ,	++.&>

H " fter excluding the significantly deviating 3AE ratios, since the number of comparable transactions is small, and the level of 3AE ratios of comparable transactions are relatively discrete, and do not reflect a significant concentration or relatively continuous distribution, it is inappropriate to further delete the comparable transaction sample based on the consideration of prudence, and therefore no further removal of the maximum and minimum values when calculating the average and median.

isted 1o30any	A1Duisition tar8et	, ear of announ1e3ent	Net Orofit attributable to the Oarent 1o30any in the year before the announ1e3ent \$ 1' /0,000"	' ri1e for the 1//1 eDuity of the tar8et 1o30any \$ 1' /0,000"	' @2 ratio
Shenzhen Expressway	>*. *: E e<uity interests in Longda Expressway	+, +,	=,+-=.%>	%+,; , , , , ,	=.+%
?ilu Expressway	- , , E tolling right and related assets and liabilities of ' eshang Expressway and South China Expressway	+, +,	=, * : , , =,	++ * , , , , , ,	+>.>>
" verage					-).>+
9edian					-:.)

Note: Source2 7related announcements of listed companies

! he 3!\$ ratios of the target companies of comparable transactions are shown in the following table2

isted 1o30any	A1Duisition tar8et	, ear of announ1e3ent	Net Orofit attributable to the Oarent 1o30any in the year before the announ1e3ent \$ 1' /0,000"	' ri1e for the 1//1 eDuity of the tar8et 1o30any \$ 1' /0,000"	' @2 ratio
8uangdong Expressway	+ -E e<uity interests in 8uanghui Expressway	+, +,	: %), & > & . > &	- , - > =, & , & %)	: : : :
Shanxi 7oad and \$ridge	- , , E e<uity interests in 3ingyun Expressway	+, +,	- = : , % + = . > &	+ > , , % : . ) . )	- . ) +
Shandong Hi4speed	- , , E e<uity interests in Luzhou Southeast Expressway	+, - *	= & , = ) . ) * -	- > & , , , , , , ,	+ . & )
Shenzhen Expressway	>*. *: E e<uity interests in Longda Expressway	+, +,	> , % = > . * >	% + , ; , , , , , ,	) . - ,
?ilu Expressway	- , , E tolling right and related assets and liabilities of ' eshang Expressway and South China Expressway	+, +,	- + * , > % + . : =	++ * , , , , , , ,	- . = )

Note: Source2 7related announcements of listed companies

#n the above case of Shandong Expressway, the target company is in the early stage of operation, and has bust turned from loss to profits in +, ->. " lthough the future estimated net profit of the target company was disclosed, the estimated net asset was not disclosed. ! he net asset for the most recent period before the announcement may underestimate the normal asset resources of the target company. ! herefore, based on the consideration of prudence, this case shall be removed under the 3A\$ ratio method. #n addition, in the above case of Shenzhen Expressway, its 3A\$ ratio is significantly higher than that of other transaction cases. \$ased on the consideration of prudence, this case shall be removed under the 3A\$ ratio method. " fter the aforementioned adBustments, the 3A\$ ratios of the target companies of comparable transactions are shown in the following table2

isted 1o3Oany	A1Duisition tar8et	ear of announ1e3ent	Net Oprofit attributable to the Oarent ' ri1e for the 1o3Oany in the 1//1 eDuity of the tar8et 1o3Oany		' @2 ratio
			\$1' /0,000"	\$1' /0,000"	
Guangdong Expressway	+E e<uity interests in Guanghai Expressway	+, +,	:%),&>&.>&	-, ->=, &, &%)	:::
Shanxi Road and \$ridge	-, , E e<uity interests in 3ingyun Expressway	+, +,	-=: ,%+=.>&	+>, %: .))	-.)+
?ilu Expressway	-, , E tolling right and related assets and liabilities of ' eshang Expressway and South China Expressway	+, +,	-+*, >%+.: =	++* , , , , , ,	-.=)
" verage					+.+&
Median					-.=)

Note: Source2 7related announcements of listed companies

\$ased on the consideration of prudence, the average and median are selected as the reference ranges of 3E ratio and 3\$ ratio of comparable transactions. ! he reference 3E ratio of the above comparable transactions ranged from -: .)) times to -).>+ times, and the reference 3\$ ratio of the comparable transactions ranged from -.=) times to +.+.& times. Since the ! ransaction is the ac<uisition of controlling stake of a listed company, and the subBect matter of the comparable transaction is the controlling stake of a non4listed company, in general, listed companies have li<uidity premium as compared to non4listed companies. ! hus, the reference ranges of 3E ratio and 3\$ ratio of the above comparable transactions are adBusted by li<uidity premium. ! ogether with the research and practice of market valuation, the li<uidity premium is analyzed with reference to the premium of secondary market price over the #3H issue price in a certain period after #3H in the Hong ong stock market.



" total of >% #3H cases which are listed in the Hong ong stock market one year before the valuation benchmark date .i.e. since -) 9arch +, +, 1 and trading for \*, trading days before the valuation benchmark date are selected for analysis. ! he premium of the closing price on the first day of #3H, the closing price on the :, th trading day, the closing price on the ), th trading day and the closing price on the \*, th trading day over the issue price is as follows?

	Avera8e Ore3iu3 of the 1losin8 Ori1e on the first day of listin8 over issue Ori1e	Avera8e Ore3iu3 of the 1losin8 Ori1e on the -/th tradin8 day over issue Ori1e	Avera8e Ore3iu3 of the 1losin8 Ori1e on the B/th tradin8 day over issue Ori1e	Avera8e Ore3iu3 of the 1losin8 Ori1e on the </th tradin8 day over issue Ori1e	Avera8e
Ty0e					
3remium ratio	+-.+>E	:+.%E	+-->E	-:.*E	+:.=, E

Note: Source2 ; ind #nformation

; ithin a certain period after #3H, the average premium of the secondary market price over the #3H issue price ranged from -:.\*E to :+.%E. \$ased on the consideration of prudence, the average of +:.=, E of those average premiums at the above four point4in4times is applied as the reference of li<uidity premium ratio of the valuation.

" fter taking into consideration of the li<uidity premium ratio, the reference 3E ratio of comparable transactions range from -).\*, to +,.-> times, and the reference 3\$ ratio of comparable transactions ranged from +.-> to +.== times. ! aking into account that the operation performance of \$ay " rea ' evelopment was significantly affected by the epidemic in +, +, , and the return from disposal of ++.%E e<uity interests in Gintang 7eal Estate 3roβect Company in +, +, , was relatively higher, the net profit of \$ay " rea ' evelopment attributable to the parent company in +, +, , may not fully reflect the normal profit level of \$ay " rea ' evelopment, thus the 3E ratio valuation analysis is carried out on basis of the average net profit of \$ay " rea ' evelopment attributable to the parent company\* of 79\$), ),%-, , , in +, -> and +, -\*|| also, although the operation performance of \$ay " rea ' evelopment was affected by the above special factors in +, +, , from the perspective of asset resources, the net assets attributable to the parent company at the end of +, +, , could relatively better reflect the existing asset resources owned by \$ay " rea ' evelopment. ! herefore, the 3\$ ratio valuation analysis is conducted on basis of the net assets of \$ay " rea ' evelopment attributable to the parent company at the end of +, +, , of 79\$&,\*=>,-), , , .

! he valuation price per share of \$ay " rea ' evelopment which is calculated based on the above reference range of 3E ratio of comparable transactions after taking into account the li<uidity premium ratio, ranges from H F:.\*= per share to H F&.>\* per share, and the valuation price per share of \$ay " rea ' evelopment which is calculated based on the above reference range of 3\$ ratio of comparable transactions after taking into account the li<uidity premium ratio, ranges from H F&.+> per share to H F%:& per share. Combined with the

<sup>5</sup> ! he financial data of \$ay " rea ' evelopment in +, -> and +, -\* is derived from those disclosed in its annual report and interim report, particularly, the financial data of +, -> was unaudited.

valuation and analysis of comparable transactions from perspectives of asset resources and operation performance of asset resources, based on the consideration of prudence and taking the intersection between valuation range of 3E ratio and 3\$ ratio as the valuation range under the comparable transaction approach, which means, upon the analysis under the comparable transaction approach, the valuation of market price per share of \$ay " rea ' evelopment ranges from H F&.+ per share to H F&.>\* per share.

(III) Analysis under Discounted Cash Flow Method

The discounted cash flow method is a valuation method based on future forecast. \$ay " rea ' evelopment is a company whose shares are listed in Hong ong. Prior to the completion of the transaction, subject to the listing regulation and commercial confidentiality, \$ay " rea ' evelopment could not provide us the future profit and cash flow forecast prepared and recognized by \$ay " rea ' evelopment.

Due to the lack of reliable and sufficient financial forecast data prepared and recognized by \$ay " rea ' evelopment, the valuation on \$ay " rea ' evelopment is not under the discounted cash flow method.

III) &A #ATION ANALYSIS AND RESULTS OF MARKET &A #E OF THE #NDER, IN( S! ARES

In summary, under the comparable company method, the valuation of market price per share of \$ay " rea ' evelopment ranges from H F&.+ per share to H F&.>+ per share, while under the comparable transaction method, the valuation of market price per share of \$ay " rea ' evelopment ranges from H F&.+ per share to H F&.>\* per share. The market valuation range under the comparable company method falls into that under the comparable transaction method, and taking into consideration that

- In viewing that \$ay " rea ' evelopment is a listed company, the comparability of valuations of listed companies in the same industry is relatively high
- + The valuation of comparable transactions is formed under specific transaction conditions, and the number of comparable transactions is relatively small. The operation stages of the objects of comparable transactions are not completely consistent, and the valuation results are relatively vulnerable to the special circumstances of individual transactions. The valuation of comparable companies is formed under the open and continuous secondary market transactions, and the number of selected comparable companies is relatively large and relatively stable, and the comparable companies are basically in the stable operation stage
- ∴ Under the comparable transaction method, subject to the availability of data, both of the 3E ratio and 3\$ ratio are applied as valuation indicators. Even though taking into account asset resources and operation performance, according to the characteristics of expressway operation industry, E\$#! ' " could reflect the operation performance of expressway during the operation period and the inflow of resources that could be utilized for future business operation and construction in a more direct and full manner, and EDIE\$#! ' " can simultaneously reflect the asset resources and operation performance of asset resources of enterprises

! herefore, considering the

## C! A' TER III ASS#M' TIONS

## I) ( ENERA &amp;A #ATION ASS#M' TIONS

## (I) Assu30tion of O0en Mar?et

" ssumption of open market? it is assumed that for assets traded in the market or intended to be traded in the market, both parties to the asset trade are on e<ual terms with each other and each has the opportunity and time to obtain sufficient market information to make reasoned Judgments as to the function, usage and trading price of the asset. ! he assumption of open market is based on that the asset could be publicly traded in the market.

## (II) Continuin8 O0erations Assu30tion

! he continuing operations assumption presumes that under the premise of continuing and normal operations of the enterprise, it will continue its operations, without termination or massive deduction of its business in the foreseeable future.

(or this valuation, \$ay " rea ' evelopment is a listed company with independent operation capability. ; ithout definite opposite evidence and assuming that it could, through appropriate operation and investment as well as asset allocation, maintain its capability of continuing as a going concern with no significant differences as compared to those listed companies in the peer industry, continue as a going concern, without termination or massive deduction of its business.

## II) S' ECIA &amp;A #ATION ASS#M' TIONS

- . #t assumes that the external economic environment remains unchanged, and the country's current macroeconomic situation does not change significantly on the reporting reference date.
- + . ! here are no ma&or changes in the social and economic environment in which the enterprise is located, and in the taxes and tax rates, industry supervisions and other policies implemented.
- : . ! he management of relevant companies will perform its duties in the future operating period and continue to maintain the current operation management model for continuous operation.
- & . Co other force ma&eure or unforeseen factors will have a significant adverse impact on the enterprise.
- % . (or the 7eport, in the valuation analysis of the type of market price, the impact of the ! ransaction involving H4share and " 4share listed companies has been taken into account to a certain extent.

- ) Assuming that the relevant basic information, financial information and public information are true, accurate and complete, and there is no significant difference between the assets and liabilities of the Company's development as of December 31, 2020, with the assets and liabilities as of the valuation reference date.
- =. The relevant financial information of the Company's development used in the valuation is the publicly disclosed information of the Company's development, which was calculated in accordance with international accounting standards. (For the comparable companies selected in the valuation and the target companies in the comparable transactions, due to the differences in the types of listing and registration places, certain of them use Chinese Accounting Standards or Hong Kong Accounting Standards for accounting. The relevant accounting standards have similar requirements for revenue and cost recognition and measurement. Therefore, it is assumed that the differences in the above accounting standards have no significant impact on the calculation of valuation indicators such as EV/EBITDA and price-to-earnings ratio and the valuation conclusions. Therefore, it is assumed that the differences in the above accounting standards have no significant impact on the calculation of valuation indicators such as EV/EBITDA and P/E ratio and the valuation conclusions.
- >. In the first half of 2020, the expressway operation business of the Company's development was significantly impacted by the COVID-19 epidemic. According to the operation information of Guangzhou-Shenzhen Expressway and Guangzhou-Nanhai Expressway in the second half of 2020, publicly disclosed the Company's development, since the second half of 2020, the business operation of the Company's development has basically returned to normal. As of the valuation reference date, the situation of COVID-19 epidemic is not expected to have a long-term negative impact on the business operation and valuation of the Company's development. Correspondingly, in the valuation, the impact on the business operation and valuation of the Company's development that may be caused by future recurrence or aggravation of the COVID-19 epidemic has not been considered.

In case of any changes of the above conditions, the analysis in this report will lapse in general. We do not assume any legal liabilities for the lapse of the results of the report due to the change of these conditions.

### III) OTHER MATTERS

#### (I) Entitlement of Dividend

In the transaction, the buyer and the vendor agreed that the Company's development had declared dividend of approximately HK\$ 0.15 in equivalent per share in April 2021. The dividend will be actually distributed on or before July 1, 2021. After the Company's development receives the dividend, Shenzhen Investment International Capital, the vendor of the transaction shall be entitled the dividend.

(II) Tax Treatment

In the transaction, the buyer and the vendor agreed that all taxes and fees arising from the completion of the transaction shall be borne by the buyer. The core assets of Say " Development are the equity interests in the joint venture of Guangzhou-Shenzhen Expressway and the joint venture of Guangzhou-Juhai West Line Expressway, both the domestic entities. The transaction constitutes the indirect transfer of the shares of Say " Development and the equity interests in corresponding domestic entities, which may be deemed as the direct transfer of the equity interests in the 37C resident enterprises and the vendor shall pay income tax on the value-added portion of the domestic equity.

(III) Undertake the Obligation to Make up the Shortfall

In the transaction, Shenzhen Expressway proposes to undertake the obligation to make up the Shortfall. Please refer to relevant documents of the transaction for details, namely, whether C9 (und will da.3484 0 Tt(the)61p1168 0 Tt(undf3.0 T24 hepy?e)Tf5.oa33484 0 Tt(the)Tf1.5pf17

## C! AFTER I&amp; CONCLUSION

## I) CONCLUSION

Based on the foregoing analysis, this report mainly adopts the comparable company method and the comparable transaction method to conduct valuation analysis on the market value of --.>: E shares of \$ay " rea ' evelopment. ; hen determining the transaction price of -, , E e<uity interests of S##CH#C in the ! ransaction, corresponding to --.>: E shares of \$ay " rea ' evelopment, the core assets of S##CH#C being H F&.) , : per share. ! aking into consideration of the impact of dividend entitlement, tax payment and undertaking the obligation of making up the difference, the price per share of --.>: E shares of \$ay " rea ' evelopment falls within the valuation of market value range of the price per share of \$ay " rea ' evelopment in the valuation.

## II) #TI I%ATION RESTRICTIONS

! his report can only be used for the purpose stated in this report. 9eanwhile, this report is to discuss and certify whether the transaction price of --.>: E shares of \$ay " rea ' evelopment in the ! ransaction is reasonable for the purpose stated in the 7eport, and taking no consideration the impact of changes in national macroeconomic policies and natural forces and other force ma8eure on asset prices. #n the event that when there is any change in the foregoing conditions and the assumptions of continuing as a going concern followed by this report, the conclusions will generally be lapse. ; e do not assume any legal responsibility for the lapse of the result of the 7eport arising from the change of these conditions.

! he conditional precedent of this report is that this economic behavior conforms to the relevant provisions of national laws and regulations, and has been approved by relevant authorities.

" ll or part of this report shall not be extracted, <quoted or disclosed to the public media without our consent and review of relevant contents|| provided that all or part of contents of this report are extracted, <quoted or disclosed to the public media without our consent and review, we shall not assume any liabilities, unless otherwise provided by laws and regulations of 9ainland China .excluding Hong ong, 9acao and ! aiwan1.

! ur opinions in the 7eport are based on the market condition, economic trend, financial condition and other information collected as of -% 9arch +, +-. Events and circumstances occurring after the above date are not considered in this report. #nvestors should be aware of relevant announcements or events issued after the reference date. (or the purpose of this report, this report does not take into account the trading activities and stock price performance of related companies in the future.

! his report is valid for --+ months from the reference date of the 7eport.0

! his above information is derived from the C9S Daluation 7eport.

Shareholders and 0otential investors of the Co30any are advised to e>er1ise 1aution =hen 1onsiderin8 the infor3ation of the CMS &aluation Re0ort set out in this 1ir1ular) If you are in any doubt as to any as0e1t of the infor3ation of the CMS &aluation Re0ort set out in this 1ir1ular\* you should 1onsult your 0rofessional advisers)

ShenAhen E>0ress=ay Co30any i3ited

The following is the text of a report received from Pengxin Appraisal, for the purpose of incorporation in this circular,

3EC8G#CJ#3#C8\$ " HJ# T+, +-I Co. S-: -

Asset Appraisal Report  
for  
All Shareholders' Equity in  
ShenAhen Investment International Capital Infrastructure Co., Ltd.  
Involved in the Transfer of All Equity in ShenAhen Investment International Capital Infrastructure Co., Ltd. by  
Non-Disclosure Agreement Indirect Transfer of 100% Equity in ShenAhen Investment Development Co., Ltd. to ShenAhen Expressway Co., Ltd.

ShenAhen Investment International Capital Infrastructure Co., Ltd.

Shenzhen Pengxin Appraisal Ltd., upon the acceptance of the entrustment of your company, followed the principles of independence, objectivity and fairness according to relevant laws, regulations and asset appraisal standards, adopted the asset-based method in accordance with certain appraisal procedures, and made the appraisal of the market value of all shareholders' equity in Shenzhen Investment Holdings International Capital Infrastructure Co., Ltd. involved in the transfer of all of its equity by non-disclosure agreement and the indirect transfer of 100% equity in Shenzhen Investment Development Co., Ltd. to Shenzhen Expressway Co., Ltd. as of December 31, 2014. The circumstances involved in, and the results of, the assets appraisal are reported as follows:

I) Overview of the Entrusted Party

Name of Entrusted Party: Shenzhen Expressway Co., Ltd. hereinafter referred to as Shenzhen Expressway

Registered Address: (Unit 1011 Station, (Cheng Community, Longhua District, Shenzhen

Legal Representative: Hu ; Registered Capital: 795,000,000 RMB

Economic Nature: Limited liability company (listed). Stock Code: 005013.SZ

Operating Period: December 31, 2014 to non-fixed term

Business Scope: Investment, construction management and operation management of expressways and roads; import and export business with qualification certificate.



II) Overview of the Assessed Enterprise

(5) Basic Situation of the Enterprise

3, Registration Status

Enterprise Came2 Shenzhen Investment Holdings International Capital Holdings Infrastructure Co., Ltd. hereinafter referred to as Shenzhen Investment Holdings Infrastructure01

4, Information of Shareholders

The capital contribution and shareholding ratio of each shareholder of Shenzhen Investment Holdings Infrastructure0 on the base date of assets appraisal are as follows2

The shareholder of Shenzhen Investment Holdings Infrastructure0 is Shenzhen Investment Holdings International Capital Holdings Co., Ltd., with a shareholding ratio of %, E. As of the base date, the paid4in capital of Shenzhen Investment Holdings Infrastructure0 is 79\$: ++, \*, , ,

2, Long-term Investment

The long4term investment unit of Shenzhen Investment Holdings Infrastructure on the base date is Shenzhen Investment Holdings Say " Real Development Co., Ltd. hereinafter referred to as Say " Real Development01, with a shareholding ratio of --.>: E, and the paid4in capital of Say " Real Development is 79\$+=, , , +, %, , ,

(55) Historical Financial Data of the Enterprise

The annual brief statement of Shenzhen Investment Holdings Infrastructure0 consolidated caliber1 is as follows .unit2 79\$@, , , , 1

Item3@, year	+/-1<E1+E-1	+/+1E1+E-1
Current assets	+&,) , . *	-)%, -%=. , +
Con4current assets	-, - : , + + + . : =	-, , + > , & % & . - %
Total assets	-, - : = , > > : . : :	-, - * : , ) --- . - =
Current liabilities	+ : , , * ) * . % ,	: * - , ) + > . & >
Con4current liability	= , = , & = & . ) -	& , % , & * > . & >
Total liabilities	* : > , & & & . - -	= * = , - + ) . * )
Total shareholders' equity	- * * , & : * . + +	: * ) , & > & - +
Total owner's equity attributable to Parent		
Minority interest	4 - , ) , * , = . % =	- , ) , > & , . % *
Minority shareholders' interest	: , , ) : & ) . = *	+ > * , ) & : . ) +

Ite3	+ /1<	+ /+ /
#. Hperating income		
Less2 Hperating costs		
Management cost	: , = & . & >	: , ) , - , &
(inancial expenses	: % , - - = . ) +	+ : , = > . + *
" sset impairment loss	Q	Q
3lus2 Hther income	: % . = *	: , * . > &
#nvestment income	& , + & % . = =	- % , = * ) . , &
#ncome from change of fair value		- % , . : -
##. Hperating profit	- , : > * . & )	4 - - , - : : . - &
###. ! otal profit	- , : > * . & )	4 - - , - : : . - &
Less2 income tax expenses	& , + ) & . % *	- = , - , , . : *
I&) Net Oprofit	4 + , > = % . - :	4 + > , + : : . % :
&) Net Oprofit attributable to the o=ner of the		
Oarent 1o30any	4 - + , , > * . - :	4 + = , = ) = . = =
&I) ' rofit and loss of 3inority shareholders	* , + - & . , ,	4 & ) % . = )

! he annual summary statement of the parent company of /Shenzhen #nvestment Holdings #nfrastucture0 is as follows .unit2 79\$@ , , , , 1

Ite3@, ear	+ /1<E1+E-1	+ /+ /E1+E-1
Current assets	- * , % * : . ) =	+ > , - > , . = -
Con4current assets	* % + , , * , . * &	> * & , & % > . , >
Total assets	* = - , ) > & . ) -	* + + , ) ) % . = *
Current liabilities	+ , - , % * - . % -	: : & , > ) ) . > +
Con4current liabilities	) * * , & , = . = %	: + + , & * % . = >
Total liabilities	* , , , * * * . + )	) % = : ) + . ) ,
Total shareholders' eDuity	= , , ) > % . : %	+ ) % : , : . - *

Ite3	+ /1<	+ /+ /
#. Hperating income		
Less2 Hperating costs		
Management cost	& % . : *	+ : . = -
(inancial expenses	: & , > , % . > &	+ * , + & = . , +
" sset impairment loss		
3lus2 Hther income		
#nvestment income	& & , + * % . & =	& & , & : : . = &
##. Hperating profit	* , & & & . + %	- % , - ) : . , -
###. ! otal profit	* , & & & . + %	- % , - ) : . , -
Less2 #ncome tax expenses		
I&) Net Oprofit	* , & & & . + %	- % , - ) : . , -



- 2, >uang<hou Ahentong Industrial Development ! o,, =td, hereinafter referred to as ! Ahentong IndustrialJ"

#n ' eember +, -\*, /Jhentong #ndustrial0, jointly established by \$ay " rea ' evelopment and a subsidiary of ! ransportation 8roup, successfully won the land use right for the residential project of Gintang #nterchange with a total plot area of about +, , , , , s<uare meters and a gross floor area .8 (" 1 of about ) , , , , , s<uare meters for 79\$&.-+& billion. #n order to introduce professional real estate developers to participate in the construction of the residential project, in +, +, , \$ay " rea ' evelopment and ! ransportation 8roup .through 8uangdong Highway Construction1 sold a total of ) , E e<uity in Jhentong #ndustrial0 .i.e. ++.%E e<uity held by \$ay " rea ' evelopment and :=.%E held by 8uangdong Highway Construction1 and borrowed money from corresponding shareholders to China 7esources Land. ! he sale was completed in September +, +, , and the sales income before tax deduction was about 79\$%&% million, and the sales profit after tax deduction was about 79\$&, \* million. " t present, \$ay " rea ' evelopment still holds -%E e<uity in Jhentong #ndustrial.

(5#) Oelationship bet&een the Principal and the Assessed \$enterprise

! he client of this project is the potential ac<uier of the assessed enterprise.

III) Other #sers of the Asset A00raisal Re0ort

Hther users of this appraisal report include2 competent units and supervisory and administrative departments at higher levels responsible for examining, approving and filing the appraisal report and its corresponding economic behaviors in accordance with relevant regulations.

I&) ' ur0ose of A00raisal

! his appraisal evaluates all shareholders@ e<uity in Shenzhen #nvestment Holdings #nfrastructure as of ' eember : -, +, +, , and provides value reference for Shenzhen Expressway to take over all e<uity in Shenzhen #nvestment Holdings #nternational Capital Holding #nfrastructure Co., Ltd. by non4 disclosure agreement M indirectly take over =-.>: E e<uity in \$ay " rea ' evelopment.

! he economic behavior corresponding to the appraisal purpose has been approved by Shenzhen Expressway Co., Ltd, with the approval document titled 9minutes of the Hffice 9eeting of the 3residents of Shenzhen Expressway Co., Ltd. .T+, +-ll Co.-%1.

; e have not examined the objectivity and feasibility of using this report in whole or in part for purposes other than the above, so we are not responsible for any conse<uences caused thereof.

&) Ob&ect and S1o0e of A00raisal

! he appraisal object is all shareholders@ e<uity in /Shenzhen #nvestment Holdings #nfrastructure0.

The corresponding scope of appraisal is all assets and related liabilities reported by Shenzhen Investment Holdings Infrastructure as of December 31, 2012, in which the carrying amount of total assets is RMB 1,000,000,000, the carrying amount of total liabilities is RMB 1,000,000,000, and the carrying amount of net assets is RMB 0. These assets and liabilities have been audited by PricewaterhouseCoopers Certified Public Accountants (Special General Partnership) Shenzhen Branch through the issuance of the audit report. The brief statements of assets and liabilities of Shenzhen Investment Holdings Infrastructure are shown in the table below.

Assets	As of December 31, 2012	Liabilities and Shareholders' Equity	As of December 31, 2012
Total current assets	RMB 1,000,000,000	Total current liabilities	RMB 1,000,000,000
Total non-current assets	RMB 0	Total non-current liabilities	RMB 0
Total assets	RMB 1,000,000,000	Total liabilities	RMB 1,000,000,000
Total shareholders' equity	RMB 0		

(For details of assets and liabilities of Shenzhen Investment Holdings Infrastructure, please refer to the asset appraisal schedule.)

The entrusted appraisal object and appraisal scope are consistent with those involved in economic behavior described in the appraisal purpose of this project.

(5) Off-balance Sheet Assets Declared by the Enterprise

In this appraisal, the enterprise declares that there are no off-balance sheet assets.

(55) Assets Owned in the Appraisal Conclusions of Other Institutions

When evaluating all shareholders' equity and franchise rights of Guangshen Expressway and Guangzhou-Juhai Expressway, which are subsidiaries of material investment, using the income method, the forecast data of toll revenue in Traffic Volume and Revenue (Forecast Research of Guangzhou-Shenzhen Expressway and Guangzhou-Juhai Expressway issued by Guangdong Transportation Planning Research Center in May 2012) is quoted.

(I) Value Type

(5) Value Types of this Appraisal and the Definitions

The type of the value of this appraisal is market value.

Market value refers to the estimated value of the appraised object's normal and fair trade on the base date of appraisal when the voluntary buyer and the voluntary seller act rationally without any coercion.

## (55) The Choice of #alue Types

The economic behavior corresponding to the purpose of this appraisal is the acquisition deal related to the appraisal object, and the market conditions of this deal are essentially similar to those defined by market value. Considering factors such as the appraisal object's own conditions, the value type selected in this appraisal is the market value under the premise of going concern.

## &amp;II) Base Date of Appraisal

The base date of this project is December 31, 2014.

The above base date of appraisal is consistent with the appraisal base date agreed in the "Asset Appraisal Entrustment Contract entered into between the entrusting party and the Company.

In order to make the date of fulfillment of the economic behavior as close as possible to the base date of appraisal, and taking into account the time required for settlement, asset inventory and preparation of financial statements of the appraised enterprise, as well as the overall plan of economic behavior and other factors, the entrusting party sets the end of the above-mentioned accounting period as the base date of this appraisal.

## &amp;III) Basis for Appraisal

The basis for this asset appraisal mainly includes economic behavior, laws and regulations, appraisal criterion, asset ownership, and pricing basis and other reference materials used in appraisal and estimation, detailed as follows:

## (5) The Basis of Economic Behavior

Minutes of the Office Meeting of the Residents of Shenzhen Expressway Co., Ltd. 2014.

## (55) Legal Basis

1. Asset Appraisal Law of the People's Republic of China.

2. Company Law of the People's Republic of China.

3. Securities Law of People's Republic of China.

4. Law of the People's Republic of China on State-owned Assets of Enterprises.

5. Provisional Regulations on Supervision and Administration of State-owned Assets of Enterprises.

- ) . Measures for the Supervision and Administration of State-owned Assets of Enterprises.
- = . Interim Measures for the Evaluation and Management of State-owned Assets of Enterprises.
- > . Highway Law of the People's Republic of China.
- \* . Regulations on the Management of Toll Roads.
- , . Measures for Transfer of Rights and Interests of Toll Roads.
- . Land Administration Law of the People's Republic of China.
- + . Law of the People's Republic of China on Urban Real Estate Management.
- : . Relevant tax laws and regulations.
- & . Other relevant laws, regulations and normative documents.

## (555) Professional Norms

- . Assets Appraisal Standards Basic Standards .Cai Ji T+, - =J Co.&:1.
- + . Code of Professional Ethics for Assets Appraisal .Jhong 3ing Gie T+, - =J Co.: , 1.
- : . Standard of Asset Appraisal Practice 4" Asset Appraisal Procedure .Jhong 3ing Gie T+, ->J Co.: )1.
- & . Standard of Asset Appraisal Practice 4" Asset Appraisal Report .Jhong 3ing Gie T+, ->J Co.: %1.
- % . Standard of Assets Appraisal Practice 4Entrusting Contract of Assets Appraisal .Jhong 3ing Gie T+, - =J Co.: : 1.
- ) . Standard of Asset Appraisal Practice 4Utilization of Experts ;ork and Related Reports .Jhong 3ing Gie T+, - =J Co.: %1.
- = . Standard of Asset Appraisal Practice 4Enterprise Value .Jhong 3ing Gie T+, ->J Co.: >1.
- > . Standard of Asset Appraisal Practice 4Intangible Assets .Jhong 3ing Gie T+, - =J Co.: =1.
- \* . Standard of Asset Appraisal Practice 4Real Estate .Jhong 3ing Gie T+, - =J Co.: >1.
- , . Guidelines for Business Quality Control of Asset Appraisal Institutions .Jhong 3ing Gie T+, - =J Co.&)1.

- . Guiding Opinions on Valuation Types of " Assets " Appraisal .Jhong 3ing Gie T+, --=I Co.&=1.
- . Guiding Opinions on Legal Ownership of " Assets " Appraisal Subjects .Jhong 3ing Gie T+, --=I Co.&>1.
- . Experts Guidelines for " Assets " Appraisal Co.-+4Calculation of ' iscount 7ate in Evaluating Enterprise Value by Income Method.
- &. Standard of " Assets " Appraisal Practice" Assets " Appraisal Method .Jhong 3ing Gie T+, -\*I Co.: %1.
- %. Guidelines for the " Application of Regulatory Rules" Assessment Class Co.- .CS7C1.
- ). Other relevant professional specification documents.

(5#) The Basis of Property Rights

- . Business licenses, business registration certificates, articles of association, industrial and commercial registration information, cooperation agreements of affiliated enterprises, etc. of the entrusting party and the appraised enterprise
- +. Real estate house ownership certificate and land use right certificate
- :. Intangible assets copies of franchise contract, approval documents for toll period, and approval documents for toll
- &. Other relevant certificates of property rights.

(#) The Basis and Reference Materials for Price Selection

- . List of inventory declaration and evaluation provided by Shenzhen Investment Holdings Infrastructure.
- +. Relevant information and financial accounting records and financial reports provided by the appraised enterprise.
- :. Research on Traffic Volume and Revenue (Forecast of Guangzhou-Shenzhen Expressway and Guangzhou-Juhui; est Expressway issued by Guangdong Transportation Planning Research Center in May +, +- .hereinafter referred to as Traffic Report).
- &. Other relevant data collected by appraisers through field investigation and market investigation.
- %. LongHuaShun Stock financial information terminal.



). Hther relevant information.

I. ) A00raisal Methods

" ccording to the " sset " ppraisal Standards4Enterprise Dalue, when performing enterprise value appraisal, an asset appraiser should analyze the applicability of three basic asset appraisal methods, namely, asset4based method, income method and market method, and properly select one or more basic asset appraisal methods according to relevant factors such as appraisal oblects, value types and data collection.

! he asset4based method in enterprise value assessment is a method that reasonably appraises the value of assets and liabilities on and off the balance sheet of the appraised enterprise, and determines the value of the appraised oblect based on the balance sheet of the appraised enterprise on the base date of appraisal.

! he income method in enterprise value assessment is a method of determining the value of the appraised oblect by capitalizing or discounting the expected income.

! he market method in enterprise value assessment refers to the method of determining the value of the appraised oblect by comparing the appraised enterprise with comparable listed companies or comparable transaction cases.

(5) Applicability Analysis and Selection of Appraisal /ethods

Shenzhen #nvestment Holdings #nrastructure is a purely holding company, and its assets essentially include --.:E of the e<uity in the listed company \$ay " rea ' evelopment. Shenzhen #nvestment Holdings #nrastructure does not operate any business by itself.

! he asset4based method calculates the total value of shareholders@ e<uity by summing up the appraisal values of various essential assets constituting an enterprise and subtracting the appraisal values of liabilities, which reflect the replacement cost of the appraised enterprise on the appraisal base date, and the assets and liabilities of the appraised enterprise are easy to collect, so the asset4based method is suitable for valuation in this appraisal.

" s only a purely holding company, Shenzhen #nvestment Holdings #nrastructure does not operate any business. #t is not suitable to use the income method or the market method for valuation of such shareholding companies.

based on the appraisal purpose, appraisal oblect, value type, data collection and other relevant conditions, this appraisal adopts the asset4based method to evaluate all shareholders@ e<uity in Shenzhen #nvestment Holdings #nrastructure.

## (55) Introduction to the Asset-based / method

; hen Shenzhen Investment Holdings Infrastructure is evaluated by the asset-based method, =-.: E e<uity in the listed company \$ay " rea ' evelopment, which is the only significant long-term asset investment, is determined by multiplying the corresponding valuation results by the shareholding ratio. Specifically, first all the e<uity in /\$ay " rea ' evelopment0 attributable to shareholders of the parent company is evaluated, multiplied by the shareholding ratio, and then the controlling stake and liquidity premium factors are considered to ultimately determine the appraisal value of this long-term investment.

" ppraisal method of \$ay " rea ' evelopment2 " s a shareholding company, \$ay " rea ' evelopment has no real operation and its main assets are long-term investments, so it is appraised using the asset-based method, too.

! he following appraisal methods are adopted for the long-term investment by \$ay " rea ' evelopment in Guangzhou-Shenzhen Expressway, Guangzhou-Juhai Expressway and Jhentong Industrial respectively2

(or Guangzhou-Shenzhen Expressway and Guangzhou-Juhai Expressway2 asset-based method and income method are used. ! he assets of these two companies are clear and can be valued by asset-based method. " t the same time, the main business of these two companies is highway toll collection, maintenance, road property right management and resource development. ! he main income comes from the toll of the highways under their jurisdiction, and the annual income in the future is relatively stable. Knder certain assumptions, it can reasonably predict the future operating conditions of enterprises, so the income method is also suitable to appraise these two companies.

Jhentong Industrial is a real estate project development company, and its main asset is Gintang residential development project. " s \$ay " rea ' evelopment only holds -%E e<uity in Jhentong Industrial, the e<uity value is estimated according to the recent public trading price of Jhentong Industrial e<uity in the process.

## (55) Introduction of Income / method

## 3, Evaluation model of Guangshen Expressway and Guangzhou-Juhai Expressway with equity income method

On the sale of in 2013 the discounted free cash flow to e<uity (CFE) method is used to evaluate all shareholders' e<uity in the appraised enterprise according to its asset status and business operation status.

! he basic idea is to estimate the CFE created by considering the operating assets, resources and their corresponding interest-bearing liabilities as a whole .hereinafter referred to as the net operating assets1, and calculate the value of the net operating

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9, Daluation results of all shareholders/ equity in >uang<hou#Ahuhai Expressway

' iscounting the predicted cash flow of enterprise e<uity in each period on schedule, the valuation results of all shareholders@ e<uity in 8uangzhou4Jhuhai Expressway are as follows .unit2 79\$@, , , , 12

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