



Huayu Expressway Group Limited

華昱高速集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1823

2025

Annual Report



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Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Chan Yeung Nam (*Chairman*)
Fu Jie Pin (*Chief Executive Officer*)
Liu Bao Hua
Zhang Tinghui (appointed on 8 October 2025)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lam Hon Kuen
Chu Kin Wang, Peleus
Hu Lie Ge

BOARD COMMITTEES

AUDIT COMMITTEE

Chu Kin Wang, Peleus (*Chairman*)
Hu Lie Ge
Lam Hon Kuen

NOMINATION COMMITTEE

Lam Hon Kuen (*Chairman*)
Hu Lie Ge
Fu Jie Pin (ceased to be member on 8 October 2025)
Liu Bao Hua (appointed as member on 8 October 2025)

REMUNERATION COMMITTEE

Hu Lie Ge (*Chairman*)
Chu Kin Wang, Peleus
Fu Jie Pin

COMPANY SECRETARY

Sin Ka Man *HKICPA, FCCA*

AUTHORISED REPRESENTATIVES

Chan Yeung Nam
Sin Ka Man

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1205
12/F, Tower 1
Lippo Centre
89 Queensway
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman
KY1-1100
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITORS

Crowe (HK) CPA Limited
9/F Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAW

Stevenson, Wong & Co.
Units 1801-08 & 1810, 18/F.
Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

PRINCIPAL BANKERS

China Merchants Bank
China Construction Bank Corporation

COMPANY WEBSITE

www.huayu.com.hk

STOCK CODE

1823

Financial Summary

For the year ended 31 December

RESULTS	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000 (restated)
Revenue	140,412	198,145	407,104	409,886	688,452
(Loss)/profit before taxation	(43,439)	(9,221)	39,092	68,496	128,045
Income tax	3,211	(4,064)	(22,154)	(19,297)	(42,960)
(Loss)/profit from continuing operations	(40,228)	(13,285)	16,938	49,199	85,085
Profit from discontinued Sui-Yue Expressway operation, net of tax	–	–	342,400	37,715	49,219
(Loss)/profit for the year	(40,228)	(13,285)	359,338	86,914	134,304
Attributable to:					
Equity shareholders of the Company	(36,143)	(8,514)	329,432	49,028	86,426
Non-controlling interests	(4,085)	(4,771)	29,906	37,886	47,878
(Loss)/profit for the year	(40,228)	(13,285)	359,338	86,914	134,304
At 31 December					
ASSETS AND LIABILITIES	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000 (restated)
Total assets	1,424,832	1,412,809	1,249,230	1,955,952	1,908,017
Total liabilities	387,529	334,380	125,208	1,152,922	1,189,941
	1,037,303	1,078,429	1,124,022	803,030	718,076
Attributable to:					
Equity shareholders of the Company	714,104	751,145	803,826	518,168	471,587
Non-controlling interests	323,199	327,284	320,196	284,862	246,489
	1,037,303	1,078,429	1,124,022	803,030	718,076

The Group had changed its presentation currency from HKD to RMB for the presentation of its financial statements for the year ended 31 December 2022. The change of presentation currency will be applied retrospectively. The comparative figures for the years ended 31 December 2021 have been restated in RMB.

The Sui-Yue Expressway segment owned and operated by Hunan Daoyue Expressway Industry Co., Ltd. (湖南道岳高速公路實業有限公司, “Daoyue”) was not previously classified as held-for-sale or a discontinued Sui-Yue Expressway operation. The comparative consolidated statement of profit or loss for the year ended 31 December 2021 has been re-presented to show the discontinued Sui-Yue Expressway operation separately from continuing operations.

Chairman Statement

On behalf of the board (the “Board”) of directors (the “Directors”) of Huayu Expressway Group Limited (the “Company”), I am pleased to present the annual report of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2025 (the “Year” or the “Reporting Period”).

With the continuous slackened economic growth and weak purchasing power in the People’s Republic of China (the “PRC”), the Group experienced a substantial drop in its business for the Year. The Group recorded revenue of approximately RMB140.4 million for the Year, a decrease of about 29.1% from the previous year. The Group incurred a loss for the year of about RMB40.2 million for the Year.

During the Year, trading of liquor and spirits became one of the most significant business segments in the Group. However, due to the contraction of the consumer market and reduced entertainment activities in the PRC, the growth in the business of trading liquor and spirits was adversely affected during the Year. In future, we will continue our effort in the brand building for Huamaojiu through our active marketing campaigns and promotions, such as wine tasting events and promotion conferences.

Regarding the investment in the Renhuai City, Guizhou, land parcels of not less than 150,000 square meters were acquired. The site is intended to be developed into a winery and comprehensive operating center. Construction work is nearly completed. Trial production was carried out and formal production will commence soon. This investment provided the Group with an opportunity to expand its business of trading liquor and spirits to the upstream of the industry.

With the success in the liquor and spirits business, we are keeping our eyes on other prosperous business opportunities. In accordance with our business strategy and long-term business goals, we will pursue other infrastructure projects in the PRC whenever suitable opportunities arise. Furthermore, we will also consider extending our operations to include other prosperous businesses once favourable opportunities appear.

On behalf of the Board, I would like to express my deepest gratitude to our shareholders of the Company (the “Shareholders”), investors, business partners and customers for their unwavering trust and support, and to our Directors, management and staff for their invaluable contributions over the past years. We will continue to recalibrate our efforts to bring greater returns to all our Shareholders as the Group embraces a sustainable and prosperous future.

Chan Yeung Nam
Chairman

Hong Kong, 26 March 2026

Management Discussion and Analysis

During the Year, the Group continued to engage in its principal businesses of expressway operation and liquor and spirits distribution in the People's Republic of China (the "PRC"). The Group recorded a decline in overall performance during the Year, primarily attributable to the underperformance of the liquor and spirits segment and the deterioration in the results of the associates of the Group. For the Year, the total revenue of the Group was about RMB140.4 million and the loss for the year was about RMB40.2 million.

REVENUE

For the Year, the Group recorded revenue of approximately RMB140.4 million, decreased by about 29.1% from that of approximately RMB198.1 million for the year ended 31 December 2024.

The toll revenue received from the First Phase of Qing Ping Expressway (the "Qing Ping Expressway") was about RMB66.3 million for the Year, decreased by about 4.6% from about RMB69.5 million for the year ended 31 December 2024. The traffic flow of the Qing Ping Expressway was about 21.6 million vehicles for the Year, decreased by about 5.7% from that of about 22.9 million vehicles for the year ended 31 December 2024.

For the sales of liquor and spirits, due to the weaker market conditions and reduced sales, the total revenue was about RMB74.2 million for the Year, decreased by about 42.3% from that of about RMB128.6 million for the year ended 31 December 2024. Huamaojiu was still the main brand of liquor sold by the Group during the Year.

COST OF SALES AND GROSS PROFIT

The Group had a gross profit of about RMB22.5 million for the Year, decreased by about 43.0% from about RMB39.5 million for the year ended 31 December 2024. The decrease in gross profit was in line with the drop in the total revenue of the Group for the Year. The relevant gross profit ratio was about 16.0% for the Year, decreased by about 3.9% from about 19.9% for the year ended 31 December 2024.

For the Qing Ping Expressway, the cost of sales was about RMB64.3 million and the gross profit ratio was about 3.0% for the Year. The decrease in the gross profit ratio of the Qing Ping Expressway from about 3.9% for the year ended 31 December 2024 was mainly due to the increase in the unit amortisation charge of the intangible asset relating to service concession arrangement as a result of the change in accounting estimate about the future toll revenue.

The total cost of sales for the liquor and spirits trading business was about RMB53.6 million and its gross profit ratio was about 27.7% for the Year, decreased by about 0.9% from about 28.6% for the year ended 31 December 2024.

Management Discussion and Analysis

OTHER REVENUE AND OTHER NET LOSS

The Group recorded other revenue of approximately RMB1.4 million and RMB3.1 million for the Year and the year ended 31 December 2024 respectively. In addition, the other net loss for the Group were about RMB3.7 million and RMB1.6 million for the Year and the year ended 31 December 2024 respectively. Other revenue of the Group was mainly the rental income from the billboards along the Qing Ping Expressway and interest income from bank deposits. Other net loss mainly represented the exchange loss recorded and the change in fair value of contingent consideration receivables during the years.

ADMINISTRATIVE EXPENSES

Administrative expenses for the Year were approximately RMB41.5 million, decreased by about 12.1% from approximately RMB47.2 million for the year ended 31 December 2024. The decrease was mainly due to the cost control measures in respect to the continued contraction of the consumer market.

SELLING AND DISTRIBUTION COSTS

The Group recorded selling and distribution costs of about RMB10.1 million, including advertising fee and staff salary for the Year, which remained relatively stable by comparing to about RMB10.5 million for the year ended 31 December 2024. The amount was mainly incurred for the liquor and spirits trading business.

FINANCE COSTS

For the Year, the finance costs of the Group were about RMB5.2 million, increased by about 2.0% from approximately RMB5.1 million for the year ended 31 December 2024. The amount was mainly paid for the banking facility provided for the liquor and spirits trading business during the years.

LOSS FOR THE YEAR

For the Year, the Group recorded loss for the year of about RMB40.2 million, increased by about 202.3% from about RMB13.3 million for the year ended 31 December 2024. The increase of the loss for the Year was mainly attributed to the significant drop in the revenue from the liquor and spirits trading business and deterioration of the performance of the associates of the Group.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

During the Year, the Group financed its operations and capital expenditures via internal resources of the Company, bank loans and other borrowings. As at 31 December 2025, the total bank loans and other borrowings drawn by the Group amounted to approximately RMB294.2 million (2024: approximately RMB244.6 million). The total cash and cash equivalents, including bank deposits and cash on hand amounted to approximately RMB126.8 million (2024: approximately RMB185.8 million).

The Group has always pursued a prudent treasury management policy and actively managed its liquidity position with sufficient cash and bank balances and standby banking facilities to cope with daily operation and any demands for capital in future development. As at 31 December 2025, the total banking facilities of the Group with the banks and other financial institutions in the PRC amounted to about RMB550 million, which were mainly for the payment of the construction cost of the winery and operating centre in Guizhou, the PRC and the working capital of the trading of liquor and spirits trading business segment. The ratio of the total outstanding bank loans and other borrowings to total equity was about 0.28 for the Year (2024: about 0.23). The Group's borrowings were mainly arranged on a floating rate basis.

During the Year, the Group did not enter into any hedging arrangements to hedge against exposure in interest rate risk. Any substantial fluctuation of interest rate may cause financial impacts on the Group. The management of the Company will continue to monitor the Group's interest rate exposure and will consider taking appropriate actions, including but not limited to hedging should the need arise.

INTANGIBLE ASSET – SERVICE CONCESSION ARRANGEMENT

For the Year, the intangible asset relating to service concession arrangement of about RMB19.5 million represented the right of the Group to operate the Qing Ping Expressway and receive toll fees therefrom.

FOREIGN CURRENCY RISK

The Group mainly operates in the PRC with most of the transactions settled in Renminbi. Part of the Group's cash and bank deposits are denominated in HKD. During the Year, the Group did not enter into any hedging arrangements to hedge against exposure in foreign currency risk. Any substantial exchange rate fluctuation of foreign currencies against HKD may cause financial impacts on the Group. The management of the Company will continue to monitor the Group's foreign currency exposure and will consider taking appropriate actions, including but not limited to hedging should the need arise.

Management Discussion and Analysis

PLEDGE OF ASSETS

For the Year, the secured bank loans of about RMB28.0 million were secured by the pledge of all equity interests in Shenzhen Huayu Expressway Investment Co., Ltd., a 60%-owned subsidiary of the Company. Other secured bank loans of about RMB184.8 million were secured by the Group's land and buildings. The other borrowings of about RMB18.4 million were secured by the Group's inventories.

CAPITAL COMMITMENTS

The capital commitments for the Group representing the construction of a winery and operating center outstanding as at 31 December 2025 and not provided for in the financial statements were about RMB99.2 million (2024: about RMB203.6 million).

BUSINESS REVIEW

QING PING EXPRESSWAY

During the Year, competition from the adjacent passages, increase in the number of toll-free national holidays and the slowdown of economic growth in the PRC continued affecting the performance of the Qing Ping Expressway. The total toll revenue of the Qing Ping Expressway was about RMB66.3 million for the Year, decreased by about 4.6% from about RMB69.5 million for the year ended 31 December 2024. The average traffic flow for the Year was about 1.8 million vehicles per month, decreased by about 5.2% from about 1.9 million vehicles per month for the year ended 31 December 2024. Average toll for the Year was about RMB3.0 per vehicle, which is nearly the same for the year ended 31 December 2024.

TRADING OF LIQUOR AND SPIRITS

Continued contraction of the consumer market in the PRC seriously affected the business of the trading of liquor and spirits during the Year. The Group recorded revenue of trading of liquor and spirits of approximately RMB74.2 million, decreased by approximately 42.3% from about RMB128.6 million for the year ended 31 December 2024. Although active marketing campaigns and promotions were organised to strengthen the marketing network and the efficiency of the distribution channel, inventory was still accumulated in the distribution channel. For the Year, the reportable segment loss, segment adjusted EBITDA, was about RMB4.4 million comparing to the reportable segment profit of about RMB23.4 million for the year ended 31 December 2024.

Management Discussion and Analysis

WINERY AND OPERATING CENTER IN RENHUI

The Group acquired pieces of land covering collectively about 150,000 square meters in Renhui city of Guizhou Province in the PRC through Guizhou Renhui Huayu Wine Co., Ltd., an indirect 51%-owned subsidiary in 2023. It is intended that the land parcels will be developed into a winery and a comprehensive operating center comprising wine storage and packaging, office and carpark. The construction of the above-mentioned winery and operating center commenced in 2023 and 95% has been completed as at 31 December 2025, except for some minor peripheral construction works. Trial production was carried out and formal production will commence soon.

HUAJIA WINERY (SHENZHEN) CO., LTD. (“HUAJIA”)

The Group invested in Guizhou Zunpeng Winery Co., Ltd. (“Guizhou Zunpeng”) through Huajia, an associate company of the Group, in 2023, which is principally engaged in the production and sales of base wine, which is a common raw material for production of Chinese liquor. The major customers of Guizhou Zunpeng include a leading Chinese liquor and spirits producer in the PRC. The production facilities of Guizhou Zunpeng is located in Bozhou District of Guizhou Province in the PRC with a gross floor area of about 130,000 square meters. For the Year, due to the weak wine and spirit market, Huajia incurred a loss of about RMB24.4 million.

EMPLOYEES AND EMOLUMENTS

As at 31 December 2025, the Group had a total of 339 (2024: 383) employees in the PRC and Hong Kong which included management staff, engineers and technicians. For the Year, the Group’s total expenses on the remuneration of employees were approximately RMB46.2 million (2024: approximately RMB37.7 million). The Group’s emolument policies are formulated based on the performance of individual employees, which will be reviewed periodically. Apart from the MPF Scheme (for Hong Kong employees), the contribution retirement benefit scheme (for the PRC employees) and medical insurance, discretionary bonuses and employee share options are also awarded to employees according to the assessment of their performance.

The Company adopted a share option scheme on 11 June 2020 for the purpose of motivating eligible persons to optimise their future contributions to the Group and/or reward them for their past contributions, attracting and retaining or otherwise maintaining on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group. There was no share option outstanding under the share option scheme as at 31 December 2025 (2024: Nil).

Management Discussion and Analysis

EVENT AFTER REPORTING PERIOD

PLACING OF NEW SHARES

On 11 February 2026, the Company entered into a placing agreement (the “Placing Agreement”) with First Shanghai Securities Limited (the “Placing Agent”), pursuant to which, the Placing Agent has conditionally agreed, to procure, on a best effort basis, not less than six placees, who and whose ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons, to subscribe for up to 58,500,000 new shares of the Company (the “Placing Share(s)”) at the placing price of HK\$0.88 per Placing Share under the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company on 4 June 2025 (the “Placing”).

All the conditions as set out in the Placing Agreement had been fulfilled and completion of the Placing took place on 5 March 2026. An aggregate of 58,500,000 Placing Shares, representing approximately 12.42% of the issued share capital (as enlarged by the allotment and issue of the Placing Shares) of the Company immediately upon the completion, have been allotted and issued by the Company to not less than six placees pursuant to the terms and conditions of the Placing Agreement.

The Placing will strengthen the Group’s liquidity position and to ensure the availability of sufficient financial resources to meet its capital commitments and to support the Group’s working capital requirements.

The net proceeds from the Placing amounted to approximately HK\$50.6 million, after deducting the commission and other related expenses of the Placing. The Company intends to apply the entire net proceeds of the Placing for general working capital purposes as disclosed the announcement of the Company dated 11 February 2026. As the net proceeds arising from the Placing were received in March 2026, no disclosure for the utilisation of the net proceeds arising from the Placing and the expected timeline of the unutilised net proceeds arising from the Placing has been made in this annual report. Such disclosure will be made starting from the interim results announcement and interim report of the Group for the six months ending 30 June 2026.

For details of the Placing, please refer to the Company’s announcements dated 11 February 2026, 2 March 2026, and 5 March 2026.

PROSPECTS

Continued contraction of the wine and spirits market in the PRC adversely affected the Group's business for the Year. However, growth momentum is expected to accelerate in the near future, driven by the falling interest rates and a recovery in foreign demand.

For the Qing Ping Expressway, 2026 will be the last year of operation according to the concession agreement dated December 2001 entered into between 深圳華昱投資開發(集團)有限公司 (Shenzhen Huayu Investment & Development Group Co., Ltd.*) and the People's Government of Shenzhen, Longgang District, in relation to the rights and obligations regarding the construction, operation, management and maintenance of the Qing Ping Expressway and its associated toll facilities in the PRC. Upon the return of the Qing Ping Expressway to the PRC Government, the Group will no longer have any operation in the toll road industry. However, with the experience of the Directors in successfully completing other PRC toll-expressway projects, and the connections and reputation established by them in the PRC, the Group will continue to tap and pursue opportunities which are consistent with its overall business strategies, and will aim to generate a satisfactory return on investment. In accordance with this strategy, the Group may pursue other infrastructure projects in the PRC whenever suitable opportunities arise.

The business of trading liquor and spirits is expected to improve in the near future after the accumulated inventory in the distribution channel has been digested. The Group is confident about the performance of this business segment. With the established marketing network and efficient distribution channels, the Group will continue to make effort in the brand building for Huamaojiu. More sales and marketing activities will be arranged in the future, such as wine tasting events and promotion conferences.

In order to raise the competitiveness of the Group, the Group will expand its business of liquor and spirits to the upstream of the industry through investing in winery, winemaking, warehousing and logistics, packaging and operation center through Guizhou Renhui. It will be developed into the major production and logistic base of the Group in the future. Major construction was completed and trial production was carried out. In addition, the Group also intends to develop its own brand of liquor and spirits through Guizhou Renhui.

Apart from infrastructure projects and the liquor and spirits business, the Group may also consider continuing to develop and expand the liquor and spirits business including but not limited to acquisition of wine manufacturing businesses should appropriate opportunities arise. Furthermore, the Group will also consider extending its operations to include some other prosperous businesses once favourable opportunity appears.

Corporate Governance Report

The Board is committed to maintaining good corporate governance practices and has therefore reviewed the corporate governance policies of the Company with the adoption and improvement of various procedures and documentations which are detailed below.

The Company has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) as its own code of corporate governance. For the Year, the Directors considered that the Company had complied with all the code provisions as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “Model Code”) as its own code of conduct for securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors have confirmed that they had complied with the required standards set out in the Model Code for the Year.

BOARD OF DIRECTORS

The overall management of the Group’s business is vested in the Board. Key responsibilities include formulation of the Group’s overall strategies and policies, setting of performance targets, evaluation of business performance and oversight of management policies. The day-to-day management, administration and operation of the Company are delegated to the senior management of the Company. The delegated functions are periodically reviewed. Approvals must be obtained from the Board prior to any significant transactions entered into by senior management.

The Board is also responsible for establishing the Company’s purpose, values and strategy, and satisfying itself that these and the Company’s culture are aligned. All Directors must act with integrity, lead by example, and promote the desired culture and such cultures instil and continually reinforce across the organisation values of acting lawfully, ethically and responsibly.

As at 31 December 2025, the Board comprised four executive Directors and three independent non-executive Directors. Biographical details of the Directors are set out in the section headed “Directors and Senior Management” of this annual report. To the best knowledge of the Directors, there is no financial, business or family relationship among the members of the Board.

Mr. Zhang Tinghui, who was appointed to the Board as an executive Director on 8 October 2025, had prior to his appointment obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law as required under Rule 3.09D of the Listing Rules on 30 September 2025. He has confirmed his understanding of the obligations as a Director of the Company.

Corporate Governance Report

Brief details of the attendance of the meetings of the Board, Board committees and general meetings of the Company held during the year ended 31 December 2025 under review were summarised as follows:

	Board	General Meeting	Audit Committee	Remuneration Committee	Nomination Committee
	<i>Note</i>	<i>Note</i>	<i>Note</i>	<i>Note</i>	<i>Note</i>
<i>Executive Directors</i>					
Chan Yeung Nam	6/6	1/1	N/A	N/A	N/A
Fu Jie Pin	6/6	1/1	N/A	2/2	2/2
Liu Bao Hua	6/6	1/1	N/A	N/A	0/2
Zhang Tinghui (appointed on 8 October 2025)	0/6	0/1	N/A	N/A	N/A
<i>Independent non-executive Directors</i>					
Chu Kin Wang, Peleus	6/6	1/1	2/2	2/2	N/A
Hu Lie Ge	6/6	1/1	2/2	2/2	2/2
Lam Hon Kuen	6/6	1/1	2/2	N/A	2/2

Note: Number of meetings attended/Number of meetings held

Regular updates are provided to all Directors, giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties. All Directors are provided with relevant materials relating to the matters brought before the meetings. They have separate and independent access to the senior management and the company secretary of the Company (the "Company Secretary") at all times and may seek independent professional advice at the Company's expense. When queries are raised by Directors, steps would be taken to respond as promptly and as fully as possible. All Directors have the opportunity to include matters in the agenda of board meetings. Notices of at least 14 days of board meetings are given to the Directors and the Board procedures comply with the articles of association of the Company (the "Articles"), as well as relevant rules and regulations.

The composition of the Board is well balanced with the Directors having sound industry knowledge, extensive corporate and strategic planning experience and expertise relevant to the businesses of the Group. The Board has already achieved the gender diversity as there is a female executive Director, Ms. Liu Bao Hua, pursuant to the CG Code. The executive Directors and independent non-executive Directors bring a variety of experience and expertise to the Company. The independent non-executive Directors have brought independent and external dimension as well as constructive and informed comments on the Group's strategies, policies, performance, accountability, resources, key appointments and standards of conduct, through regular attendance and active participation in the meetings of the Board and Board committees. In determining the independence of the independent non-executive Directors, the Board follows the requirements set out in the Listing Rules. The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent. Pursuant to Rule 3.10 of the Listing Rules, two of the independent non-executive Directors, Mr. Chu Kin Wang, Peleus and Mr. Lam Hon Kuen, have the appropriate professional qualification or accounting or related financial management expertise.

Corporate Governance Report

The Board has developed and reviewed the Company's policies and practices on corporate governance. It includes the review and monitoring of the training and continuing professional development of Directors and senior management; the Company's policies and practices on compliance with legal and regulatory requirements; the development, review and monitoring of the code of conduct of the Company's employees and Directors; and the review of the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

THE ROLES OF CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

The division of responsibilities between the chairman of the Board (the "Chairman") and the chief executive officer of the Company (the "Chief Executive Officer") is clearly defined and has been approved by the Board. The Chairman, Mr. Chan Yeung Nam, is responsible for leading the Board in the determination of the strategies of the Company and in the achievement of its objectives and ensuring the effective operation of the Board, through which the Chairman will ensure that good corporate governance practices and procedures are established and followed, and that all Directors receive all relevant information in a timely manner. The Chairman will also encourage all Directors, including the independent non-executive Directors, to actively participate in all meetings of the Board and the Board committees. He is also responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda but not involved in the daily business of the Group. The Chairman held one meeting with all the independent non-executive Directors without the presence of other Directors to discuss the Company's business during the year under review.

The Chief Executive Officer, Mr. Fu Jie Pin, is directly in charge of the daily operations of the Group and is accountable to the Board for the financial and operational performance of the Group.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the Directors (including executive Directors and independent non-executive Directors) has entered into a service contract with the Company for an initial term of three years, subject to termination in accordance with the provisions of the service contract or by either party serving the other not less than three months' prior written notice.

For newly appointed Directors, they have received a comprehensive, formal and tailored induction on appointment. Subsequently they have received briefing and professional development necessary to ensure that they have a proper understanding of the Company's operations and business and are fully aware of their responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the issuer's business and governance policies.

In accordance with the Articles, at each annual general meeting, one third of the Directors for the time being will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

TERMS OF APPOINTMENT OF DIRECTORS

Each of the Directors (including executive Directors and independent non-executive Directors) has entered into a service contract with the Company for a term of three years, subject to termination in accordance with the provisions of the service contract or by either party serving the other not less than three months' prior written notice. No Director has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND OFFICERS' INSURANCE

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

CONTINUING PROFESSIONAL DEVELOPMENT

Pursuant to the CG Code, all Directors should participate in continuing professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Directors have been informed of the requirement under the CG Code regarding continuing professional development. According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the requirement of the CG Code on continuing professional development for the Year:

	Training activities undertaken
<i>Executive Directors</i>	
Chan Yeung Nam	A
Fu Jie Pin	A
Liu Bao Hua	A
Zhang Tinghui (appointed on 8 October 2025)	A
<i>Independent non-executive Directors</i>	
Chu Kin Wang, Peleus	A and B
Hu Lie Ge	A
Lam Hon Kuen	A and B

Notes:

A: attending briefing sessions and/or seminars

B: reading seminar materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements

BOARD DIVERSITY POLICY

Pursuant to the CG Code relating to board diversity, the Board adopted a board diversity policy (the "Board Diversity Policy") on 28 August 2013. The Board Diversity Policy ensures the nomination committee of the Company (the "Nomination Committee") nominates and appoints candidates on merit basis, while having appropriate balance of skills and experience necessary to enhance the effectiveness of the Board so to maintain high standards of corporate governance. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural background, educational background, industry experience and professional experience.

Corporate Governance Report

NOMINATION POLICY

The nomination policy of Company aims to set out the criteria and process in the nomination and appointment of Directors, to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company, and to ensure the Board's continuity and appropriate leadership at Board level.

In evaluating and selecting any candidate for directorship, the following criteria should be considered:

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy;
- any measurable objectives adopted for achieving diversity on the Board;
- requirement for the Board to have independent Directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules;
- any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s); and
- such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of Directors and succession planning.

COMPANY SECRETARY

Mr. Sin Ka Man, the Company Secretary, reports to the Chairman. The details of his biographical information are set out in the section headed "Directors and Senior Management" of this annual report. Mr. Sin has been informed of the requirement of Rule 3.29 of the Listing Rules and he confirmed that he has taken no less than 15 hours of relevant professional training during the financial Year.

Company Secretary	Corporate Governance/ Updates on Laws, Rules and Regulations		Accounting/Financial/ Management or Other Professional Skills	
	Read materials	Attended Seminars/ Briefings	Read materials	Attended Seminars/ Briefings
Mr. Sin Ka Man	✓	✓	✓	✓

BOARD COMMITTEES

As an integral part of good corporate governance practice, the Board established the following Board committees to oversee particular aspects of the Group's affairs. Each of these Board committees comprises mostly of independent non-executive Directors who have been invited to serve as members. These committees are governed by the respective written terms of reference approved by the Board.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 21 May 2009 with written terms of reference in compliance with the CG Code. During the reporting period for the Year, the Audit Committee comprises three members, all of them are independent non-executive Directors, namely Mr. Chu Kin Wang, Peleus, Mr. Hu Lie Ge and Mr. Lam Hon Kuen, Mr. Chu Kin Wang, Peleus is the chairman of the Audit Committee.

The Audit Committee has reviewed the Group's consolidated financial statements for the Year, including the accounting principles and practices adopted by the Group.

The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment, reappointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; to discuss with the external auditor regarding the nature and scope of the audit and reporting obligations before the audit commences; to develop and implement policy on engaging an external auditor to supply non-audit services, identifying and making recommendations on any matters where action or improvement is needed; to monitor integrity of the Company's financial statements, accounts, interim report and annual report; and to review significant financial reporting judgements contained therein.

During the Year, the Audit Committee held two meetings and the members reviewed the interim and annual results and the interim and annual reports; met with external auditor to ensure appropriate accounting principles and practices having been adopted by the Group; assisted the Board in meeting its responsibilities for maintaining an effective system of internal control; and reviewed the internal audit ("IA") plan and the report from the IA function of the Group to ensure its effectiveness.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established on 21 May 2009 with written terms of reference in compliance with the CG Code. During the reporting period for the Year, the Remuneration Committee comprises three members, namely Mr. Hu Lie Ge, Mr. Chu Kin Wang, Peleus and Mr. Fu Jie Pin. Mr. Hu Lie Ge, an independent non-executive Director, is the chairman of the Remuneration Committee.

Corporate Governance Report

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for the remuneration of all Directors' and members of the senior management and on the establishment of a formal and transparent procedure for developing remuneration policy; to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; to make recommendations to the Board on the remuneration packages of executive Directors and members of the senior management including benefits in kind, pension rights and compensation payments; to make recommendations to the Board on the remuneration of non-executive Directors; to take into account the salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; to review and approve compensation payable to executive Directors and members of the senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; to ensure that no Director or any of his associates is involved in deciding his own remuneration; and to review the terms and design, and oversee the implementation and administration, of all share incentive plans and performance related pay schemes or arrangements, and make recommendations to the Board as appropriate. The emolument policy of the employees of the Group is determined on the basis of their merit, qualifications and competence. The emolument of the Directors are recommended by the Remuneration Committee, having regard to the Company's operating results, individual performance, experience, responsibility, workload and time devoted to the Company and comparable market statistics. Each of the executive Directors is entitled to a basic salary which is reviewed annually. In addition, each of the executive Directors may receive a discretionary bonus as the Board may recommend, while the aggregate amount for all executive Directors shall not exceed 10% of the audited consolidated net profits of the Group for the relevant financial year. Such amount has to be approved by the Remuneration Committee. No equity-based remuneration with performance-related elements was granted to the independent non-executive Directors. The Remuneration Committee, with delegated responsibility from the Board, has held two meetings to review and approve the remuneration packages of the Directors and the members of the senior management of the Group for the Year.

NOMINATION COMMITTEE

The Nomination Committee was established on 21 May 2009 with written terms of reference in compliance with the CG Code. The Nomination Committee comprises three members, namely Mr. Lam Hon Kuen, Mr. Hu Lie Ge and Mr. Fu Jie Pin for the period from 1 January to 7 October 2025 and Mr. Lam Hon Kuen, Mr. Hu Lie Ge and Ms. Liu Bao Hua for the period from 8 October to 31 December 2025. Mr. Lam Hon Kuen, an independent non-executive Director, is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board annually, assist the Board in maintaining a board skills matrix and make recommendations on any proposed changes to the Board to complement the corporate's strategy; to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; to assess the independence of independent non-executive Directors; and to make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer. The Nomination Committee is also responsible for supporting the Company's regular evaluation of the Board's performance and reviewing the Board Diversity Policy annually to ensure the continued effectiveness of the Board. It will also give consideration to the Board Diversity Policy when identifying suitable qualified candidates to become members of the Board.

Corporate Governance Report

The Group considered the diversity of Board can be achieved through the consideration of a number of aspects during the selection process of potential Directors, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge (collectively, the “Aspects”). The appointment of all Directors will be based on meritocracy, and the suitability of candidates will be evaluated against objective criteria, having due regard for the benefits of Board diversity. Selection of candidates will be based on a range of diversity perspectives, including but not limited to the Aspects. The ultimate decision will be made after assessing the merits and contributions that the candidates will potentially bring to the Board.

The Nomination Committee has held two meeting for the year ended 31 December 2025 to nominate the members of Board for retirement and re-election at the forthcoming annual general meeting and to review the structure, size and composition of the Board.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the members of the senior management by band for the Year is set out below:

Remuneration bands	Number of persons
RMBNil – RMB1,000,000	2
RMB2,000,001 – RMB3,000,000	1

Further particulars regarding Directors’ remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix D2 to the Listing Rules are set out in notes 7 and 8 to the financial statements, respectively.

DIRECTORS’ RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Group. However, the above statement should be read in conjunction with, but distinguished from, the independent auditors’ report in the section headed “Independent Auditor’s Report” which acknowledges the reporting responsibilities of the Group’s auditors.

AUDITORS’ REMUNERATION

For the Year, the remuneration paid or payable to the Group’s auditors, Crowe (HK) CPA Limited, in respect of the services provided are as follows:

	RMB’000
Annual audit and interim review services	1,236
Other professional services	412
Total	1,648

Note: Other services include professional services such as review of the internal control system of the Group, and professional advisory of the Environmental, Social and Governance Report of the Group.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognises its overall responsibility for the Group's risk management and internal control systems and reviewing their effectiveness on an ongoing basis.

The risk management and internal control systems of the Group are featured with a defined management structure with limits of authority and well-rounded policies and procedures, and are designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks, and to safeguard assets of the Group. The Group's risk management and internal control systems are designed to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage (rather than eliminate) the risk of failure to achieve business objectives. Senior management of the Company reviews and evaluates the control process, monitors risk factors on a regular basis, and reports to the Audit Committee on any key findings and remedial measures taken to address such variances and identified risks. The Company has established policies and procedures applicable to all operating units to ensure the on-going effectiveness of risk management and internal controls systems. The Company also has a process for identifying, evaluating, and managing the significant risks associated with the achievement of its operational objective.

The day-to-day operations are entrusted to individual departments, which are accountable for their own conducts and performance, and are required to strictly adhere to the policies set by the Board. The Company carries out reviews of the effectiveness of the risk management and internal control systems from time to time in order to ensure that they are able to meet and deal with the dynamic and ever-changing business environment.

In addition, the procedures on disclosure of inside information were in place to ensure that all relevant facts and circumstances that may have material effect on the share price of the Company are promptly assessed and that any material information which comes to the knowledge of any one or more officers of the Group be promptly identified, assessed and, if appropriate, escalated for the attention of the Board to determine whether a disclosure is required.

The Board and the Audit Committee considered that the key areas of the Group's risk management and internal control systems, including the adequacy of resources, qualifications and experience of the accounting, internal audit and financial reporting staff, those relating to the Company's performance and reporting and their training programs and budget, are reasonably implemented and the Group has fully complied with provisions of the CG Code regarding risk management and internal control systems in general for the Year.

INTERNAL AUDIT

The IA function of the Group consists of professional staff with relevant expertise (such as Certified Public Accountant). The IA function is independent of the Group's daily operation and carries out appraisal of the risk management and internal control systems by conducting interviews, walkthroughs and tests of operating effectiveness.

An IA plan has been approved by the Board. According to the IA plan, review of the risk management and internal control systems is conducted annually and the results are reported to the Board via the Audit Committee afterwards.

COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

The Board recognises the importance of maintaining clear, timely and effective communication with the Shareholders and the investors of the Company. The Board also recognises effective communication with investors is the key to establish investors' confidence and to attract new investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure the investors and the Shareholders receive accurate, clear, comprehensive and timely information of the Group by the publication of annual reports, interim reports, announcements and circulars. The Company also publishes all corporate correspondence on the Company's website at www.huayu.com.hk. The Board maintains regular dialogues with institutional investors and analysts from time to time to keep them informed of the Group's strategies, operations, management and plans. The Directors and the members of the various Board committees would attend and answer questions raised at the general meeting of the Company. Separate resolutions would be proposed at the general meeting on each substantially separate issue. The Board considered the Shareholders' communication policy being effective by reviewing the policy during the Year.

VOTING BY POLL

Resolutions put to vote at the general meetings of the Company (other than on procedural and administrative matters) are taken by poll. Procedures regarding the conduct of the poll are explained to the Shareholders at the commencement of each general meeting, and questions from the Shareholders regarding the voting procedures are answered. The results of the voting by poll would be declared at the meeting and published on the websites of the Stock Exchange and the Company respectively.

CONVENING OF EXTRAORDINARY GENERAL MEETING ON REQUISITION BY SHAREHOLDERS

Pursuant to article 57 of the Articles, each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting. Further, pursuant to article 58 of the Articles, the Board may whenever it thinks fit call extraordinary general meetings. Any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may convene a physical meeting at only one location which will be the principal place of meeting, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board to call the meeting shall be reimbursed to the requisitionist(s) by the Company.

Corporate Governance Report

DIVIDEND POLICY

The Company has adopted a dividend policy and the declaration and recommendation of dividends are subject to the decision of the Board after considering the Company's ability to pay dividends. The Board has complete discretion on whether to declare and pay an interim dividend and/or to recommend a final dividend, subject to Shareholders' approval, where applicable.

The Directors will take into consideration, among other things, the financial results, operations, liquidity and capital requirements of the Group, general business conditions and strategies, future business plans of the Group and legal restrictions when determining whether or not to recommend and declare dividends. The Board will also review and reassess the dividend policy and its effectiveness on a regular basis or as required.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

Any Shareholder who wishes to put forward proposals at general meetings of the Company shall submit the relevant proposal to the Board in writing for the Board's consideration not less than seven (7) days prior to the date of a general meeting through the Company Secretary whose contact details are set out in the paragraph "Procedures for directing Shareholders' enquiries to the Board" below.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

The Company Secretary
Huayu Expressway Group Limited
Unit 1205, 12/F, Tower 1, Lippo Centre, 89 Queensway, Hong Kong
Email: kenneth.sin@huayu.com.hk
Tel No.: +852 2559 1210
Fax No.: +852 2559 1026

The Company Secretary shall forward the Shareholders' enquiries and concerns to the Board and/or relevant Board committees of the Company, where appropriate, to respond to such enquires.

CONSTITUTIONAL DOCUMENTS

For the year ended 31 December 2025, the Company did not make any amendments to its constitutional documents and the latest memorandum and articles of association of the Company is available on both the websites of the Company and the Stock Exchange.

Environmental, Social and Governance Report

ABOUT THIS REPORT

OVERVIEW

This is the Environmental, Social and Governance Report (“ESG Report”) of the Group for the year ended 31 December 2025.

ABOUT OUR BUSINESS

The Group is principally engaged in the construction, operation and management of the Qing Ping Expressway in the PRC. The Group also engages in the trading business of liquor and spirits in collaboration with the Kweichow Moutai Group and is the sole distributor of the Huamaojiu (a famous brand liquor produced by Kweichow Moutai Group), as well as engages in winemaking and its other related businesses.

SCOPE OF THIS REPORT

This ESG Report covers the Group’s expressway operation, liquor and spirits trading business and winemaking and its related businesses in the PRC. Unless otherwise stated, the reported ESG data covers the Group’s Qing Ping Expressway operation (including the expressway, office and dormitories) in Shenzhen, the liquor and spirits trading offices in Shenzhen and the winery and operating centre in Renhuai. Huajia is excluded from the scope of this Report since it mainly operates through Guizhou Zunpeng and the Group holds less than 50% interest in Guizhou Zunpeng.

REPORTING REFERENCE

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Code (“ESG Code”) as set out in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEX”). An “HKEX ESG Content Index” mapping the disclosures to the ESG Code is provided in Appendix I of this ESG Report.

In the preparation of this ESG Report, the Group follows the four reporting principles as set out in the ESG Code:

Reporting principles	Materiality	Quantitative	Balance	Consistency
Application in this ESG Report	With the inputs from stakeholders, the Group’s material ESG issues were identified and prioritised. The materiality assessment process and results are disclosed in the stakeholder engagement and materiality assessment section.	The Group discloses ESG related KPIs in quantitative terms to allow proper evaluation and validation of the effectiveness of ESG policies and actions.	This ESG Report aims to provide stakeholders with a balanced overview of the Group’s ESG performance.	The Group adopts consistent methodologies for meaningful comparisons of ESG data overtime.

Environmental, Social and Governance Report

ENDORSEMENT AND APPROVAL

This ESG Report has been reviewed and approved by the Board of Directors.

OUR APPROACH TO ESG

ESG GOVERNANCE AND RISK MANAGEMENT

The Board acknowledges its responsibilities to ensure that sound and effective internal control systems are maintained to safeguard the Group's assets and the interests of the Shareholders. The Board is also responsible for overseeing, reviewing, and maintaining these systems to ensure they remain robust and effective.

ESG governance is integrated into our daily corporate operations and management practices. We adopt a top-down approach to review and manage ESG-related issues (including climate-related risks and opportunities), covering the Group's strategic objectives, performance against targets set, and the assessment of material ESG issues. Key functional departments work closely to gather quantitative and qualitative information for the preparation of the ESG Report and report on ESG-related matters. Oversight of these matters is delegated to the designated management of each business segment, who ensure ESG-related matters (including climate-related risks and opportunities) are monitored through established controls and procedures and that relevant updates are reported to the Board promptly.

To ensure the Board keeps up with the latest trends of climate-related risks and opportunities, members of the Board receive periodic training materials on climate-related issues. To support the Board's ongoing oversight of ESG and climate matters, we will continue to identify relevant training opportunities, including updates on evolving regulatory requirements, reporting standards and industry practices.

While ESG factors are not currently integrated into the Group's remuneration structure, we recognise the importance of ESG performance to our long-term business growth and will consider potential integration in the future.

For details regarding corporate governance discussions, please refer to the "Corporate Governance Report" section of this Annual Report.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

We believe that stakeholder engagement is integral to the sustainable development of the Group. We stay connected with our stakeholders through an array of communication channels, which helps us to collect the views of different stakeholders and identify the most material ESG issues.

We also validate from time to time the material ESG issues with our internal stakeholders, including senior management such as key departmental heads, who possess not only hands-on experience of our operations, but also understand our key investors and business partners well.

Environmental, Social and Governance Report

Previously, through the facilitation of a third-party consultant, we collected our management's views through surveys and interviews and identified the below material ESG issues, which we consider to be still applicable to the Group's operations.

	Aspects	Relevance to business
Social	Health and safety	Occupational health and safety are crucial to all our business units, and we are committed to preventing workplace injuries and occupational disease.
	Anti-corruption	Integrity is a core value of the Group and must always be upheld by all our staff to avoid any incidents of bribery and corruption.
Environmental	Use of electricity	The major sources of our electricity consumption are from our winemaking and its other related businesses, and the operation of our toll stations.
	Use of water	The major source of our water consumption is from our winemaking and its other related businesses.

ENVIRONMENT

EMISSIONS

The Group's air emissions primarily arise from our winemaking and its other related businesses. For our toll road operation, the majority of the related air pollutants are generated by vehicles travelling on our expressway, over which we have limited control. Nevertheless, we continue to implement various measures to reduce emissions from our business operations, comply with applicable laws and regulations, and mitigate environmental impacts by managing both our own emissions and those of other road users.

Toll road operation

For toll road operations in Mainland China, vehicles using the expressway are the principal source of air emissions. Emissions from our own activities are relatively insignificant compared to the substantial volume of traffic on the expressway. While our ability to control emissions from road users is limited, we strictly follow government directives to restrict vehicles with substandard emission performance from using the expressway. We also conduct regular inspections and maintenance to reduce the risk of traffic accidents caused by road conditions and ensure a smooth traffic flow. Where incidents occur, we respond promptly to minimise congestion and subsequent on-road emissions.

Traffic noise is another key environmental impact arising from toll road operations. To reduce noise impacts on sensitive receivers, such as schools and residential buildings located near the expressway, we install noise barriers along selected sections of the road where appropriate.

Environmental, Social and Governance Report

Winemaking and other related businesses

The Group is committed to reducing carbon emissions from the construction of our winery and operating centre in Guizhou Renhuai. During the development of our construction site, we strictly adhere to the “Three-Simultaneous” regulations, which require that environmental protection measures be implemented alongside construction projects. This approach helps us to manage pollution and minimise emissions, such as air, noise and waste, throughout the construction process. In our winery production, we maintain environmental controls through rigorous daily monitoring to ensure all emissions and pollutants are managed responsibly.

With respect to waste management, our winemaking operations follow the guidelines set out in the “Solid Waste Environmental Management System”. For example, the individuals responsible for solid waste management ensure that they oversee the classification, collection, and storage of solid waste generated during regular production shifts. This systematic approach helps us maintain responsible waste handling and minimise our environmental impact.

Offices and staff dormitories

In our toll road offices and staff dormitories, the major types of emissions and waste include domestic wastewater, general waste, and a minimal amount of hazardous waste. Similar waste streams apply to our liquor and spirits trading offices, where activities are office-based and logistics and warehousing are outsourced to third-party service providers.

We manage general waste at our offices and dormitories by adopting the “3R” principles of “Reduce, Reuse, and Recycle”. General waste is centrally collected and handled by the local sanitation department to ensure proper disposal. Recyclables, including non-confidential documents, books, cartons, plastic bottles, and food waste are separated from other wastes for recycling. Hazardous waste generated by our operations is minimal and primarily from used batteries, printer cartridges, and waste oils. To comply with relevant local requirements, we engage qualified third parties to collect and dispose of hazardous waste. Where practicable, certain empty cartridges are refilled with toner for reuse.

Greenhouse gas emissions

Fuel consumption and purchased electricity are the two primary sources of greenhouse gas emissions for the Group. Our major fuel consumption includes diesel and gasoline used for our vehicles, as well as natural gas and liquefied petroleum gas (“LPG”) used at our canteens and winery. The energy conservation measures that we have implemented are described in the section below headed “Use of Resources”. The year-on-year increase in our greenhouse gas and other emissions in 2025 compared to 2024 was mainly due to the expanded scale of our winemaking production and operations.

Environmental, Social and Governance Report

Summary of environmental emissions in 2025

The details of our environmental emissions in 2025 are as follows:

	Unit	2025	2024
General wastes	tonnes	75	77
Greenhouse gas emission (Scope 1) ¹	tonnes CO ₂ e	1,944	1,103
Greenhouse gas emission (Scope 2) ¹	tonnes CO ₂ e	949	956
Greenhouse gas (Scope 1 and 2) intensity	tonnes CO ₂ e/employee	8	5

Regulatory compliance

During the reporting period, we are not aware of any case of non-compliance with laws and regulations relating to environmental emissions that have a significant impact on the Group.

USE OF RESOURCES

Toll road operation

The major energy consumption in our toll road operations occurs at the toll stations. To optimise energy efficiency and reduce overall consumption, we have transitioned to LED lights for all high-mast lighting, which offer substantial energy savings compared to conventional lighting. During the year, we replaced an ageing vehicle with an environmentally friendly and energy-efficient alternative, supporting our ongoing efforts to improve energy efficiency.

Winemaking and other related businesses

Across our winemaking operations, we have implemented various initiatives to enhance environmental preservation and energy efficiency. At San Seng winery, water resource management is prioritised through the use of permeable materials for roads, pavements, and landscaping facilities, which facilitate natural water to drain back into the soil. To maximise rainwater harvesting for irrigating and soil conservation, the surrounding green spaces have been incorporated with grassed swale systems and rainwater retention ponds. On the production front, we are also actively promoting the concept of electric brewing and utilising electric boilers to enhance energy efficiency and lower the environmental impact of our winemaking operations.

Offices and staff's dormitories

Given the nature of our business operations, our offices generate a relatively small environmental footprint. Our energy and water usage primarily support the day-to-day office operations and meet the basic residential needs of employees living in the staff dormitories.

The Group is committed to staying informed about energy-saving technologies and practices as part of our effort to minimise environmental impact.

¹ Emissions factors are referenced from the Appendix 2: Reporting Guidance on Environmental KPIs of HKEX's publication *How to prepare an ESG Report*.

Environmental, Social and Governance Report

We have adopted several green practices and have encouraged our employees to conserve energy and water in the office and residential environment. Initiatives carried out in offices and dormitories over the past years included:

- Turning off idle lights and electronic equipment to reduce energy waste;
- Implementing duplex printing and promoting the reuse of single-sided paper;
- Encouraging electronic communication to lessen paper use;
- Gradually installing energy-saving devices, such as water-efficient fixtures;
- Setting up recycling stations in offices to sort and collect recyclable materials;
- Replaced seven older and relatively more energy-intensive water heaters in the dormitories;
- Utilising solar water heating systems in the dormitories; and
- Updating kitchen appliances to more energy-efficient alternatives and modernising natural gas pipelines in our canteens.

Summary of resources consumption in 2025

The details of our resource consumption in 2025 are as follows:

	Unit	2025	2024
Total energy consumption ²	kWh	10,931,938³	6,970,537
Total energy consumption intensity	kWh/employee	31,324	17,873
– Electricity	kWh	1,788,318	1,781,317
– Gasoline	Litre	51,026	47,210
– Diesel	Litre	26,272	23,569
– LPG	kg	41,797	30,803
– Natural gas	m ³	905,069	477,044
Water	m ³	98,771	96,012
Water intensity	m ³ /employee	353	246

² Energy conversion factors are sourced from the China Energy Statistical Yearbook 2023 and the United Kingdom Department for Energy Security and Net Zero conversion factors 2025.

³ The increase in the total energy consumption in 2025 compared to 2024 was mainly attributed to the higher natural gas consumption at the winery and operating centre in Guizhou Renhuai.

Environmental, Social and Governance Report

THE ENVIRONMENT AND NATURAL RESOURCES

The significant environmental issues faced in our business regarding emissions and the use of resources are already disclosed in the above sections.

CLIMATE CHANGE

The Group recognises the importance of addressing the risks posed by climate change and responding to the potential climate-related impacts across our business operations.

Identification of Climate-Related Risks and Opportunities

In recent years, extreme weather events have become more frequent, causing severe impacts on lives, property, and economics around the world. To better prepare for the growing uncertainty brought by climate change, with the support from an external consultant, we conducted an assessment during the year to identify climate-related risks and opportunities relevant to our business, as well as a qualitative climate scenario analysis to evaluate the resilience of our business model under different climate futures. This exercise has strengthened our understanding of potential climate impacts and enhanced our approach to climate risk management.

Climate scenario analysis enables us to assess the potential climate pathways and understand their implications for our business operations. During the year ended 31 December 2025, the Group applied selected Intergovernmental Panel on Climate Change (“IPCC”) climate scenarios (Shared Socioeconomic Pathways (“SSP”)1-2.6 and SSP5-8.5), as well as Network for Greening the Financial System (“NGFS”) climate scenarios (Current Policies and Net Zero 2050) in conducting the analysis.

Environmental, Social and Governance Report

Scenario Selection Overview

Scenario	Warming Scenario (3°C to 5+°C warming by 2100)	Decarbonisation Scenario (1.5°C to 2°C warming by 2100)
Reference scenarios	<ul style="list-style-type: none"> • IPCC SSP5-8.5 • NGFS Current Policies 	<ul style="list-style-type: none"> • IPCC SSP1-2.6 • NGFS Net Zero 2050
Description	<ul style="list-style-type: none"> • High-emissions, limited global mitigation action • Elevated exposure to acute and chronic physical risks. 	<ul style="list-style-type: none"> • Strong global climate action, rapid decarbonisation • Higher transition risks but reduced long-term physical risks.
Relevance to the Group	<ul style="list-style-type: none"> • Provides insight into operational stressors from more frequent and severe physical hazards impacting employees and operations. 	<ul style="list-style-type: none"> • Highlights regulatory, market, and technological changes that may influence the Group's business strategy and capital allocation.

The following table summarises the relevant climate-related risks and opportunities faced by the Group across the time horizons of short-term (2025-2030), medium-term (2031-2040), and long-term (2041-2050). We define the time horizons with reference to our strategic planning cycles, which guides our understanding of when climate-related impacts may influence our business strategies.

Type of risks and opportunities	Risks and opportunities identified	Impacts on business model and value chain	Impact time horizon	Current and anticipated financial implications ⁴	Our mitigation response/ How we capture the opportunities
Physical risks	Acute risk – Increased severity of extreme weather events	<p>Expressway:</p> <ul style="list-style-type: none"> • Potential damage to toll road infrastructure, leading to temporary road closures and traffic disruptions <p>Liquor and spirits trading:</p> <ul style="list-style-type: none"> • Potential damage to facilities, warehouses and inventories, and disruption to logistics and supply chain 	Short, Medium and Long-term	<p>The Group:</p> <ul style="list-style-type: none"> • Increase costs for emergency repairs and maintenance <p>Expressway:</p> <ul style="list-style-type: none"> • Reduce toll revenue during road closures and traffic disruptions <p>Liquor and spirits trading:</p> <ul style="list-style-type: none"> • Decrease revenue resulting from higher logistics costs and possible logistics disruptions across the supply chain 	<p>The Group:</p> <ul style="list-style-type: none"> • Conduct regular safety and emergency response drills • Enhance infrastructure and facility protection measures against extreme weather risks • Strengthen early-warning systems and coordinate with local weather authorities <p>Liquor and spirits trading:</p> <ul style="list-style-type: none"> • Maintain contingency logistics arrangements and inventory level to minimise the impacts from logistics disruptions across the supply chain

⁴ There were no current financial implications during the reporting period.

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Type of risks and opportunities	Risks and opportunities identified	Impacts on business model and value chain	Impact time horizon	Current and anticipated financial implications ⁴	Our mitigation response/ How we capture the opportunities
	<p>Chronic risk – Rising mean temperatures and changing precipitation patterns</p>	<p>Liquor and spirits trading:</p> <ul style="list-style-type: none"> Temperature fluctuations and water stress may affect the efficiency and quality of our winery operations, as well as the supply and quality of agricultural raw materials, which could reduce winemaking yields and product quality 	Medium and Long-term	<p>Liquor and spirits trading:</p> <ul style="list-style-type: none"> Increase operating costs for maintaining appropriate cooling and production conditions in our winery Decrease revenue due to lower winemaking yields and potential product quality challenges 	<p>Liquor and spirits trading:</p> <ul style="list-style-type: none"> Install and upgrade energy-efficient temperature control systems in the winery Strengthen water management measures, including water recycling where appropriate Maintain strategic raw material reserves to mitigate the impact of shortfalls in winemaking yields Regularly monitor the quality of key raw materials and adjust production controls to minimise quality fluctuations
<p>Transition risks and opportunities</p>	<p>Policy & Legal – Evolving regulatory requirements</p>	<p>The Group:</p> <ul style="list-style-type: none"> The enhanced disclosure requirements impose greater compliance pressure and elevate the Group's exposure to compliance risks 	Short, Medium, and Long-term	<p>The Group:</p> <ul style="list-style-type: none"> Increase compliance costs to meet stricter disclosure requirements 	<p>The Group:</p> <ul style="list-style-type: none"> Closely monitor developments of climate-related regulations and reporting frameworks Conduct regular environmental inspections to ensure compliance Strengthen internal policies and staff training on environmental and climate-related requirements

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Type of risks and opportunities	Risks and opportunities identified	Impacts on business model and value chain	Impact time horizon	Current and anticipated financial implications ⁴	Our mitigation response/ How we capture the opportunities
	Market – Changing customer behaviour	Liquor and spirits trading: <ul style="list-style-type: none"> Customers are placing greater value on sustainable business practices. Failure to respond may result in loss of market share, while proactive action enhances brand differentiation 	Medium and Long-term	Liquor and spirits trading: <ul style="list-style-type: none"> Decrease sales if our products fail to meet evolving consumer expectations Opportunity to increase revenue by attracting environmentally conscious customers 	Liquor and spirits trading: <ul style="list-style-type: none"> Monitor evolving customer expectations regarding sustainability and make adjustments to our practices or offerings where appropriate
	Technology – Transition to lower-emissions technology	The Group: <ul style="list-style-type: none"> The transition to a low-carbon economy increases pressure on the Group to upgrade traditional infrastructure and adopt energy-efficient technologies 	Short, Medium and Long-term	The Group: <ul style="list-style-type: none"> Require initial capital expenditure for adopting low emission technologies; potential write downs from the accelerated retirement of older assets Generate long-term operational savings from improved energy efficiency 	The Group: <ul style="list-style-type: none"> Phase in low-carbon and energy efficient technologies across operations
	Reputation – Increased stakeholder scrutiny	The Group: <ul style="list-style-type: none"> With increasing scrutiny from investors, regulators and the public on climate performance, insufficient action or disclosure may adversely affect the Group's reputation and stakeholder confidence 	Medium and Long-term	The Group: <ul style="list-style-type: none"> Reduce company value and attractiveness to investors 	The Group: <ul style="list-style-type: none"> Enhance transparency of ESG disclosures and strengthen communication on strategies, progress and initiatives where appropriate

Climate Management Approach

The Group considers climate-related risks as part of our regular business planning and operational reviews. Both physical risks, such as extreme weather, and transition risks, such as changes in regulations or market expectations, are considered when assessing potential impacts on our operations.

We monitor climate-related developments on an ongoing basis and adjust our practices as needed to support the resilience of our businesses. This approach helps ensure that climate considerations are incorporated into our ongoing management and decision-making across different segments.

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Resilience in Climate Uncertainty

There remains considerable uncertainty regarding how climate change may unfold under different climate-related scenarios, particularly with respect to changing temperature patterns and the frequency and intensity of extreme weather events. These uncertainties make it challenging to precisely predict the potential impacts on the Group's businesses, resulting in inherent limitations when assessing the timing, scale, and nature of climate-related risks across these businesses.

Based on the findings of our climate-related scenario analysis, we anticipate that our strategy and business model will retain sufficient flexibility and resilience to adapt to a range of possible climate-related developments. We will continue to monitor developments and refine our assessments as new scientific evidence, regulatory expectations, and market insights emerge.

Looking forward, we will continue to monitor developments in the climate landscape and the effectiveness of our mitigation measures, while gradually strengthening our response efforts and exploring opportunities to transition towards a lower-carbon operating model to support long-term value creation for our stakeholders.

SOCIAL

EMPLOYMENT AND LABOUR PRACTICES

Employment

The Group embraces a people-oriented approach and has established a series of employment policies and standards to uphold our employees' legitimate rights and interests. We strictly comply with laws and regulations, including the "Labour Law of the People's Republic of China," "Labour Contract Law of the People's Republic of China," and "Social Insurance Law of the People's Republic of China," among others, in managing our talent. We strive to foster a corporate culture that promotes mutual trust, respect, and teamwork. Additionally, we are committed to providing a rewarding and pleasant work environment for all employees.

Regarding employees' remuneration, recruitment, and dismissal, we strictly adhere to local labour laws, including the "Employment Ordinance (Cap.57)" in Hong Kong and the "Labour Contract Law of the People's Republic of China." We have established policies for employee recruitment, dismissal, appraisal, remuneration, and other benefits across different business units. For example, we have implemented policies such as "Management Measures for Employee Recruitment" and "Wage and Welfare Regulations" for our expressway operations, as well as "Management Measures for Employee Induction and Probation" for our winemaking and its other related businesses. Our liquor and spirits trading business maintains a salary and performance appraisal management policy, offering competitive compensation packages to employees who contribute to the business's growth.

We explain all relevant policies and guidance materials to new joiners to provide them with a comprehensive understanding of the Group's human resources management system and ensure they are informed about their rights and responsibilities.

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To safeguard our employees' welfare and promote a healthy work-life balance, the Group regularly organises team-building events and activities, such as hiking, picnic, and a Sports Day. During the holiday season, we distributed New Year's food to our employees. Additionally, our dormitories offer recreational facilities, including a basketball court and snooker tables, for leisure time enjoyment. We are committed to maintaining our staff's physical and mental health and promoting a balanced work-life environment.

Labour practices

The Group abides by relevant labour laws and regulations to strictly prohibit forced and child labour employment. During the recruitment process, applicants' identification documents are verified to prevent the hiring of underaged labour. We also respect the freedom of expression of our staff and encourage them to discuss any concerns they have with their supervisors or the labour union. To encourage employees to report any suspected misconduct, we have set up a "General Manager mailbox" in the offices where staff can voice their concerns to higher-level management.

Staff composition

As of 31 December 2025, the Group has a total of 349 full-time employees and 0 part-time employees. 339 of them are located in Mainland China, and 10 of them are in Hong Kong. The breakdown of employees by gender, age group, and geographical region is as follows:

Number of employees

Category		2025	2024
Total		349	390
By gender	Male	200	227
	Female	149	163
By age group	Below 30	142	173
	30 – 50	171	187
	Above 50	36	30
By geographical region	Mainland China	339	376
	Hong Kong	10	14

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Number of employees turnover and turnover rate (%)

Category		2025	2024
Total		50 (14.3%)	51 (13.1%)
By gender	Male	27 (13.5%)	18 (7.9%)
	Female	23 (15.4%)	33 (20.2%)
By age group	Below 30	31 (21.8%)	39 (22.5%)
	30 – 50	17 (9.9%)	11 (5.9%)
	Above 50	2 (5.6%)	1 (3.3%)
By geographical region	Mainland China	50 (14.75%)	51 (13.56%)
	Hong Kong	0 (0%)	0 (0%)

Regulatory compliance

During the reporting period, we are not aware of any case of non-compliance with laws and regulations related to employment and the employment of child or forced labour that has a significant impact on the Group.

HEALTH AND SAFETY

The health and safety of our employees is a fundamental priority for the Group. To protect our employees from occupational hazards, we are committed to maintaining a secure and healthy working environment. We strictly abide by relevant health and safety regulations, such as the provisions of the “Production Safety Law of the People’s Republic of China” and the “Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases”.

We recognise that a significant portion of safety risks arises within our expressway operations, where employees are stationed on busy highways. To safeguard the well-being of both our employees and road users, we have developed and implemented comprehensive policies such as the “Safety Management System for Highway Maintenance Operations” and “Guidelines for Safety Prevention and Rescue at the Accident Site”. Moreover, we have formed a dedicated committee, led by our management team, to monitor and improve the health and safety standards of our workforce and operational activities. During the reporting period, we conducted training sessions designed to enhance our employees’ ability to anticipate and identify large vehicles, helping to prevent these vehicles from mistakenly entering the regular traffic lanes. We have also provided specialised training to bolster personal safety measures for employees at toll stations, especially in response to unusual or emergencies.

To increase health and safety awareness among our staff, we provide monthly safety training to employees depending on their roles to minimise the risks of hidden workplace hazards. Before performing their duties, all new employees must complete a “Three Degree Safety Education” safety training. Special positions such as drivers, electricians, security personnel, and cooks shall receive professional training tailored to their duties. We also provide personal protective equipment such as reflective vests to employees, as well as a biannual health check and medical insurance to ensure timely diagnosis and treatment of occupational health issues.

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Our winemaking operations have established several health and safety policies to ensure a safe and supportive work environment. For instance, the “Wine Cellar Safety Responsibilities” highlights the importance of understanding the hazards associated with alcoholic beverages. It requires strict compliance with safety protocols, including the use of personal protective equipment and regular inspections of equipment to reduce risks.

We conduct frequent and ad hoc safety inspections to reduce safety risks in our operations. The safety inspection addresses topics such as potential safety hazards, proper implementation of safety precaution procedures, equipment conditions, etc. For any potential safety issue identified, we formulate corrective measures and appoint the employee responsible for the matter to ensure preventive actions are implemented on time. We also carry out safety production meetings every quarter to analyse and resolve any identified hidden occupational hazards in our operation.

Where work-related injuries occur, we conduct post-incident reviews and implement improvement measures to prevent recurrence. These measures include:

- Strengthening pre-activity preparation and control by assessing activity-specific risks and formulating contingency plans;
- Conducting inspections and maintenance of venues and equipment to promptly eliminate safety hazards;
- Providing safety knowledge training and enhancing on-site guidance for personnel; and
- Carrying out a post-activity review of safety management throughout the entire process, collecting employees’ feedback and implementing timely rectifications.

Occupational Health and Safety Statistics in 2025⁵

Work-related fatality from 2023 to 2025: 0

Work-related injuries in 2025: 2 (2024: 1)

Lost days due to work-related injuries in 2025: 113⁶ (2024: 2)

Regulatory compliance

During the reporting period, we are not aware of any instance of non-compliance with laws and regulations regarding occupational health and safety that has a significant impact on the Group.

⁵ The occupational health and safety statistics exclude employees based in Hong Kong.

⁶ The lost days due to work-related injuries in 2025 were mainly attributed to injuries sustained by two employees during a company-organised activity. We have since strengthened pre-event risk assessments, improved facility checks and enhanced safety training and on-site supervision.

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DEVELOPMENT AND TRAINING

The Group firmly believes that our people are the cornerstone of our sustainable development, and that a highly capable, well-trained workforce is central to driving the Group's long-term performance. Accordingly, we have designed dedicated employee training policies for each of our business segments, tailored to their respective operational requirements and career development needs.

For our expressway operations, we offer a variety of training opportunities, including topics like etiquette, business-related processes, management skills, and professional skills for our employees to attend on a voluntary basis. To help new joiners settle down, we provide them with onboarding training covering our corporate culture, rules and regulations, and the business process specific to their roles.

Beyond our internal training offerings, we encourage our expressway employees to pursue external training opportunities to strengthen their professional capabilities. Eligible employees may apply for cost reimbursement upon successful completion of such programmes. We encourage our staff to improve their qualifications and offer incentives to those who do so. Depending on the length of service, the maximum rebate amount can range from RMB2,000 to RMB50,000.

For employees in the liquor trading business, we have established a specialised "Employee Training Management System" to provide guidance to their training process. Under the system, the Human Resources department of the liquor trading segment formulates training plans based on the input of different departments. Our winemaking operations also prioritise employee development, aiming to equip staff with the qualifications and skills necessary for their roles.

Training statistics for 2025⁷

Category		Percentage of employees receiving training	Average training hours
By gender	Male	100%	7.3
	Female	100%	10.3
By employment category	Management	100%	10.1
	Non-management	100%	8.3

⁷ The training statistics exclude employees based in Hong Kong.

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SUPPLY CHAIN MANAGEMENT

Expressway operation

The Group recognises that supply chain management is an integral part of corporate social responsibility and places high importance on the potential risks along the supply chain. In general, we evaluate our suppliers' capability, price, quality, qualification, and ESG performance. For large-scale procurement practices, the Group adopts a sophisticated set of tendering practices and is required to enlist at least three competent suppliers for comparison before placing orders.

To preserve the quality of our suppliers, we evaluate their performance either annually or at the end of their contracts, and only those suppliers who meet our requirements are qualified to continue doing business with the Group.

We also consider ESG factors in our procurement process. We prioritise green products where practicable and consider suppliers' environmental and social impacts when procuring from them.

Liquor and spirits trading

As the sole distributor of Huamaojiu, we rely on our upstream suppliers to support our operations, particularly in terms of providing liquor and packaging materials. Our upstream suppliers deliver liquor products directly to downstream distributors for further distribution and retail. We are committed to working with suppliers who have a proven track record in sustainability. We have established the "Supply Department Standardised Management Manual" to guide our collaboration with upstream suppliers and the "Market Management Manual" for our collaboration with downstream distributors.

The "Supply Department Standardised Management Manual" defines the roles and responsibilities of the Supply Department and guides the entire procurement process. All new suppliers have to undergo a comprehensive assessment to ensure that they comply with relevant national standards, regulations, and our requirements before collaboration. Approved suppliers will be included in our list of qualified suppliers. Regular monitoring is carried out to evaluate our suppliers' performance, and suppliers with unsatisfactory performance will be disqualified.

For downstream distributors and sales channels, our collaboration with them is managed by the "Market Management Manual". Distributors and sales channels are prohibited from selling Huamaojiu in places not specified in our contract with them and shall price the products by our mutual agreement. Based on the number of violations, distributors may be subjected to disciplinary actions such as repurchase of products at distributors' cost, deduction of deposit and annual rebates, or even cancellation of their distributor status.

Winemaking and other related businesses

For our winemaking operations, we have implemented a "Material Procurement Management System" to ensure its employees adheres to effective assessment procedures when choosing suppliers. This approach will help us establish a high-quality supplier network and improve our overall supplier management.

As of 31 December 2025, the Group has a total of 26 suppliers, all of which are in the PRC.

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PRODUCT RESPONSIBILITY

Based on the nature of our business, the Group's focus is on responsible marketing, service and maintenance. We strive to deliver the best quality products and services to our valued customers. For liquor trading, since we are the distributor of Maotai Group's Huamaojiu, we are not involved in the manufacturing or retail process. We mainly follow the requirements of Maotai Group on product quality and recall procedures. For expressway operation where we have more control, we seek to provide high-quality road services with the following two goals in mind:

- Maintaining a safe and efficient expressway; and
- Maintaining high service quality.

In our winemaking operations, we are involved in the manufacturing process and have implemented various policies, such as the "Koji-making Workshop Management System" and "Warehouse Operation Safety Procedures". These measures help us maintain quality control and promote a culture of safety and accountability in our production. After the base liquor is produced, our quality inspection centre conducts tests in accordance with national standards to ensure the quality of our production.

Maintaining a safe and efficient expressway

The Group recognises the importance of our business and therefore takes the utmost care in the maintenance of our roads to ensure that they are as safe as possible. Our road construction department handles the overall management of the expressway, following the relevant road safety laws and regulations. Other daily operational tasks handled by the department include hardware maintenance, emergency planning, and coordination with government departments on special road arrangements.

We have policies in place to regularly conduct routine inspections of the expressway to ensure road safety. Through our frequent inspections, we seek to detect any structural damage to the road and its hardware promptly, for example, cracks on the road surface and worn-out road surface markings, and immediately repair the damage with the assistance of our outsourced maintenance team.

We have also established an emergency management mechanism for the expressway that addresses emergency and contingency solutions to various situations, including peak hours during festivals and holidays, traffic accidents, construction, and extreme weather conditions. We also conduct emergency drills at least once a year in collaboration with the local government and service area operators to ensure a rapid and appropriate response to emergencies. We aspire to constantly improve our services to be faster, better, and more appropriate to ensure the quality of road use.

Maintaining high service quality

In terms of service quality, we have implemented a number of initiatives to ensure high service quality at our toll stations. To begin with, we require all new toll collectors to attend a one-week training on interacting with road users politely. For existing employees, we provide similar training on their etiquette as a toll collector every two years, and low performers will be required to attend additional training. To motivate our staff, road user surveys are conducted to monitor the performance of toll collectors, and the high performers will be rewarded with monetary prizes.

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We also put great effort into improving the efficiency of the toll collection process. In addition to providing training on the toll collection process to our employees, we also seek innovative means to speed up the payment process. Currently, e-payment options such as WeChat Pay and Alipay are available at our toll stations to offer road users faster and more convenient payment methods.

Intellectual property protection and customer privacy

The Group strictly complies with the relevant intellectual property laws in which it operates to safeguard intellectual properties. For our liquor and spirits trading business, we strictly follow the intellectual property application procedures formulated by the Kweichow Moutai Group on designs, labels, and trademarks of their liquor products. To protect intellectual property, we legally signed contracts with suppliers for the commercial usage of fonts. Furthermore, we only use software with legal licenses in our daily operations.

We place high importance on our customer information privacy and strictly comply with relevant national laws and regulations, including the “Personal Information Protection Law of the People’s Republic of China”. Only authorised personnel can access customer information, and sensitive customer information is not allowed to be taken out of offices.

Regulatory compliance

During the reporting period, we are not aware of any case of non-compliance with laws and regulations regarding product responsibility that has a significant impact on the Group.

ANTI-CORRUPTION

Throughout our operations, the Group strives to establish and maintain high standards of openness, integrity and accountability. We attached great importance to anti-corruption and strictly adhered to jurisdictional laws such as the “Prevention of Bribery Ordinance” of Hong Kong and the “Criminal Law of the People’s Republic of China”.

We ensure that all our employees are aware of our zero-tolerance towards bribery, extortion, fraud, or money laundering, whether in dealing with public officials or individuals in the private sector. Any staff member of the Group is not permitted to demand or accept any form of bribery, including money, gifts, rewards, services, or privileges, in connection with their duties. We have formulated a strict punitive measure, and the corresponding punishment shall be given according to the severity of the conflict of interest. In addition, anti-corruption training is provided to management and general staff to raise staff awareness towards anti-corruption topics and foster a culture of integrity.

In our liquor and spirits trading business, we have an “Expense Management Regulation” to govern expense claims and encourage employees to report any misconduct in handling marketing expenses to the General Manager, and validated reports will be awarded 5-10 marks in the monthly performance appraisal. Simultaneously, we emphasise commercial anti-corruption matters in internal meetings, reminding suppliers not to offer commercial bribes when signing the Contract. As for our expressway operation, we have also formulated the “Procedures for Toll Operations” to monitor the toll collection process and prevent any dishonest acts of collecting extra money or other forms of corruption. We have also installed surveillance cameras at our toll houses. For our winemaking operations, we have established “Expense Management Regulations” to clearly outline allowable expenses and ensure fair reimbursement practices.

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Regulatory compliance

During the reporting period, there is no concluded legal case regarding corrupt practices brought against the issuer or its employees, and we are not aware of any non-compliance with laws and regulations regarding anti-corruption that has a significant impact on the Group.

COMMUNITY INVESTMENT

As the Group grows steadily, it remains mindful of its corporate social responsibility and is committed to giving back to society. We take pride in providing safe, time-saving, economical, and comfortable expressway transportation services to road users. Through the operation and maintenance of the expressway, we set up linkages between the local residences and other parts of the country, creating significant positive influences on regional economic development.

During the reporting period, our liquor and spirits trading business demonstrated its commitment to social and community development through various initiatives. One example was the 'Plant a San Seng Tree' event held at our San Seng Winery, which encouraged participation in greening efforts and promoted environmental awareness among attendees.

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A1 APPENDIX I: HKEX ESG CODE CONTENT INDEX

Mandatory Disclosure Requirements		Pages	Remarks
Governance Structure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board’s oversight of ESG issues; (ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses. 	24	
Reporting Principles – Materiality	<p>The ESG report should disclose:</p> <ul style="list-style-type: none"> (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer’s stakeholder engagement. 	24-25	
Reporting Principles – Quantitative	Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.	23, 27-28	
Reporting Principles – Consistency	The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	23	
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.	23	

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Aspects	Pages	Remarks
A Environmental		
A1 Emissions	25-27	
Information on:		
(a) the policies; and		
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		
A1.1 The types of emissions and respective emissions data.	–	The Group's air emissions primarily arise from our winemaking and its other related businesses. Given the Group's existing data availability and readiness, air emissions are not disclosed for the reporting period. The Group is currently assessing the feasibility of collecting and disclosing such information.
A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	–	Due to our business nature, no significant amount of hazardous waste was generated.
A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	27	
A1.5 Description of emission target(s) set and steps taken to achieve them.	25-27	We do not have a quantitative emission target and will consider setting one in the future.
A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	25-27	We do not consider waste to be a material issue, and have not set a target for waste reduction.

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Aspects	Pages	Remarks
A2 Use of Resources	27-28	
		Policies on the efficient use of resources, including energy, water and other raw materials.
A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	28	
A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	28	
A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	27-28	We are reviewing our operations and environmental performance in considering target setting on energy consumption.
A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	27-28	The Group uses municipal water and does not anticipate any issue in the sourcing water that is fit for purpose. We are reviewing our operations and environmental performance in considering target setting on water consumption.
A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	-	The Group does not use packaging materials in its toll road operations, and the use of packaging material in the liquor and spirits products is not controlled by the Group. Our winemaking operations have also yet to commence the packaging of the finished product.
A3 The Environment and Natural Resources	29	
		Policies on minimising the issuer's significant impacts on the environment and natural resources.
A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	29	

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Aspects	Pages	Remarks
B Social		
Employment and Labour Practices		
B1 Employment	33-35	
Information on:		
(a) the policies; and		
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		
B1.1 Total workforce by gender, employment type, age group and geographical region.	34	
B1.2 Employee turnover rate by gender, age group, and geographical region.	35	
B2 Health and Safety	35-36	
Information on:		
(a) the policies; and		
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		
B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	36	
B2.2 Lost days due to work injury.	36	
B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	35-36	

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Aspects	Pages	Remarks
B3 Development and Training	37	
		Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.
B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	37	
B3.2 The average training hours completed per employee by gender and employee category.	37	
B4 Labour Standard	33-35	
(a) the policies; and		
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		
B4.1 Description of measures to review employment practices to avoid child and forced labour.	34	
B4.2 Description of steps taken to eliminate such practices when discovered.	34	
Operating Practices		
B5 Supply Chain Management	38	
		Policies on managing environmental and social risks of the supply chain.
B5.1 Number of suppliers by geographical region.	38	
B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	38	
B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	38	

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Aspects	Pages	Remarks
B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	38	
B6 Product Responsibility	39-40	
Information on:		
(a) the policies; and		
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		
B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	–	Not applicable to the Group's expressway business. For our liquor and spirits trading business, any product recalled will be handled by the producer directly and we do not have relevant data. For our winemaking operations, it has yet to generate any sales.
B6.2 Number of products and service-related complaints received and how they are dealt with.	–	The Group is currently assessing the feasibility of collecting and disclosing such information.
B6.3 Description of practices relating to observing and protecting intellectual property rights.	40	
B6.4 Description of quality assurance process and recall procedures.	39-40	Not applicable to the Group's expressway business. For our liquor and spirits trading business, the producer has its own quality assurance process and handles the recalled product directly, if any.
B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	40	

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Aspects	Pages	Remarks
B7 Anti-corruption	40-41	
Information on:		
(a) the policies; and		
(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		
B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	41	
B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	40	
B7.3 Description of anti-corruption training provided to directors and staff.	40	
Community		
B8 Community Investment	41	
Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		
B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	41	
B8.2 Resources contributed (e.g. money or time) to the focus area.	41	

Environmental, Social and Governance Report

Aspects	Pages	Remarks
Climate-related Disclosures		
(I) Governance		
19 An issuer shall disclose information about:	24	
(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:		
(i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;		
(ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;		
(iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;		
(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and		

Environmental, Social and Governance Report

Aspects	Pages	Remarks
(b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about: <ul style="list-style-type: none">(i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee; and(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.		
(II) Strategy		
Climate-related risks and opportunities		
20 An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall: <ul style="list-style-type: none">(a) describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;(b) explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;(c) specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur;(d) explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	29-33	

Environmental, Social and Governance Report

Aspects	Pages	Remarks
Business model and value chain		
<p>21 An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and (b) a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets). 	29-33	
Strategy and decision-making		
<p>22 An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about: <ul style="list-style-type: none"> (i) current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities; (ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect); 	29-33	<p>The Group currently does not have a climate transition plan, and we are assessing our environmental performance to inform the setting of future environmental targets.</p>

Environmental, Social and Governance Report

Aspects	Pages	Remarks	
<ul style="list-style-type: none"> (iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and (iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and <p>(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).</p>			
23	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	–	Not applicable as the information was not disclosed in previous reporting periods.

Financial position, financial performance and cash flows

Current financial effect

24	<p>An issuer shall disclose qualitative and quantitative information about:</p> <ul style="list-style-type: none"> (a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and (b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. 	29-33	Due to the Group's current level of data availability and readiness, we have undertaken a qualitative scenario analysis. We will continue to enhance our data capabilities to refine and improve our scenario analysis approaches over time.
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Environmental, Social and Governance Report

Aspects	Pages	Remarks
Anticipated financial effect		
<p>25 The issuer shall provide qualitative and quantitative disclosures about:</p> <ul style="list-style-type: none"> (a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration: <ul style="list-style-type: none"> (i) its investment and disposal plans; and (ii) its planned sources of funding to implement its strategy; and (b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities. 	29-33	<p>Due to the Group's current level of data availability and readiness, we have undertaken a qualitative scenario analysis. We will continue to enhance our data capabilities to refine and improve our scenario analysis approaches over time.</p>
Climate resilience		
<p>26 An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:</p> <ul style="list-style-type: none"> (a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of: <ul style="list-style-type: none"> (i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis; (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and 	29-33	<p>Due to the Group's current level of data availability and readiness, we have undertaken a qualitative scenario analysis. We will continue to enhance our data capabilities to refine and improve our scenario analysis approaches over time.</p>

Environmental, Social and Governance Report

Aspects	Pages	Remarks
(iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;		
(b) how and when the climate-related scenario analysis was carried out, including:		
(i) information about the inputs used, including:		
(1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios;		
(2) whether the analysis included a diverse range of climate-related scenarios;		
(3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;		
(4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;		
(5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;		
(6) time horizons the issuer used in the analysis; and		
(7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);		
(ii) the key assumptions the issuer made in the analysis; and		
(iii) the reporting period in which the climate-related scenario analysis was carried out.		

Environmental, Social and Governance Report

Aspects	Pages	Remarks
(III) Risk Management		
27 An issuer shall disclose information about:	29-33	
(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:		
(i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);		
(ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;		
(iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);		
(iv) whether and how the issuer prioritises climate-related risks relative to other types of risks;		
(v) how the issuer monitors climate-related risks; and		
(vi) whether and how the issuer has changed the processes it uses compared with the previous reporting period;		
(b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and		
(c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.		

Environmental, Social and Governance Report

Aspects	Pages	Remarks
(IV) Metrics and Targets		
Greenhouse gas emissions		
<p>28 An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO₂ equivalent, classified as:</p> <ul style="list-style-type: none"> (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions. 	27	<p>Given the Group's existing data availability and readiness, Scope 3 greenhouse gas emissions are not disclosed for the reporting period.</p>
<p>29 An issuer shall:</p> <ul style="list-style-type: none"> (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions including: <ul style="list-style-type: none"> (i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions; (ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and (iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes; 	27	<p>There is no contractual instrument in place to manage the energy we have purchased.</p>

Environmental, Social and Governance Report

Aspects	Pages	Remarks
<p>(c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and</p> <p>(d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).</p>		
Climate-related transition risks		
<p>30 An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.</p>	29-33	<p>Due to the Group's current level of data availability and readiness, we have undertaken a qualitative scenario analysis. We will continue to enhance our data capabilities to refine and improve our scenario analysis approaches over time.</p>
Climate-related physical risks		
<p>31 An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.</p>	29-33	<p>Due to the Group's current level of data availability and readiness, we have undertaken a qualitative scenario analysis. We will continue to enhance our data capabilities to refine and improve our scenario analysis approaches over time.</p>

Environmental, Social and Governance Report

Aspects	Pages	Remarks
Climate-related opportunities		
32 An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	29-33	Due to the Group's current level of data availability and readiness, we have undertaken a qualitative scenario analysis. We will continue to enhance our data capabilities to refine and improve our scenario analysis approaches over time.
Capital deployment		
33 An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	–	This information has not been disclosed as the Group does not currently track our capital expenditure, financing or investment specifically related to climate related risks and opportunities.
Internal carbon prices		
34 An issuer shall disclose: (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.	–	Internal carbon pricing has not been incorporated into the Group's strategic decision-making approach.

Environmental, Social and Governance Report

Aspects	Pages	Remarks
Remuneration		
35	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	24
Industry-based metrics		
36	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	– The Group is currently reviewing the applicability of these metrics and will enhance the disclosure in future reporting periods as appropriate.
Climate-related targets		
37	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose: <ul style="list-style-type: none"> (a) the metric used to set the target; (b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives); (c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region); (d) the period over which the target applies; 	– Not applicable to the Group, as we are currently reviewing our operations and environmental performance for future target setting.

Environmental, Social and Governance Report

Aspects	Pages	Remarks
<ul style="list-style-type: none"> (e) the base period from which progress is measured; (f) milestones or interim targets (if any); (g) if the target is quantitative, whether the target is an absolute target or an intensity target; and (h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target. 		
<p>38 An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:</p> <ul style="list-style-type: none"> (a) whether the target and the methodology for setting the target has been validated by a third party; (b) the issuer's processes for reviewing the target; (c) the metrics used to monitor progress towards reaching the target; and (d) any revisions to the target and an explanation for those revisions. 	–	Not applicable to the Group, as we are currently reviewing our operations and environmental performance for future target setting.
<p>39 An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.</p>	–	Not applicable to the Group, as we are currently reviewing our operations and environmental performance for future target setting.

Environmental, Social and Governance Report

Aspects	Pages	Remarks
<p>40 For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:</p> <ul style="list-style-type: none"> (a) which greenhouse gases are covered by the target; (b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target; (c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target; (d) whether the target was derived using a sectoral decarbonisation approach; and (e) the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose: <ul style="list-style-type: none"> (i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits; (ii) which third-party scheme(s) will verify or certify the carbon credits; (iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and (iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset). 	–	<p>Not applicable to the Group, as we are currently reviewing our operations and environmental performance for future target setting.</p>

Directors and Senior Management

As at the date of this annual report, the Board consisted of seven Directors, including four executive Directors and three independent non-executive Directors.

EXECUTIVE DIRECTORS

Mr. Chan Yeung Nam (陳陽南), aged 70, is an executive Director and the Chairman. Mr. Chan is the founder of the Group and was appointed as an executive Director in April 2009. He is responsible for the overall management, development and planning of the Group. He is also responsible for assessing and analysing investment opportunities involving other infrastructure projects when they arise. Mr. Chan graduated from Sun Yat-Sen University. He has more than 28 years of experience in the development, operation and management of highways.

Mr. Fu Jie Pin (符捷頻), aged 58, is an executive Director and the Chief Executive Officer. He joined the Company as an executive Director in May 2009. Mr. Fu is responsible for project investment analysis, commercial negotiation and coordination and investment capital operation. Mr. Fu graduated from Sun Yat-Sen University with a bachelor degree in electronics and information system in 1989. He has over 27 years of experience in development, operation and management of highways in the PRC.

Ms. Liu Bao Hua (劉寶華), aged 50, is an executive Director. She joined the Company in April 2022. She is responsible for the negotiation and communication with the relevant government bodies in the PRC. She graduated from the Open University of Shaanxi* (陝西開放大學) with a bachelor degree in computers and financial management in July 1997. She also obtained a master degree of business administration from the City University of Hong Kong in October 2018. Ms. Liu has over 23 years of experience in finance and project management.

Mr. Zhang Tinghui (張廷輝), aged 47, is an executive Director. He joined the Company in 2025. Mr. Zhang is primarily responsible the trading of liquor and spirits business segment and organising marketing campaigns and promotions. Mr. Zhang completed his studies specialising in mechanics in State-owned Dongfeng Machinery Factory Vocational High School* (國營東風機械廠職業高中) in Henan Province, the PRC in 1997. Mr. Zhang has extensive experience in organising a variety of campaigns, activities and sports events. He served as the general manager of Ursa Major Sailing Event Management (Macau) Co., Ltd. since January 2018 and the general manager and vice president of China Cup International Regatta Management Co., Limited since January 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chu Kin Wang, Peleus (朱健宏) aged 61, joined the Company as an independent non-executive Director in May 2009. He obtained his master degree in business administration from University of Hong Kong. Mr. Chu is a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants and an associate of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators). Mr. Chu is a director of Tianli Holdings Group Limited (formerly named as EYANG Holdings (Group) Co., Limited), Mingfa Group (International) Company Limited, Momentum Financial Holdings Limited and China First Capital Group Limited, all of which are companies listed on the Main Board of the Stock Exchange. He is also a director of Madison Holdings Group Limited and Hyfusin Group Holdings Limited, all of which are companies listed on GEM of the Stock Exchange.

Directors and Senior Management

Mr. Hu Lie Ge (胡列格) aged 72, joined the Company as an independent non-executive Director in May 2009. He graduated from Changsha Communications Institute* (長沙交通學院) in Mathematical Mechanics and completed a graduate course in Probability Theory and Mathematics Statistics at Changsha Railway University* (長沙鐵道學院), currently part of Central South University* (中南大學). Mr. Hu was previously the Head of College of Transportation and Communications* (交通運輸學院) in Changsha University of Science and Technology* (長沙理工大學) and is now a member of Hunan Province Committee of Facilitation of the Development of the Logistics Industry* (湖南省促進物流業發展專家委員會).

Mr. Lam Hon Kuen (林漢權) aged 59, joined the Company as an independent non-executive Director in April 2023. He graduated from University of Hong Kong with a bachelor degree in social sciences with Honors in July 1989. Mr. Lam is an associate member of The Hong Kong Institute of Certified Public Accountants, an associate of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and a fellow member of the Association of Chartered Certified Accountants. He has over 36 years of professional experience in auditing, accounting and financial management for both private and listed corporations.

COMPANY SECRETARY

Mr. Sin Ka Man (冼家敏) aged 58, was appointed as the Company Secretary on 3 July 2009. Mr. Sin has over 32 years of professional experience in auditing, accounting and financial management for both private and listed corporations. He became an associate member of The Hong Kong Institute of Certified Public Accountants (formerly known as Hong Kong Society of Accountants) in January 1996, a fellow member of the Association of Chartered Certified Accountants in July 1997 and a certified practising accountant of the CPA Australia in December 2000. Mr. Sin obtained a bachelor degree in Social Sciences from University of Hong Kong in December 1989, a master degree in Finance from University of Strathclyde, the United Kingdom in November 1993 and a master degree in Accounting from Curtin University of Technology, Australia in June 1998.

* *The English translation is for reference only. The official name of the university, college, institution or organisation is in Chinese.*

Report of the Directors

The Board presents this annual report together with the audited consolidated financial statements for the year ended 31 December 2025.

BUSINESS REVIEW

GENERAL

For the review of the business of the Group, please refer to the section headed “Management Discussion and Analysis” on pages 5 to 11 of this annual report. This discussion forms part of this Report of the Directors.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

The following section lists out the key risks and uncertainties faced by the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risks outlined below. Further, this annual report does not constitute a recommendation or an advice for anyone to invest in the securities of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the securities of the Company.

Changes to the provincial government’s transportation-related policies

The Group’s operations are sensitive to changes in the PRC Government’s policies relating to all aspects of the transportation sector, for example, changes to transportation networks, traffic regulation, licensing and toll regime, etc. Such changes may have an adverse effect on the revenue or results of operations of the Group. The Directors will monitor the applicable and relevant government policies closely and will take immediate and appropriate actions in response to any changes in the policies with a view to minimise its impact on the infrastructure projects and the Group.

Revenue is heavily dependent on traffic volume and may be affected by competing roads and bridges and other modes of transportation

Revenue to be generated from collection of toll is heavily dependent on traffic volume. Traffic volume is directly and indirectly affected by a number of factors, including the road’s connectivity with other parts of the local and national highway network. There can be no assurance that future changes in the highway system and network will not adversely affect the traffic volume on the expressways. There is also no assurance that other road or mode of transportation will not be constructed or introduced in future which may prove to be better alternatives to the Group’s existing expressway projects. In such case, the Group’s business and operating results may be materially and adversely affected.

Notwithstanding the above, the Directors believe that the rising trend of the economic growth in PRC will be sustained in the foreseeable future. With this growth, the Directors expect that the revenue for toll road project will continue to increase in the coming years.

Risks pertaining to the relationship with the major supplier

Most of the Group's liquor and spirits trading business relies on the sole distributorship of Huamaojiu granted by the major supplier, Kweichow Moutai Group. The sole distributorship agreement has been reviewed annually. The failure in negotiation of the agreement may cause a substantial effect to the Group's liquor and spirits trading business. The Directors will monitor the relationship with Kweichow Moutai Group closely to ensure the successful negotiation in the sole distributorship agreement.

Risks pertaining to the distributorship model

The Group's liquor and spirits trading business relies primarily on a number of third-party distributors for sales of the Group's products. Each distributor has exclusive distribution rights over a certain geographical area, the failure by such distributor to perform its obligations under its distributorship agreement with the Group may result in a material adverse effect on the business of the authorised retailers in such area. The Directors will regularly review the performance of each distributor and take appropriate actions to minimise the effect of the failure of performance by the distributors.

Risks pertaining to force majeure events, natural disasters or outbreaks of contagious diseases

The Group's business may be adversely affected by natural disasters or outbreaks of epidemics, which may affect the procurement of raw materials and manufacture, sales and exportation of the Group's products. Epidemics, pandemics or outbreaks or escalation of diseases, including, among others, severe acute respiratory syndromes (SARS), avian influenza, swine flu (H1N1), novel coronavirus (COVID-19) and other diseases, may affect the livelihood of people in the PRC. These natural disasters, outbreaks of contagious diseases, and other adverse public health developments in the PRC may severely disrupt the Group's business operations by restricting travel and sales activities and delaying delivery of the Group's products and services, affect the productivity of the workforce, or reduce the demand for the Group's products, which may materially and adversely affect business, financial condition and results of operations of the Group.

Past performance and forward looking statements

The performance and the results of operations of the Group as set out in this annual report are historical in nature and past performance is not a guarantee for future performance of the same. This annual report may contain forward-looking statements and opinions that involve risks and uncertainties. Actual results may also differ materially from expectations discussed in such forward-looking statements and opinions. Neither the Group nor the Directors, employees or agents of the Group assume any obligations or liabilities in the event that any of the forward-looking statements or opinions does not materialise or turns out to be incorrect.

Report of the Directors

FINANCIAL RESOURCES

As at 31 December 2025, the total amount of outstanding bank loans and other borrowings was RMB294.2 million. Please refer to the section headed “Management Discussion and Analysis – Liquidity and financial resources” on page 7 of this annual report.

POST YEAR END EVENTS

Save as disclosed in the section headed “Management Discussion and Analysis – Event after Reporting Period” on page 10 of this report, since 31 December 2025, being the end of the financial year under review, no important event has occurred which materially affects the Group.

ANALYSIS OF KEY FINANCIAL PERFORMANCE INDICATORS

For details of the key financial performance indicators to the performance the Group's business, please refer to “Management Discussion and Analysis” on pages 5 to 11 of this annual report. This discussion forms part of this Report of the Directors.

ENVIRONMENT PROTECTION AND LEGAL COMPLIANCE

The Company is committed to protecting the environment where it operates and ensuring that it complies with the environmental protection standards applicable to the Group and its business operation from time to time.

During the Year ended 31 December 2025 and to the best of the Directors' knowledge, the Group had obtained the required permits and environmental approvals for its business, and had complied with such laws, rules and regulations that have a significant impact on the Group, its business and operations.

Please refer to the section headed “Environmental, Social and Governance Report” to this annual report for further information on the work done and efforts made by the Company on environmental protection, legal compliance and other aspects for the sustainable growth and development of the business of the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group continues to keep abreast with the requirement of the relevant laws and regulations of various countries, particularly the PRC and Hong Kong, applicable to it to ensure compliance. Majority of the Group's assets are located in the PRC and the Group's revenue is mainly derived from business operations in the PRC. During the year under review, the Group complied in all material respects with the relevant laws and regulations in various countries and areas applicable to it.

ACCOUNT OF THE GROUP'S KEY RELATIONSHIPS

Employees

The Group offers a comprehensive range of staff facilities and fringe benefits to attract, retain and motivate employees. Key personnel has been part of the management team since the inception of business. During the year under review, the Group considered that it has maintained a good relationship with its employees and the employee turnover rate was acceptable.

Suppliers

The Group's suppliers include the major supplier for Huamaojiu, Kweichow Moutai Group and contract manufacturers for other liquors and spirits products. All these suppliers have a close and long term relationship with the Group's management. During the year under review, the Group considered the relationship with its suppliers was well and stable.

Distributors

The Group adopted the distributorship model for its products in the PRC. Under this model, the Group primarily sells products to distributors in the PRC under distributorship agreements, which are reviewed yearly. Each of the distributors has exclusive distribution right over a certain geographical area in the PRC. The Group maintains very good relationship with all the distributors.

Report of the Directors

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Company is incorporated and domiciled in the Cayman Islands and has its registered office at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business in Hong Kong at Unit 1205, 12/F, Tower 1, Lippo Centre, 89 Queensway, Hong Kong.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the Company's subsidiaries are set out in note 12 to the financial statements in this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

EXPRESSWAYS

For the Year, the Group has no major customer information to disclose as the expressways are open to public. No further disclosure with regard to the Group's suppliers is made since there is normally no major purchase in its ordinary course of business.

LIQUOR AND SPIRITS TRADING BUSINESS

The information in respect of the sales and purchases attributable to the major customers and suppliers of the Group's liquor and spirits trading business respectively for the Year is as follows:

	Percentage of the segment's total	
	Sales	Purchases
The largest customer	13.0%	
Five largest customers in aggregate	46.5%	
The largest supplier		98.4%
Five largest suppliers in aggregate		100.0%

At no time during the year have the Directors, their close associates or any Shareholder (which to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any interest in these major customers and suppliers.

FINANCIAL STATEMENTS

The financial performance of the Group for the Year and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 82 to 156.

TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the shares of the Company (the "Shares").

RESERVES

Details of movements in the reserves of the Company during the Year are set out in note 23 to the financial statements.

Loss attributable to Shareholders, in the amount of RMB36,143,000 (2024: RMB8,514,000) has been transferred to the reserves. Other movements in reserves are set out in consolidated statement of changes in equity.

For the Year, the Board does not recommend the payment of any dividend (2024: special interim dividend of HK\$0.121 per share declared and paid on 1 August 2024).

CHARITABLE DONATIONS

No charitable donations were made by the Group during the Year.

FIXED ASSETS

Details of the movements in fixed assets during the Year are set out in note 10 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Year are set out in note 23 to the financial statements.

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries from the listing date to 31 December 2025.

Report of the Directors

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

DIRECTORS

The Directors during the financial Year and up to the date of this annual report were:

EXECUTIVE DIRECTORS

Mr. Chan Yeung Nam
Mr. Fu Jie Pin
Ms. Liu Bao Hua
Mr. Zhang Tinghui (appointed on 8 October 2025)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chu Kin Wang, Peleus
Mr. Hu Lie Ge
Mr. Lam Hon Kuen

In accordance with article 83(3) of the Articles, any Director appointed by the Board to fill a casual vacancy or as an additional Director shall hold office until the next following general meeting of the Company and shall then be eligible for re-election.

By virtue of articles 84 and 85 of the Articles, Mr. Chu Kin Wang, Peleus and Mr. Hu Lie Ge will retire from office by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

Each of the executive and independent non-executive Directors has entered into a service contract with the Company for an initial term of three years, subject to termination in accordance with the provisions of the service contract or by either party serving the other not less than three months' prior written notice.

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules were as follows:

Name of Director	Nature of interest	Number of shares (ordinary shares)	Long position in the number of share options	Total	Percentage
Chan Yeung Nam (<i>Note</i>)	Interest in controlled corporation	300,000,000 (L)	–	300,000,000	72.71%

Note: Mr. Chan Yeung Nam, an executive Director and the Chairman, is deemed to be interested in 300,000,000 Shares held by Velocity International Limited by virtue of it being controlled by him.

On 29 May 2023, Velocity International Limited had pledged 300,000,000 Shares to Integrated Capital (Asia) Limited (which is wholly owned by Mr. Yam Tak Cheung) as security for a term loan facility provided to Velocity International Limited.

Apart from the forgoing, as at 31 December 2025, none of the Directors or chief executive of the Company or any of their spouses or children under 18 years of age had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company, or any of its holding companies, subsidiaries or other associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time was the Company, or any of its holding companies, subsidiaries or other associated corporations (within the meaning of Part XV of the SFO) a party to any arrangements to enable any Directors and chief executive of the Company (including their spouses and children under 18 years of age) to hold any interest or short position in the shares or underlying shares in, or debentures of, the Company, subsidiaries or other associated corporations (within the meaning of Part XV of the SFO).

Report of the Directors

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 11 June 2020 for the purpose of motivating eligible participants as additional incentives or rewards for their contribution or potential contribution to the Company and/or any of its subsidiaries to promote the success of the Group.

Eligible participants under the Share Option Scheme include (a) any full-time or part-time employee of the Company or any member of the Group including any executive Director, non-executive Director and independent non-executive Director; and (b) any consultant of the Company or any member of the Group, who, in the sole opinion of the Board, will contribute or have contributed to the business of the Group.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at 11 June 2020, being the date on which the resolution passed in the general meeting, i.e. 41,260,800 Shares. No option may be granted to any participant of the Share Option Scheme such that the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period exceeds 1% of the Company's shares in issue from time to time.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised. Participants of the Share Option Scheme are required to pay the Company HK\$1.0 upon acceptance of the grant on or before 30 days after the offer date. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and
- (c) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of offer.

The Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

The total number of Shares available for issue under the Share Option Scheme is 41,260,800, representing approximately 8.76% of the Company's issued share capital as at the date of this annual report.

For the Year, no options have been granted by the Company under the Share Option Scheme.

Apart from the forgoing, at no time during the year was the Company, or any of its holding companies or subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, so far as it is known to any Director or chief executive of the Company, the persons (other than the Director and the chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were directly or indirectly, interested in 10% or more of the nominal value of any shares of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

Name of Shareholders	Capacity/Nature of Interest	Long position in ordinary shares held	Percentage of total issued Shares
Velocity International Limited (Note)	Beneficial owner	300,000,000	72.71%
Integrated Capital (Asia) Limited (Note)	Person having security interest in shares	300,000,000	72.71%
Yam Tak Cheung (Note)	Interest in controlled corporation	300,000,000	72.71%

Note: The entire issued share capital of Velocity International Limited is owned by Mr. Chan Yeung Nam, an executive Director and the Chairman. On 29 May 2023, Velocity International Limited had pledged 300,000,000 Shares to Integrated Capital (Asia) Limited (which is wholly owned by Mr. Yam Tak Cheung) as security for a term loan facility provided to Velocity International Limited.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float of not less than 25% of the Company's entire issued share capital as required under the Listing Rules for the Year.

Report of the Directors

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company, or any of its holding companies or subsidiaries was a party, and in which the Director or an entity connected with such Director had a material interest, directly or indirectly, subsisted at the end of or at any time during the Year.

During the Year, none of the Directors was interested in any business which competed or was likely to compete, either directly or indirectly, with the Group's businesses.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2025 are set out in note 20 to the financial statements.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 3 of this annual report.

RETIREMENT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administrated by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

The employees of the subsidiaries in the PRC are members of the retirement schemes operated by the local authorities. The subsidiaries are required to contribute a certain percentage of their payroll to these schemes to fund the benefits. The only obligation of the Group with respect to these schemes is the required contributions under the schemes.

The Group's total contributions to retirement schemes charged to the income statement during the year ended 31 December 2025 amounted to RMB4,231,000 (2024: RMB3,345,000).

CONFIRMATION OF INDEPENDENCE BY INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

CORPORATE GOVERNANCE CODE

The Company has adopted the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. For the Year, the Directors considered that the Company had complied with all the code provisions as set out in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 of the Listing Rules. Upon enquiry by the Company, all the Directors have confirmed that they have complied with the required standards set out in the Model Code during the Year.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management of the Company and the external auditor the accounting principles and practices adopted by the Group and the audited annual consolidated financial statements for the Year.

AUDITORS

Crowe (HK) CPA Limited will retire and being eligible, offer themselves for reappointment. A resolution for the reappointment of Crowe (HK) CPA Limited as auditors of the Company is to be proposed at the forthcoming annual general meeting of the Company.

Save as disclosed above, there was no other change in the auditors of the Company in the preceding three years.

By order of the board

Chan Yeung Nam

Chairman

Hong Kong, 26 March 2026

Independent Auditor's Report



國富浩華（香港）會計師事務所有限公司

Crowe (HK) CPA Limited

香港 銅鑼灣 禮頓道77號 禮頓中心9樓

9/F Leighton Centre,

77 Leighton Road,

Causeway Bay, Hong Kong

Independent auditor's report to the shareholders of Huayu Expressway Group Limited

(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Huayu Expressway Group Limited (“**the Company**”) and its subsidiaries (“**the Group**”) set out on pages 82 to 156, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) as issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (“**the Code**”), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Timing of revenue recognition: sales of liquor and spirits

Refer to Note 3 to the consolidated financial statements and the accounting policies in Note 1(s)(ii).

The Key Audit Matter

The Group's revenue is principally generated from the sales of liquor and spirits to a large number of customers, including distributors and direct sales customers.

Revenue from sales of liquor and spirits is recognised at the point in time when the Group transfers control over a product to the customer at the amount of promised consideration to which the Group is expected to be entitled.

The Group's sales contracts with customers have a variety of trade terms relating to goods acceptance. Such trade terms may affect the timing of the recognition of sales to those customers. Management evaluates the trade terms of each contract to determine the timing of revenue recognition.

We identified the timing of revenue recognition as a key audit matter because revenue is a key performance indicator of the Group and there is an inherent risk that revenue may be manipulated to meet financial expectations or targets. In addition, different types of customers with different trade terms give rise to complexity in timing of revenue recognition, and as a result, revenue may not be properly recognised in the correct periods.

How the matter was addressed in our audit

Our audit procedures to assess the timing of revenue recognition: sales of liquor and spirits included the following:

- assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition;
- inspecting sales contracts with customers, on a sample basis, to understand the trade terms agreed with individual customers to assess the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards;
- comparing, on a sample basis, sales transactions recorded during the financial reporting period with the corresponding invoices, goods delivery notes, confirmations from distributors and other relevant supporting documents, which contained evidence of acknowledgement of the customers' receipt of the goods, and assessing if the related revenue was properly recognised in accordance with the trade terms set out in the respective sales contracts;

Independent Auditor's Report

Key audit matters (continued)

Revenue recognition: sales of liquor and spirits under distributor arrangement

The Key Audit Matter

How the matter was addressed in our audit

- assessing, on a sample basis, whether specific revenue transactions recorded before and after the end of reporting date had been recognised in the appropriate financial period by inspecting the trade terms agreed with individual customers and the invoices, goods delivery notes, confirmations from distributors and other relevant supporting documents, which contained evidence of acknowledgement of the customers' receipt of the goods;
- inspecting journal entries related to sales transactions recognised during the year which met specific risk-based criteria, enquiring of management the reasons for such entries and comparing the details of the entries with relevant underlying documents; and
- confirming, on a sample basis, the value of sales transactions during the financial reporting period directly with customers and inspecting the underlying documents relating to reconciling differences between the transaction amounts confirmed and the Group's accounting records.

Information other than the consolidated financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Independent Auditor's Report

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Crowe (HK) CPA Limited

Certified Public Accountants

Hong Kong, 26 March 2026

Kwok Cheuk Yuen

Practising Certificate Number P02412

Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Revenue	3	140,412	198,145
Cost of sales		(117,904)	(158,641)
Gross profit		22,508	39,504
Other revenue	4	1,380	3,144
Other net loss	4	(3,728)	(1,596)
Administrative expenses		(41,526)	(47,216)
Selling and distribution costs		(10,085)	(10,481)
Loss from operations		(31,451)	(16,645)
Finance costs	5(a)	(5,200)	(5,102)
Share of profits less losses of associates		(6,788)	12,526
Loss before taxation	5	(43,439)	(9,221)
Income tax	6(a)	3,211	(4,064)
Loss for the year		(40,228)	(13,285)
Attributable to:			
Equity shareholders of the Company		(36,143)	(8,514)
Non-controlling interests		(4,085)	(4,771)
Loss for the year		(40,228)	(13,285)
Basic and diluted loss per share (RMB Cents)	9	(8.76)	(2.06)

The notes on pages 88 to 156 form part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025
(Expressed in Renminbi)

	2025 RMB'000	2024 RMB'000
Loss for the year	(40,228)	(13,285)
Other comprehensive income for the year:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of:		
– financial statements of entities comprising the Group not using Renminbi as functional currency	(898)	1,407
Total comprehensive income for the year	(41,126)	(11,878)
Attributable to:		
Equity shareholders of the Company	(37,041)	(7,107)
Non-controlling interests	(4,085)	(4,771)
Total comprehensive income for the year	(41,126)	(11,878)

The notes on pages 88 to 156 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2025
(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	10	536,642	428,974
Intangible asset – service concession arrangement	11	19,478	49,134
Interests in associates	13	146,658	163,579
Deferred tax assets	22(b)	280	266
Contingent consideration receivables	16	–	20,648
Prepayments	15(b)	34,147	36,563
		737,205	699,164
Current assets			
Inventories	14	401,792	390,608
Trade and other receivables	15(a)	13,668	10,393
Value added tax receivables		41,443	40,632
Prepayments	15(b)	43,273	48,145
Amounts due from related parties	27(b)	48,685	37,566
Contingent consideration receivables	16	12,852	545
Cash and cash equivalents	17(a)	126,813	185,756
		688,526	713,645
Current liabilities			
Accruals and other payables	18	63,885	67,419
Amounts due to related parties	27(b)	14,064	1,057
Contract liabilities	19	12,016	12,608
Bank loans and other borrowings	20	111,411	145,124
Lease liabilities	21	1,231	2,388
Current taxation	22(a)	2,459	5,775
		205,066	234,371
Net current assets		483,460	479,274
Total assets less current liabilities		1,220,665	1,178,438

Consolidated Statement of Financial Position

At 31 December 2025
(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Lease liabilities	21	603	540
Bank loans	20	182,759	99,469
		183,362	100,009
NET ASSETS			
		1,037,303	1,078,429
CAPITAL AND RESERVES			
	23		
Share capital		3,634	3,634
Reserves		710,470	747,511
Total equity attributable to equity shareholders of the Company		714,104	751,145
Non-controlling interests		323,199	327,284
TOTAL EQUITY		1,037,303	1,078,429

Approved and authorised for issue by the board of directors on 26 March 2026.

Chan Yeung Nam
Chairman

Fu Jie Pin
Executive Director

The notes on pages 88 to 156 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Statutory reserve	Other reserve	Share-based compensation reserve	Exchange reserve	Retained profits/ (accumulated losses)	Total	Non-controlling interests	Total
	Note 23(c)	Note 23(d)(i)	Note 23(d)(ii)	Note 23(d)(iii)	Note 23(d)(iv)	Note 23(d)(v)				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024	3,634	51,487	47,784	680,422	5,085	(20,475)	35,889	803,826	320,196	1,124,022
Changes in equity for 2024:										
Loss for the year	-	-	-	-	-	-	(8,514)	(8,514)	(4,771)	(13,285)
Other comprehensive income	-	-	-	-	-	1,407	-	1,407	-	1,407
Total comprehensive income	-	-	-	-	-	1,407	(8,514)	(7,107)	(4,771)	(11,878)
Appropriation to statutory reserve	-	-	15	-	-	-	(15)	-	-	-
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	25,866	25,866
Special interim dividends (Note 23(b))	-	-	-	-	-	-	(45,574)	(45,574)	-	(45,574)
Deregistration of a subsidiary	-	-	-	-	-	-	-	-	(14,007)	(14,007)
Balance at 31 December 2024	3,634	51,487	47,799	680,422	5,085	(19,068)	(18,214)	751,145	327,284	1,078,429

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Statutory reserve	Other reserve	Share-based compensation reserve	Exchange reserve	Accumulated losses	Total	Non-controlling interests	Total
	Note 23(c)	Note 23(d)(i)	Note 23(d)(ii)	Note 23(d)(iii)	Note 23(d)(iv)	Note 23(d)(v)				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2025	3,634	51,487	47,799	680,422	5,085	(19,068)	(18,214)	751,145	327,284	1,078,429
Changes in equity for 2025:										
Loss for the year	-	-	-	-	-	-	(36,143)	(36,143)	(4,085)	(40,228)
Other comprehensive income	-	-	-	-	-	(898)	-	(898)	-	(898)
Total comprehensive income	-	-	-	-	-	(898)	(36,143)	(37,041)	(4,085)	(41,126)
Appropriation to statutory reserve	-	-	185	-	-	-	(185)	-	-	-
Balance at 31 December 2025	3,634	51,487	47,984	680,422	5,085	(19,966)	(54,542)	714,104	323,199	1,037,303

The notes on pages 88 to 156 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025
(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Operating activities			
Cash generated from operations	17(b)	15,342	(245,684)
PRC Corporate Income Tax paid		–	(4,834)
Net cash generated from/(used in) operating activities		15,342	(250,518)
Investing activities			
Payment for the purchase of property, plant and equipment		(115,894)	(177,557)
Payment for acquisition of interests in associates		(300)	(300)
Interest received		630	2,746
Advance to non-controlling interests		(7,200)	(8,000)
Proceeds from disposal of a subsidiary, net of cash disposed of		–	55,861
Net cash outflow upon deregistration of a subsidiary		–	(10,331)
Net cash inflow upon derecognition of associates		–	21,837
Dividends received from associates		5,633	8,400
Proceeds from redemption of other investments		–	13,800
Capital returned from an associate	13(i)	4,800	–
Net cash used in investing activities		(112,331)	(93,544)
Financing activities			
Capital element of lease rentals paid	17(c)	(2,257)	(2,170)
Interest element of lease rentals paid	17(c)	(75)	(179)
Proceeds of bank loans and other borrowings	17(c)	221,701	295,593
Repayment of bank loans and other borrowings	17(c)	(172,124)	(51,000)
Capital injection from non-controlling interests		–	25,866
Borrowing costs paid	17(c)	(9,108)	(5,077)
Dividends paid to equity shareholders of the Company		–	(45,574)
Net cash generated from financing activities		38,137	217,459
Net decrease in cash and cash equivalents		(58,852)	(126,603)
Cash and cash equivalents at 1 January		185,756	313,720
Effect of foreign exchange rate changes		(91)	(1,361)
Cash and cash equivalents at 31 December	19(a)	126,813	185,756

The notes on pages 88 to 156 form part of these financial statements.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Accounting Standards (“**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the “**Group**”) and the Group’s interests in associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- contingent consideration receivables (see Note 16).

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 2.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies

The Group has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests (“**NCI**”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets.

NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Note 1(n) or (o) depending on the nature of the liability.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(d) Subsidiaries and non-controlling interests (continued)

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 1(i)(ii)).

(e) Associates

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over the financial and operating policies.

An interest in an associate is accounted for using the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("**OCI**") of those investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the ECL model to such other long-term interests where applicable (see Note 1(i)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate is stated at cost less impairment losses (see Note 1(i)(ii)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment

Property, plant and equipment, including right-of-use assets, are stated at cost less accumulated depreciation and impairment losses (see Note 1(i)(ii)).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual value, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

- Toll station and ancillary equipment 5 – 10 years
- Motor vehicles 5 years
- Furniture and fixtures 5 years
- Other properties leased for own use are depreciated over the shorter of the unexpired term of lease and their estimated useful lives.

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(g) Intangible asset – service concession arrangement

The Group has entered into contractual service arrangement with local government authorities for its participation in the construction, operation and management of an expressways in Mainland China. The Group carries out the construction of an expressways for the granting authorities and receives in exchange for the right to operate the expressways concerned and the entitlement to toll fees collected from users of the concession infrastructure.

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. The concession grantor has not provided any contractual guarantee in respect of the amounts of construction costs incurred to be recoverable. Intangible assets received as consideration for providing construction work and project management services in a service concession arrangement are measured at fair value upon initial recognition. Subsequent to initial recognition the intangible asset is measured at cost less accumulated amortisation and impairment losses (see Note 1(i)(ii)).

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(g) Intangible asset – service concession arrangement (continued)

Land collection costs incurred in conjunction with the service concession arrangement are recognised as intangible asset acquired under the service concession arrangement.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of the intangible asset arising from a service concession arrangement on a unit of usage basis whereby amortisation is provided based on the proportion of actual traffic volume for a particular period over the total projected traffic volume throughout the periods within which the Group is granted the rights to operate those expressways. It is the Group's policy to review regularly the total projected traffic volume throughout the operative periods of the respective expressways. If it is considered appropriate, independent professional traffic studies will be performed. Appropriate adjustment will be made should there be a material change. Where an item of infrastructure assets included in the intangible asset arising from a service concession arrangement has different period of expected future economic benefits flowing to the Group than the concession period, it is amortised separately.

Both the period and method of amortisation are reviewed annually.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(h) Leased assets (continued)

(i) As a lessee (continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 1(f) and 1(i)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost. Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(h) Leased assets (continued)

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 1(s)(iii).

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (“**ECL**”s) on financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables and amounts due from related parties).

Financial assets measured at fair value are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect of discounting is material:

- fixed-rate financial assets, and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Measurement of ECLs (continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than (2 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Significant increases in credit risks

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Significant increases in credit risk (continued)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments (continued)

Credit-impaired financial assets (continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter into bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- intangible asset – service concession arrangement; and
- investments in subsidiaries and associates in the Company's statement of financial position.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(i) Credit losses and impairment of assets (continued)

(ii) Impairment of other assets (continued)

If any such indication exists, the asset's recoverable amount is estimated.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest Group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or Group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– *Reversals of impairment losses*

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Note 1(i)(i)).

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(j) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 1(s)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 1(l)).

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are subsequently stated at amortised cost (see Note 1(i)(i)).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see Note 1(i)(i)).

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 1(u).

(p) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

Restricted shares

The difference between the granted price and the fair value of the restricted shares granted to employees is recognised as an employee cost with a corresponding increase in share-based compensation reserve within equity. The fair value of the restricted shares is measured at date of grant by reference to the market price or the valuer's valuation of the underlying shares. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the restricted shares, the total difference between the granted price and the fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(p) Employee benefits (continued)

(ii) Share-based payments (continued)

Share options

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(q) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(r) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pretax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Toll revenue

The Group's toll revenue is measured based on the consideration the Group expects to be entitled from the contract with the customer and excludes those amounts collected on behalf of third parties. The Group recognises toll revenue when the vehicles go through the Expressway and pass the toll stations, which means it transfers control over services to customers. Due to the implementation of unified toll collection policy on the Expressway, the settlement period of the toll revenue from toll road operation is normally within a month.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(s) Revenue and other income (continued)

(ii) Sale of liquor and spirits

Revenue is recognised at the point in time when the Group transfers control over a product to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any sales return and volume rebates.

The Group offers retrospective volume rebates to certain customers when their purchases reach an agreed threshold. Such volume rebates give rise to variable consideration. The Group uses an expected value approach to estimate variable consideration based on the Group's current and future performance expectations and all information that is reasonably made available. This estimated amount is included in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. At the time of sale of liquor and spirits, the Group recognises revenue after taking into account adjustment to transaction price arising from returns and rebates as mentioned above. A liability is recognised for the expected returns and rebates and is included in other payables, accruals and contract liabilities (see Note 1(k)).

(iii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(s) Revenue and other income (continued)

(v) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(vi) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(t) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB, the Group's presentation currency, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(v) Dividend distribution

Dividend distribution to the Company's ordinary shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, when appropriate.

(w) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES (continued)

(w) Related parties (continued)

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 ACCOUNTING JUDGEMENT AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing the financial statements. The principal accounting policies are set forth in Note 1. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

(a) Amortisation of intangible asset – service concession arrangement

The Group applied HK (IFRIC) Interpretation 12 and recognised intangible asset – service concession arrangement and provides amortisation thereon.

Amortisation of intangible asset – service concession arrangement is provided on unit of usage basis as set out in accounting policy in Note 1(g). Material adjustments may need to be made to the carrying amounts of intangible assets – service concession arrangement should there be a material difference between total projected traffic volume and the actual results.

The directors perform a periodic assessment of the total projected traffic volume and will prospectively adjust the amortisation unit according to revised projected traffic volume.

(b) Impairment of property, plant and equipment and intangible assets

If circumstances indicate that the carrying amount of property, plant and equipment and intangible assets may not be recoverable, these assets may be considered “impaired” and an impairment loss may be recognised in profit or loss. The carrying amounts of these assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs to sell and the value in use. In determining the value in use, the expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to the level of future toll revenue and the amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of toll revenue and the amount of operating costs, and discount rate.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the trading of liquor and spirits and construction, operation and management of the First Phase of Qing Ping Expressway (the “Qing Ping Expressway”) in Mainland China. Further details regarding the Group’s principal activities are disclosed in Note 3(b).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by each significant category is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Toll income	66,257	69,530
– Sales of liquor and spirits	74,155	128,615
	140,412	198,145

Since the Group’s revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to a single geographical region, which is Mainland China. Therefore, no analysis by geographical regions is presented.

All the above revenue of the Group were recognised at a point in time.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (continued)

(a) Revenue (continued)

(i) Disaggregation of revenue (continued)

During the year ended 31 December 2025, the Group's customers with whom transactions have exceeded 10% of the Group's revenue are set out below:

	2025 RMB'000	2024 RMB'000
Customer A ^(aa)	N/A*	52,823
Customer B ^(aa)	8,243	N/A*
Customer C ^(aa)	9,610	N/A*

* Transactions with these customers did not exceed 10% of the Group's revenue in the respective years.

(aa) Revenue from liquor and spirits segment.

Details of concentration of credit risks of the Group are set out in Note 25(a).

(ii) Performance obligations for contracts with customers

Information about the Group's performance obligations is summarised below:

Toll income

The performance obligation is satisfied when the relevant services have been provided upon the completion of passing through the expressway.

Sales of liquor and spirits

The performance obligation is satisfied upon delivery of the products and payment in advance is normally required.

All contracts with customers related to sales of liquor and spirits have original expected duration of less than one year and therefore information about their remaining performance obligations is not disclosed.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geographical location. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments.

- Qing Ping Expressway, construction, operation and management of the Qing Ping Expressway;
- Liquor and spirits, mainly distribution of Huamaojiu.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of deferred tax assets and other corporate assets. Segment liabilities include all liabilities with the exception of corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2025 and 2024 is set out below.

	For the year ended 31 December 2025		
	Qing Ping Expressway RMB'000	Liquor and spirits RMB'000	Total RMB'000
Reportable segment revenue	66,257	74,155	140,412
Reportable segment profit/(loss) (adjusted EBITDA)	24,978	(4,354)	20,624
Interest income from bank deposits	145	67	212
Interest expense	–	(5,185)	(5,185)
Depreciation and amortisation for the year	(30,783)	(6,862)	(37,645)
As at 31 December 2025			
Reportable segment assets	169,856	1,283,520	1,453,376
Reportable segment liabilities	10,943	427,980	438,923

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

	For the year ended 31 December 2024		
	Qing Ping Expressway RMB'000	Liquor and spirits RMB'000	Total RMB'000
Reportable segment revenue	69,530	128,615	198,415
Reportable segment profit (adjusted EBITDA)	26,688	23,388	50,076
Interest income from bank deposits	240	1,051	1,291
Interest expense	–	(5,048)	(5,048)
Depreciation and amortisation for the year	(31,957)	(7,263)	(39,220)
As at 31 December 2024			
Reportable segment assets	174,235	1,233,779	1,408,014
Reportable segment liabilities	9,662	361,786	371,448

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(ii) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	2025 RMB'000	2024 RMB'000
Revenue		
Reportable segment revenue	140,412	198,145
Consolidated revenue (Note 3(a))	140,412	198,145
Profit		
Reportable segment profit (adjusted EBITDA)	20,624	50,076
Reportable segment profit derived from Group's external customers and associates	20,624	50,076
Other revenue	1,380	1,291
Other net (loss)/income	(3,728)	453
Depreciation and amortisation	(38,456)	(39,888)
Finance costs	(5,200)	(5,102)
Unallocated head office and corporate expenses	(18,059)	(16,051)
Consolidated loss before taxation	(43,439)	(9,221)
Assets		
Reportable segment assets	1,453,376	1,408,014
Elimination of inter-segment receivables	(57,015)	(46,215)
	1,396,361	1,361,799
Deferred tax assets	280	266
Unallocated head office and corporate assets	29,090	50,744
Consolidated total assets	1,425,731	1,412,809
Liabilities		
Reportable segment liabilities	438,923	371,448
Elimination of inter-segment payables	(57,015)	(46,215)
	381,908	325,233
Current taxation	2,459	5,775
Unallocated head office and corporate liabilities	4,061	3,372
Consolidated total liabilities	388,428	334,380

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

4 OTHER REVENUE AND NET LOSS

	2025 RMB'000	2024 RMB'000
Other revenue		
Billboard rental income	750	882
Interest income from bank deposits	630	1,944
Income from wealth management product	–	318
	1,380	3,144
Other net loss		
Net foreign exchange gain/(loss)	887	(2,715)
Change in fair value of contingent consideration receivables	(8,341)	239
Gain/(loss) on disposal of property, plant and equipment	322	(12)
Gain on derecognition of associates	–	427
Government grants	2,761	–
Others	643	465
	(3,728)	(1,596)

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs:

	2025 RMB'000	2024 RMB'000
Interest on bank loans and other borrowings	10,016	5,362
Less: interest expense capitalised into construction in progress*	(4,891)	(439)
	5,125	4,923
Interest on lease liabilities	75	179
	5,200	5,102

* The borrowing costs have been capitalised at a rate of 3.30%-3.65% per annum (2024: 3.65% per annum).

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

5 LOSS BEFORE TAXATION (continued)

(b) Staff costs (including directors' emoluments (Note 7)):

	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	46,211	34,342
Contributions to defined contribution retirement plans	4,231	3,345
	50,442	37,687

Pursuant to the relevant labour rules and regulations in Mainland China, Mainland China subsidiaries participate in a defined contribution retirement benefit scheme ("the Scheme") organised by the local authority whereby Mainland China subsidiaries are required to make contributions to the Scheme at a fixed rate announced annually by the municipal government. The municipal government is responsible for the entire pension obligations payable to the retired employees.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

There is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

The Group has no other material obligation for the payment of pension benefits associated with the schemes referred to above beyond the annual contributions described above.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

5 LOSS BEFORE TAXATION (continued)

(c) Other items:

	2025 RMB'000	2024 RMB'000
Auditors' remuneration		
– annual audit service	1,236	1,140
– interim review service	412	411
	1,648	1,551
Depreciation charge		
– owned property, plant and equipment	2,687	2,239
– right-of-use assets	6,113	6,586
Amortisation		
– Qing Ping Expressway	29,656	31,063
Cost of inventories recognised as expense (Note 14)	55,496	91,859

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2025 RMB'000	2024 RMB'000
Current tax – PRC Corporate Income tax		
– Provision for the year	133	3,022
– Withholding tax	1,080	2,400
– Over-provision in respect of prior years	(4,410)	(1,254)
	(3,197)	4,168
Deferred tax		
– Origination and reversal of temporary differences	(14)	(104)
	(3,211)	4,064

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

(a) Taxation in the consolidated statement of profit or loss represents: (continued)

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.
- (ii) No provision has been made for Hong Kong Profits Tax as the Group did not have assessable profits subject to Hong Kong Profits Tax during the years ended 31 December 2025 and 2024.
- (iii) Pursuant to the income tax rules and regulations of the PRC, the subsidiaries in Mainland China are subject to PRC corporate income tax at a rate of 25% (2024: 25%) on its assessable profits.
- (iv) The PRC CIT Law and its implementation rules impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividends distributed by PRC-resident enterprises to their non-PRC-resident corporate investors for profits earned since 1 January 2008. Under the Sino-Hong Kong Double Tax Arrangement, a qualified Hong Kong tax resident is entitled to a reduced withholding tax rate of 5% if the Hong Kong tax resident is the “beneficial owner” and holds 25% or more of the equity interest of the PRC enterprise directly.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)

(b) Reconciliation between income tax and accounting loss at applicable tax rates:

	2025 RMB'000	2024 RMB'000
Loss before taxation	(43,439)	(9,221)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	(9,060)	(918)
Tax effect of non-deductible expenses	3,794	3,275
Tax effect of non-taxable income	(1,781)	(3,460)
Tax effect on unused tax losses not recognised	8,187	4,075
Tax effect of utilisation of tax losses not recognised in previous years	(1,007)	(57)
Over-provision in respect of prior years	(4,410)	(1,255)
PRC withholding tax	1,080	2,400
Others	(14)	4
Income tax	(3,211)	4,064

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

7 DIRECTORS' EMOLUMENTS

The details of directors' emoluments are disclosed as follows:

2025	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Share-based payments expenses RMB'000	Total RMB'000
<i>Executive directors</i>						
Chan Yeung Nam	960	–	–	–	–	960
Fu Jie Pin	659	–	–	–	–	659
Liu Bao Hua	494	–	–	–	–	494
Zhang Tinghui (appointed on 8 October 2025)	101	–	–	–	–	101
<i>Independent non-executive directors</i>						
Lam Hon Kuen	109	–	–	–	–	109
Chu Kin Wang, Peleus	120	–	–	–	–	120
Hu Lie Ge	50	–	–	–	–	50
Total	2,493	–	–	–	–	2,493

2024	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Share-based payments expenses RMB'000	Total RMB'000
<i>Executive directors</i>						
Chan Yeung Nam	960	–	–	–	–	960
Fu Jie Pin	657	–	–	–	–	657
Liu Bao Hua	493	–	–	–	–	493
<i>Independent non-executive directors</i>						
Lam Hon Kuen	109	–	–	–	–	109
Chu Kin Wang, Peleus	120	–	–	–	–	120
Hu Lie Ge	50	–	–	–	–	50
Total	2,389	–	–	–	–	2,389

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2024: two) are directors whose emoluments are disclosed in Note 7 above.

The aggregate of the emoluments in respect of the remaining three (2024: three) individuals is as follows:

	2025	2024
	RMB'000	RMB'000
Salaries and other emoluments	4,357	4,342
Discretionary bonuses	–	456
Retirement scheme contributions	49	49
	4,406	4,847

The emolument of the three (2024: three) individuals with the highest emolument is within the following bands:

	2025	2024
	Number of	Number of
	individuals	individuals
RMBNil – RMB1,000,000	2	2
RMB1,000,001 – RMB2,000,000	–	–
RMB2,000,001 – RMB3,000,000	1	–
RMB3,000,001 – RMB4,000,000	–	1

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

9 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share has been based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

(i) Loss attributable to ordinary shareholders of the Company (basic)

	2025 RMB'000	2024 RMB'000
Loss attributable to ordinary shareholders of the Company	(36,143)	(8,514)

(ii) Weighted-average number of ordinary shares (basic)

	2025 '000	2024 '000
Weighted average number of ordinary shares for the year	412,608	412,608

(b) Diluted loss per share

There are no dilutive ordinary shares in issue for the years ended 31 December 2025 and 2024. The diluted loss per share are equal to the basic loss per share.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

10 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Land use rights RMB'000	Toll station and ancillary equipment RMB'000	Motor vehicles RMB'000	Furniture and fixtures RMB'000	Other properties leased for own use RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2024	177,300	5,591	2,704	5,398	7,530	26,413	224,936
Additions	5,011	739	569	536	3,667	216,099	226,621
Disposals	-	(28)	(210)	-	(6,275)	-	(6,513)
Exchange adjustments	-	-	-	-	26	-	26
At 31 December 2024	182,311	6,302	3,063	5,934	4,948	242,512	445,070
At 1 January 2025	182,311	6,302	3,063	5,934	4,948	242,512	445,070
Additions	10	971	654	-	1,194	113,799	116,628
Disposals	-	(30)	-	(306)	(1,282)	-	(1,618)
Exchange adjustments	-	-	-	-	(10)	-	(10)
At 31 December 2025	182,321	7,243	3,717	5,628	4,850	356,311	560,070
Accumulated depreciation:							
At 1 January 2024	1,206	2,406	1,457	2,612	6,091	-	13,772
Charge for the year	3,878	849	354	1,036	2,708	-	8,825
Written back on disposals	-	(26)	(199)	-	(6,275)	-	(6,500)
Exchange adjustments	-	-	-	-	(1)	-	(1)
At 31 December 2024	5,084	3,229	1,612	3,648	2,523	-	16,096
At 1 January 2025	5,084	3,229	1,612	3,648	2,523	-	16,096
Charge for the year	3,720	1,301	461	925	2,393	-	8,800
Written back on disposals	-	(28)	-	(158)	(1,282)	-	(1,468)
At 31 December 2025	8,804	4,502	2,073	4,415	3,634	-	23,428
Net book value:							
At 31 December 2025	173,517	2,741	1,644	1,213	1,216	356,311	536,642
At 31 December 2024	177,227	3,073	1,451	2,286	2,425	242,512	428,974

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(Expressed in Renminbi unless otherwise indicated)

10 PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying assets is as follows:

	2025 RMB'000	2024 RMB'000
Land use rights	173,517	177,227
Other properties leased for own use, carried at depreciated cost	1,216	2,425

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Land use rights	3,720	3,878
Other properties leased for own use	2,393	2,708
Interest on lease liabilities (Note 5(a))	75	179

During the year, additions to right-of-use assets were RMB1,204,000 (2024: RMB8,678,000). This amount primarily related to the capitalised lease payments payable under new tenancy agreements (2024: RMB5,011,000 related to purchase of land use rights and the remainder primarily related to the capitalised lease payments payable under new tenancy agreements).

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 17(d) and 21, respectively.

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11 INTANGIBLE ASSET – SERVICE CONCESSION ARRANGEMENT

	2025 RMB'000	2024 RMB'000
Cost:		
At 1 January and 31 December	653,638	653,638
Accumulated amortisation:		
At 1 January	604,504	573,441
Charge for the year	29,656	31,063
At 31 December	634,160	604,504
Net book value:		
At 31 December	19,478	49,134

The service concession arrangement represents the Group's rights to operate the Qing Ping Expressway and receive toll fees therefrom.

As at 31 December 2025, there was no indication of impairment of the Group's intangible assets and no provision for impairment of intangible assets was required (2024: Nil).

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12 INTERESTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place and date of incorporation/ establishment	Principal place of operation	Type of legal entity under PRC law	Issued and fully paid/ registered capital	Proportion of ownership interest			Principal activities
					Group's effective interest	Held by the company	Held by a subsidiary	
Top Talent Holdings Limited ("Top Talent")	BVI 18 March 2003	Hong Kong	N/A	US\$1/US\$50,000	100%	100%	–	Investment holding
Shenzhen Huayu Expressway Investment Co., Ltd. ("Qingping")*	Mainland China 22 December 2002	Mainland China	Limited liability company	RMB150,000,000/ RMB150,000,000	60%	–	60%	Construction, operation and management of an expressway in the PRC
Shenzhen Huayu Wine Development Co., Ltd. ("Wine Development")*	Mainland China 25 January 2013	Mainland China	Limited liability company	HK\$400,000,000/ HK\$400,000,000	100%	–	100%	Distribution of liquor and spirits
Huayu Healthy Wine (Shenzhen) Co., Ltd. ("Healthy Wine")*	Mainland China 24 August 2018	Mainland China	Limited liability company	RMB50,000,000/ RMB50,000,000	77%	–	77%	Distribution of liquor and spirits
Guizhou Renhuai Huayu Liquor Co., Ltd. ("Guizhou Renhuai")*	Mainland China 17 February 2022	Mainland China	Limited liability company	RMB476,000,000/ RMB476,000,000	53.57%	–	53.57%	Winemaking and other related business

* These entities are established in Mainland China. The English translation of the Companies' names are for references only. The official names are in Chinese.

None of the subsidiaries had issued any debt securities at the end of the year.

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12 INTERESTS IN SUBSIDIARIES (continued)

The following table lists out the information relating to subsidiaries of the Group which has material non-controlling interest (“NCI”).

	Guizhou Renhuai RMB'000	2025 Qingping RMB'000	Healthy Wine RMB'000
NCI percentage	46.43%	40%	23%
Current assets	170,367	147,387	329,579
Non-current assets	530,956	22,469	10,658
Current liabilities	(55,223)	(10,943)	(188,387)
Non-current liabilities	(182,759)	–	–
Net assets	463,341	158,913	151,850
Carrying amount of NCI	215,123	63,565	34,926
Revenue	1,149	66,257	58,887
Loss for the year	(4,553)	(5,660)	(4,762)
Total comprehensive income	(4,553)	(5,660)	(4,762)
Loss allocated to NCI	(2,114)	(2,264)	(1,095)
Cash flows from operating activities	(40,155)	26,330	67,846
Cash flows from investing activities	(105,364)	(19,000)	10,139
Cash flows from financing activities	111,852	–	(73,842)

	Guizhou Renhuai RMB'000	2024 Qingping RMB'000	Healthy Wine RMB'000
NCI percentage	46.43%	40%	23%
Current assets	166,902	121,927	355,423
Non-current assets	421,163	52,309	23,029
Current liabilities	(48,704)	(9,662)	(221,482)
Non-current liabilities	(71,469)	–	(358)
Net assets	467,892	164,574	156,612
Carrying amount of NCI	217,236	65,830	36,021
Revenue	755	69,530	97,591
(Loss)/profit for the year	(4,791)	(5,028)	19,884
Total comprehensive income	(4,791)	(5,028)	19,884
(Loss)/profit allocated to NCI	(2,224)	(2,011)	4,573
Cash flows from operating activities	(78,720)	27,650	(192,008)
Cash flows from investing activities	(175,734)	(19,418)	35,838
Cash flows from financing activities	97,976	–	123,367

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(Expressed in Renminbi unless otherwise indicated)

13 INTERESTS IN ASSOCIATES

The following list contains the particulars of the associates, all of which are unlisted corporate entities whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Group's effective interest	Proportion of ownership interest		Principal activity
					Held by the Company	Held by a subsidiary	
貴州華昱深黔酒業有限公司 Guizhou Huayu Shengqian Liquor Co., Ltd.** (note (i))	Incorporated	Mainland China	RMB10,000,000	48.0%	–	48.0%	Sales of liquor and spirits
北京華昱盛京酒業有限公司 Beijing Huayu Shengjing Liquor Co., Ltd.**	Incorporated	Mainland China	RMB10,000,000	28.0%	–	28.0%	Sales of liquor and spirits
廣東華昱粵海酒業有限公司 Guangdong Huayu Yuehai Liquor Co., Ltd.*	Incorporated	Mainland China	RMB10,000,000	42.0%	–	42.0%	Sales of liquor and spirits
華嘉酒業(深圳)有限公司 Huajia Winery (Shenzhen) Co., Ltd. ("Huajia Winery")*	Incorporated	Mainland China	RMB400,000,000	28.0%	–	28.0%	Sales of liquor and spirits and investment holding
深圳市德駿酒業有限公司 Shenzhen Dejun Liquor Co., Ltd.*	Incorporated	Mainland China	RMB10,000,000	30.0%	–	30.0%	Sales of liquor and spirits

* *These entities are established in Mainland China. The English translation of the Companies' names are for references only. The official names are in Chinese.*

In liquidation and deregistration

Note (i) *During the year ended 31 December 2025, the Group received RMB4,800,000 as return of capital from this associate in the process of liquidation. The liquidation process of this associate is still ongoing as at the reporting date.*

All of the above associates are accounted for using the equity method in the consolidated financial statements.

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13 INTERESTS IN ASSOCIATES (continued)

Summarised financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	Huajia Winery 2025 RMB'000	Huajia Winery 2024 RMB'000
Gross amounts of the associate		
Current assets	3,809	3,770
Non-current assets	486,183	510,576
Current liabilities	–	–
Net assets	489,992	514,346
Revenue	–	–
(Loss)/profit for the year	(24,354)	43,325
Total comprehensive income	(24,354)	43,325
Dividends received during the year	–	8,400
Reconciled to the Group's interests in the associates		
Gross amounts of net assets of the associate	489,992	514,346
Group's effective interest	28.0%	28.0%
Carrying amount in the consolidated financial statements	137,198	144,017

Aggregate information of associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	9,460	19,562
Dividends received during the year	5,633	–
Aggregate amounts of the Group's share of those associates'		
Profit/(loss) for the year	31	(684)
Other comprehensive income	–	–
Total comprehensive income	31	(684)

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14 INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	8,867	7,067
Work in progress – Base liquor	44,103	–
Finished goods	348,822	383,541
	401,792	390,608

The amount of inventories recognised as an expense and included in profit or loss is RMB55,496,000 (2024: RMB91,859,000).

15 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

(a) Trade and other receivables

	2025 RMB'000	2024 RMB'000
Trade receivables (note (i))	1,251	4,840
Other receivables	12,417	5,553
Financial assets at amortised cost	13,668	10,393

- (i) Trade receivables represent toll revenue receivables from toll road operations. At 31 December 2025, all of toll revenue receivables are aged within one month and the settlement period of the toll revenue receivables is normally within a month due to the implementation of unified toll collection policy on the expressway.

There was no recent history of default in respect of the Group's debtors. Since the debtors are local government authorities and government agencies in Mainland China and based on past experience, management believes that no impairment allowance is necessary in respect of the trade receivables as there has not been a significant change in credit quality and the balances are still considered fully recoverable. No impairment loss was recognised by the Group at 31 December 2025 (2024: Nil).

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15 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS (continued)

(b) Prepayments

	2025 RMB'000	2024 RMB'000
Prepayments for:		
– suppliers (note i)	43,273	48,145
– subcontractors (note ii)	34,147	36,563
	77,420	84,708
Less: amounts shown under non-current assets	(34,147)	(36,563)
Amounts shown under current assets	43,273	48,145

(i) The balance mainly represented prepayment to suppliers of liquor and spirits business.

(ii) The balance represented the prepayments to subcontractors for the construction project of a winery production plant in Guizhou, PRC.

16 CONTINGENT CONSIDERATION RECEIVABLES

	2025 RMB'000	2024 RMB'000
At fair value:		
At beginning of the year	21,193	84,040
Repayment during the year	–	(63,086)
Fair value change	(8,341)	239
At end of the year	12,852	21,193
	2025 RMB'000	2024 RMB'000
Analysed for reporting purpose		
Contingent consideration receivables		
– Current	12,852	545
– Non-current	–	20,648
	12,852	21,193

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

16 CONTINGENT CONSIDERATION RECEIVABLES (continued)

Reference is made to the Group's 2024 Annual Report. Pursuant to the Disposal Agreement, the Consideration in respect of disposal of Daoyue would be settled in three instalments. The first instalment of approximately RMB444,562,000 and the second instalment of RMB63,086,000 were received during the year ended 31 December 2023 and 2024, respectively. The third instalments of the Consideration will be received upon fulfilment (or waiver) of the conditions precedent and adjusted in accordance with Estimated Adjustments as set out in Note 7 on Page 106 of the Group's 2024 Annual Report ("Consideration Receivables"). Accordingly, the Group recognised the Consideration Receivables as contingent consideration receivables.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss.

The fair value of contingent consideration receivables is calculated as Consideration less Estimated Adjustments and discounted at an effective interest rate of 3% (2024: 3.1%) per annum by using discounted cash flow approach.

As at 31 December 2025, considering the progress of fulfilment of the conditions to the settlement of the Consideration Receivables, the directors assessed that the third instalment of Consideration Receivables will be recovered in one year.

At 31 December 2025 and 2024, the contingent consideration receivables fall into "Level 3 valuations" as defined in HKFRS 13, *Fair Value Measurement*. The significant unobservable input of the Level 3 valuations is the discount factor. The increase in discount rate used would also result in decrease in fair value measurement of contingent consideration receivable. A 5% increase or decrease in the discount rate used while holding all other variables constant would decrease or increase in the carrying amount of contingent consideration receivable by approximately RMB7,460 or RMB7,480 (2024: RMB33,600 or RMB33,700), respectively.

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(Expressed in Renminbi unless otherwise indicated)

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2025 RMB'000	2024 RMB'000
Cash at bank and on hand	126,813	185,756

(b) Reconciliation of loss before taxation to cash generated from/(used in) operating activities:

	Note	2025 RMB'000	2024 RMB'000
Loss before taxation		(43,439)	(9,221)
Adjustments for:			
– Depreciation	10(a)	8,800	8,825
– Amortisation	11	29,656	31,063
– Finance costs	5(a)	5,200	5,102
– Interest income from bank and income from wealth management product		(630)	(2,262)
– Loss on disposal of property, plant and equipment	4	(322)	12
– Gain on derecognition of associates	4	–	(427)
– Share of profits less losses of associates		6,788	(12,526)
– Foreign exchange (gain)/loss		(887)	2,715
– Change in fair value of contingent consideration receivables	4	8,341	(239)
Changes in working capital:			
Increase in inventories		(11,184)	(133,980)
Decrease in trade and other receivables (including value added tax receivables, prepayments and amounts due from related parties)		(1,851)	(25,592)
Increase/(decrease) in accruals and other payables		2,455	(42,680)
Increase/(decrease) in amounts due to related parties		13,007	(1,528)
Decrease in contract liabilities		(592)	(64,946)
Cash generated from/(used in) operating activities		15,342	(245,684)

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(c) Reconciliation of liabilities arising from financing activities:

	Bank loans and other borrowings RMB'000 (Note 20)	Interest payable RMB'000	Lease liabilities RMB'000 (Note 21)	Total RMB'000
At 1 January 2025	244,593	204	2,928	247,725
Changes from financing cash flows:				
Repayment of bank loans	(172,124)	–	–	(172,124)
Proceeds from new bank loan	221,701	–	–	221,701
Borrowing costs paid	–	(9,108)	–	(9,108)
Capital element of lease rentals paid	–	–	(2,257)	(2,257)
Interest element of lease rentals paid	–	–	(75)	(75)
Total changes from financing cash flows	49,577	(9,108)	(2,332)	38,137
Exchange adjustments	–	–	(31)	(31)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	–	1,194	1,194
Interest expenses (Note 5(a))	–	5,125	75	5,200
Capitalised borrowing costs	–	4,891	–	4,891
Total other changes	–	10,016	1,269	11,285
At 31 December 2025	294,170	1,112	1,834	297,116

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17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(c) Reconciliation of liabilities arising from financing activities: (continued)

	Bank loans and other borrowings RMB'000 (Note 22)	Interest payable RMB'000	Lease liabilities RMB'000 (Note 23)	Total RMB'000
At 1 January 2024	–	–	1,459	1,459
Changes from financing cash flows:				
Repayment of bank loans	(51,000)	–	–	(51,000)
Proceeds from new bank loan	295,593	–	–	295,593
Borrowing costs paid	–	(5,077)	–	(5,077)
Capital element of lease rentals paid	–	–	(2,170)	(2,170)
Interest element of lease rentals paid	–	–	(179)	(179)
Total changes from financing cash flows	244,593	(5,077)	(2,349)	237,167
Exchange adjustments	–	–	(28)	(28)
Other changes:				
Increase in lease liabilities from entering into new leases during the year	–	–	3,667	3,667
Interest expenses (Note 5(a))	–	4,923	179	5,102
Capitalised borrowing costs	–	358	–	358
Total other changes	–	5,281	3,846	9,127
At 31 December 2024	244,593	204	2,928	247,725

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(Expressed in Renminbi unless otherwise indicated)

17 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (continued)

(d) Total cash outflow for leases:

Amounts included in the statement of cash flows for leases comprises the following:

	2025 RMB'000	2024 RMB'000
Within operating cash flows	370	350
Within financing cash flows	2,332	2,349
	2,702	2,699

These amounts relate to the following:

	2025 RMB'000	2024 RMB'000
Lease rentals paid	2,702	2,699

18 ACCRUALS AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Construction payables	41,445	49,131
Payroll and other staff benefits payable	6,866	6,976
VAT and surcharges	340	606
Other payables	15,234	10,706
	63,885	67,419

All of the accruals and other payables are expected to be settled or recognised as income within one year.

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19 CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Advances from sales of liquor and spirits	12,016	12,608

The Group receives deposits from customers, which are recognised as contract liabilities until control over the goods were transferred to the customers.

Typical payment terms which impact on the amount of contract liabilities are the receipts in advance for the sales of liquor and spirits.

All the contract liabilities as at 31 December 2024 are recognised as revenue during the year ended 31 December 2025. The Group expects that the contract liabilities as at 31 December 2025 will be recognised as revenue within one year.

20 BANK LOANS AND OTHER BORROWINGS

	2025 RMB'000	2024 RMB'000
Current liabilities		
Current portion of long-term secured bank loans (Note (i))	2,000	17,000
Short-term secured bank loans (Note (iv))	28,000	–
Short-term unsecured bank loans (Note (ii))	33,994	23,000
Other borrowings (Note (iii))	47,417	105,124
Subtotal	111,411	145,124
Non-current liabilities		
Long-term secured bank loans (Notes (i) and (iv))	182,759	99,469
Total	294,170	244,593

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20 BANK LOANS AND OTHER BORROWINGS (continued)

At 31 December 2025, the bank loans and other borrowings was repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year or on demand	111,411	145,124
After 1 year but within 2 years	2,000	30,000
After 2 years but within 5 years	80,000	52,000
More than 5 years	100,759	17,469
	294,170	244,593

Other major terms of the bank loans and other borrowings are as follows:

Notes:

- (i) At 31 December 2025, secured bank loans of approximately RMB185 million (31 December 2024: RMB72 million) were guaranteed by the Company, certain subsidiaries and certain directors of a subsidiary, interest-bearing at 3.30% (31 December 2024: 3.65%) per annum and repayable within 9 years (31 December 2024: 10 years). In addition to the above, the loans were secured by the Group's land and buildings with carrying amount of approximately RMB467 million (31 December 2024: approximately RMB356 million).
- (ii) At 31 December 2025, the short-term bank loans were unsecured, interest-bearing at 2.3% to 3.5% (31 December 2024: 2.3% to 3.7%) per annum and repayable within one year. The bank loans were guaranteed by the Company and a director of a subsidiary.
- (iii) At 31 December 2025, the borrowings from a supplier of approximately RMB18 million (31 December 2024: RMB105 million) were secured by the Group's inventories with equivalent amounts of the loans outstanding, interest-bearing at 3.7% (31 December 2024: 3.8%) per annum and repayable within one year.
- At 31 December 2025, the borrowings from other independent third parties of approximately RMB29 million (31 December 2024: Nil) were unsecured, interest-bearing at 5% per annum and repayable within one year.
- (iv) At 31 December 2025, secured bank loans of approximately RMB28 million (31 December 2024: RMB44 million) were guaranteed by the Company and a director of a subsidiary, interest-bearing at 4.8% (31 December 2024: 4.8%) per annum and repayable within 1 year (31 December 2024: 2 years). In addition to the above, the bank loans were secured by the Company's equity interests in Qingping.

The Group has complied with the financial covenants of its bank loans and other borrowings facilities during the current reporting period.

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21 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods:

	2025		2024	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	1,231	1,303	2,388	2,464
After 1 year but within 2 years	603	592	540	545
	1,834	1,895	2,928	3,009
Less: total future interest expenses		(61)		(81)
Present value of lease liabilities		1,834		2,928

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22 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position

	2025 RMB'000	2024 RMB'000
PRC Corporate Income Tax	2,459	5,775

(b) Deferred tax assets

The components of deferred tax assets recognised in the consolidated statement of financial position and the movement during the year are as follows:

	Others RMB'000	Total RMB'000
At 1 January 2024	162	162
Credited to profit or loss (Note 6(a))	104	104
At 31 December 2024	266	266
At 1 January 2025	266	266
Credited to profit or loss (Note 6(a))	14	14
At 31 December 2025	280	280

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22 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

(c) Deferred tax assets not recognised

The Group did not recognise deferred tax assets amounted to RMB11,194,000 (2024: RMB4,657,000) in respect of cumulative tax losses of certain subsidiaries and mainly generated from PRC subsidiaries. The tax effect on such tax losses has not been recognised as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

The expiry dates of the unrecognised tax losses are listed as below.

	31 December	
	2025 RMB'000	2024 RMB'000
2027	520	–
2028	3,259	520
2029	8,249	3,444
2030	32,749	16,298
	44,777	20,262

(d) Deferred tax liabilities not recognised

At 31 December 2025, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB178,084,000 (2024: RMB187,257,000). Deferred tax liabilities of RMB17,808,000 (2024: RMB18,726,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

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23 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Company	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2024	3,634	51,487	483,118	(27,216)	(72,732)	438,291
Changes in equity for 2024:						
Profit for the year	-	-	-	-	39,482	39,482
Other comprehensive income	-	-	-	9,486	-	9,486
Total comprehensive income for the year	-	-	-	9,486	39,482	48,968
Special interim dividends	-	-	-	-	(45,574)	(45,574)
Balance at 31 December 2024	3,634	51,487	483,118	(17,730)	(78,824)	441,685
Balance at 1 January 2025	3,634	51,487	483,118	(17,730)	(78,824)	441,685
Changes in equity for 2025:						
Loss for the year	-	-	-	-	(6,036)	(6,036)
Other comprehensive income	-	-	-	(10,819)	-	(10,819)
Total comprehensive income for the year	-	-	-	(10,819)	(6,036)	(16,855)
Balance at 31 December 2025	3,634	51,487	483,118	(28,549)	(84,860)	424,830

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23 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Dividends

Dividends paid/payable to equity shareholders of the Company approved and paid during the year:

	2025 RMB'000	2024 RMB'000
2024: special interim dividend declared of HKD0.121 (equivalent to RMB0.11) per share	–	45,574

(c) Share capital

Details of the Company's share capital are as follows:

	Number of shares	Amount \$'000
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	10,000,000,000	100,000

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Share capital (continued)

	Number of shares	Amount \$'000	Amount RMB'000 (equivalent)
Ordinary shares of HK\$0.01 each			
<i>Ordinary shares, issued and fully paid:</i>			
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	412,608,000	4,126	3,634

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Nature and purpose of reserves

(i) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company.

Under the Companies Law of the Cayman Islands (the "Law"), the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business. Pursuant to the 134 of articles of association of the Company, dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution, dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Law.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS (continued)

(d) Nature and purpose of reserves (continued)

(ii) Statutory reserve

Pursuant to applicable PRC regulations, PRC subsidiaries are required to appropriate 10% of their profit after taxation (after offsetting prior years' losses) to the reserve until such reserve reaches 50% of the registered capital. The transfer to the reserve must be made before distribution of dividends to shareholders. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase paid-in capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

(iii) Other reserve

Other reserve includes:

- (1) the difference between the historical carrying value of the shares acquired and the acquisition consideration paid by the Company in respect of the combining entities in which the common control combination occurs;
- (2) the difference between the assigned receivable balances over the nominal value of the shares issued by the Company in exchange pursuant to the Group's reorganisation before its initial public offering; and
- (3) the differences between the fair value of consideration and the net book value of equity interest and other directly related transaction costs for the acquisition and disposal of interest in subsidiaries from and to non-controlling interest respectively.

(iv) Share-based compensation reserve

(1) *Restricted Share Award Scheme in 2019*

The Group operates an equity-settled share-based compensation plan, under which the entity receives services from employee as consideration for equity instruments (restricted shares) of a subsidiary. The restricted shares are recognised for the difference between the grant price and the fair value of the restricted shares at the grant date.

The executive director of a subsidiary approved the Restricted Share Award Scheme (the "Award Scheme") on 18 June 2019 and 30 July 2019 respectively (the "Grant Date"). Subsequently the restricted shares were allotted to the selected participants. Selected participants are entitled to the related distribution derived from the relevant restricted shares during the period from the date of the allotment of the restricted shares to the vesting date (both dates inclusive) of such restricted shares.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS (continued)

(d) Nature and purpose of reserves (continued)

(iv) Share-based compensation reserve (continued)

(1) *Restricted Share Award Scheme in 2019* (continued)

The selected participants are management of subsidiaries. The total consideration of the restricted shares is RMB6,500,000.

If the selected participant does not meet the vesting conditions, the restricted share will be repurchased based on the net asset of the subsidiary. All restricted shares have been awarded to the selected participants and no restricted shares were granted during the year ended 31 December 2022.

The above transaction was considered as equity-settled share-based payment to employee. The fair value of the subsidiary's shares allotted to employee on grant date, as determined by a professional valuation firm, was RMB12,461,800. Share-based payment expense of RMB1,298,000 was recognised for the year ended 31 December 2022.

(2) *Share Option Scheme in 2021*

The Company has a share option scheme approved and adopted on 11 June 2020 ("Share Option Scheme"), pursuant to which share options may be granted to certain employees, directors and officers of the Group to subscribe for the ordinary shares of HK\$0.01 each of the Company, subject to a maximum of 10% of the total number of shares in issue as at the date of the passing of the relevant ordinary resolution approving the Share Option Scheme.

There were no share option outstanding under the Share Option Scheme as at 31 December 2025.

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the foreign operations. The reserve is dealt with in accordance with the accounting policy as set out in Note 1(t).

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS (continued)

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders in the long run, by pricing services commensurately with the level of risk and by securing access to financing at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a debt-to-equity ratio, excluding the debt included in the disposal group. For this purpose, total debt includes interest-bearing loans and borrowings and lease liabilities of the Group. Equity comprises all components of equity.

The debt-to-equity ratio of the Group at 31 December 2025 and 2024 is as follows:

	2025 RMB'000	2024 RMB'000
Total debt	296,004	247,521
Total equity	1,037,303	1,078,429
Debt-to-equity ratio	28.54%	22.95%

24 COMMITMENTS

Capital commitments representing the construction of a winery and operating centre outstanding at 31 December 2025 not provided for in the financial statements, were as follows:

	2025 RMB'000	2024 RMB'000
Contracted but not provided for:	99,171	203,612

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables, and cash at bank and on hand. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

To measure ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECLs also incorporate forward looking information. Given the settlement period of the toll revenue receivables is normally within a month due to the implementation of unified toll collection policy on the expressways, management considered the default rate of trade receivables to be minimal and the expected credit loss rate of local government authorities and government agencies to be nil. As a result, no provision for impairment of trade receivables is necessary.

Sales from liquor and spirits are mainly settled by advances from customers. Accordingly, there is no significant credit risk related to these customers.

Credit risk in respect of other receivables, the Group monitors the exposures and manages them based on historical settlement records and past experience, current conditions and forecast of future economic conditions. The management will continue to monitor the progress of the recoverability of the other receivables and chase for settlement of the outstanding balances from the debtors regularly.

Credit risk in respect of contingent consideration receivables, the management is confident the third instalment (see Note 16) will be settled respectively upon fulfilment (or waiver) of the conditions precedent.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

No loss allowance was made for other receivables and contingent consideration receivables since the Group considers the probability of default is minimal after assessing the counter-parties' financial background and creditability.

As a result of the business nature of the Group, the Group has no significant concentration of credit risk arising from its customers.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands subject to approval by the Company's management when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash, adequate committed lines of funding from major financial institutions and support from the controlling shareholder of the Company to meet its liquidity requirements in the short and longer term. The Company can control the dividend policy of the subsidiaries and request the subsidiaries to declare dividends should the Company need to fulfil its payment obligations.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

	Contractual undiscounted cash outflow					Carrying amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 year but less than 5 years RMB'000	More than 5 year RMB'000	Total RMB'000	
2025						
Accruals and other payables	63,885	–	–	–	63,885	63,885
Lease liabilities	1,303	592	–	–	1,895	1,834
Amounts due to related parties	14,064	–	–	–	14,064	14,064
Bank loans and other borrowings	119,423	8,013	94,695	113,304	335,435	294,170
	198,675	8,605	94,695	113,304	415,279	373,953

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk (continued)

	Contractual undiscounted cash outflow					Carrying amount RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 year but less than 5 years RMB'000	More than 5 year RMB'000	Total RMB'000	
2024						
Accruals and other payables	73,298	2,954	6,070	349	82,671	67,419
Lease liabilities	2,464	545	-	-	3,009	2,928
Amounts due to related parties	1,057	-	-	-	1,057	1,057
Bank loans and other borrowings	145,124	30,000	52,000	17,469	244,593	244,593
	221,943	33,499	58,070	17,818	331,330	315,997

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank loans and other borrowings. Bank loans and other borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Loan Prime Rate arising from the Group's RMB denominated bank loans and other borrowings.

The Group does not anticipate significant impact to cash at bank and bank deposits because the interest rates of cash at bank and bank deposits are not expected to change significantly.

The Group will constantly assess the interest rate risk it encounters to decide whether it is required to hedge against the possible interest rate risk that may arise.

At 31 December 2025, the Group had approximately RMB184,759,000 (2024: RMB72,469,000) variable interest rate borrowings which expose the Group to cash flow interest rate risk. The interest rates and terms of repayment of the Group's bank loans and other borrowings are disclosed in Note 20 to the consolidated financial statements.

At 31 December 2025, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's loss after taxation and decreased/increased total equity by approximately RMB692,000 (2024: RMB272,000).

The sensitivity analysis above indicates the instantaneous change in the Group's loss after taxation and total equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and the impact on the Group's loss after taxation and total equity is estimated as an annualised impact on interest expense of such a change in interest rates. The analysis is performed on the same basis as 2024.

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

25 FINANCIAL RISK MANAGEMENT (continued)

(d) Currency risk

The Group's exposure at the end of reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Individual companies within the Group have limited foreign currency risk as most of the transactions are denominated in the functional currency of the operations in which they relate. Accordingly, the Group does not expose to significant currency risk as at 31 December 2025 and 2024.

26 CONTINGENT LIABILITIES

Financial guarantees issued

As at 31 December 2025, the Company has issued guarantees to certain banks in respect of the credit facilities granted to Wine Development, Healthy Wine and Guizhou Renhuai respectively. As at 31 December 2025, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at the end of the reporting period under the guarantees issued is the bank loans amounting to approximately RMB243 million (2024: RMB139 million) borrowed by Wine Development, Healthy Wine and Guizhou Renhuai.

The Company did not recognise any deferred income in respect of these guarantees as their fair value is insignificant.

27 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year.

- (a) Particulars of significant transactions between the Group and related parties during the year are as follows:

	2025 RMB'000	2024 RMB'000
Sales to associates	4,518	31,290
Expense paid on behalf by – Companies controlled by the ultimate controlling shareholder	1,441	1,753
Receiving services from companies controlled by – The ultimate controlling shareholder	1,431	1,039

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

27 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(continued)

(b) Balances with related parties

As at the end of the reporting period, the Group had the following balances with related parties:

	2025 RMB'000	2024 RMB'000
Amounts due from related parties		
Non-trade		
– Companies controlled by the ultimate controlling shareholder	4,283	4,283
– Non-controlling interest	40,330	33,130
Trade		
– Companies controlled by the ultimate controlling shareholder	4,072	153
	48,685	37,566
Amounts due to related parties		
Non-trade		
– Companies controlled by the ultimate controlling shareholder	7,067	80
– Companies controlled by non-controlling interests	56	77
– Associates	6,341	–
Trade		
– Trading deposits from associates	600	900
	14,064	1,057
Contract liabilities		
– Associates	8,866	9,174

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

27 MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(continued)

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, is as follows:

	2025	2024
	RMB'000	RMB'000
Short-term employee benefits	7,641	7,653

Total remuneration is included in "staff costs" (see Note 5(b)).

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

28 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Interests in subsidiaries		490,519	502,919
Current asset			
Cash and cash equivalents		1,430	1,463
Current liabilities			
Amounts due to subsidiaries		64,183	59,898
Accruals and other payables		2,935	2,799
		67,118	62,697
Net current liabilities		(65,688)	(61,234)
NET ASSETS		424,831	441,685
CAPITAL AND RESERVES			
Share capital	23	3,634	3,634
Reserves		421,197	438,051
TOTAL EQUITY		424,831	441,685

Approved and authorised for issue by the board of directors on 26 March 2026.

Chan Yeung Nam
Chairman

Fu Jie Pin
Executive Director

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

29 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

In March 2026, the Group completed a placing of 58,500,000 new shares at a price of HK\$0.88 per share pursuant to the general mandate.

The net proceeds from the placing amounted to approximately HK\$50.6 million, which will be applied for the purposes as previously disclosed in the Company's announcement.

The placing shares represent approximately 12.42% of the Company's issued share capital immediately after completion. All placees are independent third parties.

30 IMMEDIATE AND ULTIMATE CONTROLLING COMPANY

At 31 December 2025, the directors consider the immediate parent and ultimate controlling party of the Group to be Velocity International Limited, which is incorporated in the British Virgin Islands and Chan Yueng Nam, respectively. Velocity International Limited does not produce financial statements available for public use.

31 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027

Notes to the Consolidated Financial Statements

(Expressed in Renminbi unless otherwise indicated)

31 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

HKFRS 18, Presentation and disclosure in financial statements

HKFRS 18 will replace HKAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.