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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO PLACING OF NEW SHARES UNDER GENERAL MANDATE

Sole Placing Agent



Reference is made to the announcement of Huayu Expressway Group Limited (the “**Company**”) dated 11 February 2026 (the “**Announcement**”) in relation to the Placing of up to 58,500,000 Placing Shares under the General Mandate. Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Announcement.

The Company wishes to provide the shareholders of the Company and potential investors with the following additional information regarding the reasons for the Placing and the funding needs of the Group.

REASONS FOR THE PLACING

While the Company had bank balances and cash of RMB119.2 million as at 30 June 2025 as set out in the Company’s 2025 interim report, the Group had capital commitments of approximately RMB138.9 million in respect of the construction of a winery and operating centre in the PRC, as detailed in Note 16 of the Company’s 2025 interim report. The Company is required to fully settle the above capital commitments by June 2026 which the Company will drawdown its existing banking facility to settle the same. The Company will repay the above bank borrowing in stages, of which approximately (a) RMB6.5 million, comprising the principal amount of RMB5.5 million and interest amount of RMB1 million, will become due and payable by June 2026, and (b) RMB6.5 million, comprising the principal amount of RMB5.5 million and interest amount of RMB1 million, will become due and payable by December 2026.

In addition, while the Company’s net current assets and net assets were around RMB493.9 million and RMB1,052.4 million, respectively, as at 30 June 2025 as set out in the Company’s 2025 interim report, a substantial portion of the Group’s current assets comprises illiquid assets which are not readily realisable into cash. For instance, as at 30 June 2025, the Group had inventories amounting to RMB397 million which mainly comprised the Group’s unsold stocks of wine and liquor products. Given the continued contraction of the consumer market in the PRC, the sale of

these products has been slow. Accordingly, the Company expects that the sale of the inventories will be slow and the corresponding revenue that can be generated from such sale of accumulated inventories may take longer period than expected.

The above position of the Group has not improved since 30 June 2025. Based on the Group's unaudited management accounts as at 31 December 2025, which are subject to review and audit by the Company's auditors and any adjustments, the Group's (i) bank balances and cash had decreased further by approximately 3%, (ii) inventories were reduced only by approximately 4%, and (iii) capital commitments were reduced by approximately 20%. In particular, the slow decrease in the inventories of unsold stocks of wine and liquid products of the Group was in line with the Company's expectation that the sale of these products may take longer period than expected as mentioned above.

In addition, more than 80% of the Group's bank balances and cash are currently placed with banks in the PRC. Due to PRC foreign exchange control regulations, such deposits are not readily or easily available to meet the general capital needs of the Company's Hong Kong office, including the sale, promotion and marketing expenses to be incurred by its Hong Kong office for promoting and marketing of the Group's liquor and wine products in Hong Kong and overseas markets for its PRC liquor and wine operations businesses. Given the above, the Company needs to take a more prudent approach in its treasury management by increasing the liquidity of the Group and accordingly, the Company decided to raise funds for such purposes from the Placing.

In view of the above, the Company believes that the Group faces genuine and significant working capital needs for its Hong Kong operations and it is necessary and appropriate to strengthen the Group's liquidity position through the Placing in order to ensure the availability of sufficient financial resources to meet its capital commitments and to support the Group's Hong Kong's operations and working capital requirements.

Apart from the Placing, the Company does not have any other plan to raise funds in the next 12 months.

The above information does not affect the information disclosed in the Announcement and save as disclosed in this announcement, all other information in the Announcement remains unchanged.

GENERAL

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfilment of the conditions as set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares.

By order of the Board
Huayu Expressway Group Limited
Chan Yeung Nam
Chairman

Hong Kong, 2 March 2026

As at the date of this announcement, the executive Directors are Mr. Chan Yeung Nam, Mr. Fu Jie Pin, Ms. Liu Bao Hua and Mr. Zhang Tinghui; and the independent non-executive Directors are Mr. Lam Hon Kuen, Mr. Chu Kin Wang, Peleus and Mr. Hu Lie Ge.