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深圳高速公路集團股份有限公司

SHENZHEN EXPRESSWAY CORPORATION LIMITED

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

(Stock Code: 00548)

2025 Annual Results Preliminary Announcement

I. Important Notice

- 1.1** 2025 Annual Results Preliminary Announcement of the Company is extracted from the full Annual Report 2025 of the Company. For detailed information, investor shall read the full Annual Report to be published on the website of SSE at <http://www.sse.com.cn> and HKEXnews at <http://www.hkexnews.com.hk>.

All the information to accompany preliminary announcement of results for the financial year required under Appendix D2 to the Listing Rules was included in the 2025 Annual Results Preliminary Announcement published on the website of HKEXnews.

The 2025 annual financial statements of the Company were prepared in accordance with CASBE, and also were complied with the disclosure requirements under the Hong Kong Companies Ordinance and the Listing Rules.

Unless otherwise stated, the amounts stated in this announcement are in RMB.

1.2 Basic Information of the Company

Type of shares	A Share	H Share
Abbreviation	Shenzhen Expressway	Shenzhen Expressway
Stock code	600548	00548
Listing exchanges	SSE	HKEX
Contacts and details	Secretary of the Board	Securities Officer
Name	ZHAO Gui Ping	GONG Xin, XIAO Wei
Telephone	(86) 755-8669 8069	(86) 755-8669 8065
Fax	(86) 755-8669 8002	
E-mail	secretary@sz-expressway.com	

II. Proposed Profit Distribution

The Board recommends the payment of a final cash dividend of RMB 0.244 (tax included) per share (proposal) to all shareholders for the year ended 31 December 2025 (2024: RMB 0.244 per share), with a total amount of RMB 619,236,894.99 based on the total share capital of 2,537,856,127 as at 31 December 2025. The aforesaid proposal shall be subject to approval by shareholders at the 2025 Annual General Meeting of the Company. The date of the annual general meeting, the record date for dividend payment, dividend payment procedures and payment date, and the book closure period for H Shares will be notified separately. It is expected that the dividend will be distributed on or before 28 August 2026.

III. Principal Financial Data and Information of the Shareholders

3.1 Principal Financial Data

During the Reporting Period, the Group recorded revenue of RMB9,264,481,000 (2024: RMB9,245,691,000), remaining broadly flat YOY. In 2025, the Group recorded a net profit attributable to shareholders of the parent company (“net profit”) of RMB1,149,352,000 (2024: RMB1,145,049,000), remaining broadly flat YOY.

Unit: Yuan Currency: RMB

	As at 31 Dec 2025	As at 31 Dec 2024	Change as compared to the end of last year (%)	As at 31 Dec 2023
Total assets	71,289,150,413.25	67,558,030,948.58	5.52	67,507,469,090.77
Owners' equity attributable to owners of the Company	27,031,138,112.07	21,903,521,723.27	23.41	22,357,997,457.11
	2025	2024	Change as compared to the end of last year (%)	2023
Revenue	9,264,480,541.03	9,245,691,487.27	0.20	9,295,304,371.69
Net profit attributable to owners of the Company	1,149,351,721.66	1,145,048,951.69	0.38	2,327,197,196.81
Net profit attributable to owners of the Company - excluding non-recurring items	1,124,058,666.52	1,074,021,625.75	4.66	2,240,100,027.08
Net cash flows from operating activities	4,623,661,085.18	3,717,306,471.14	24.38	4,094,812,227.87
Return on equity - weighted average (%)	4.86	5.31	Decrease by 0.45 pct. pt	11.99
Earnings per share - basic (RMB/share)	0.429	0.441	-2.72	0.982
Earnings per share - diluted (RMB/share)	0.429	0.441	-2.72	0.982

Description of Principal Accounting Data and Financial Indicators of the Company for the first three years at the end of the Reporting Period:

1. In 2025, the Company issued 4 billion of perpetual corporate bonds to refinance 4 billion of perpetual bonds issued in 2020 and recognized them in other equity instruments. The Company deducted the impact of perpetual bonds when calculating the earnings per share and weighted average return on net assets for each year according to relevant regulations.

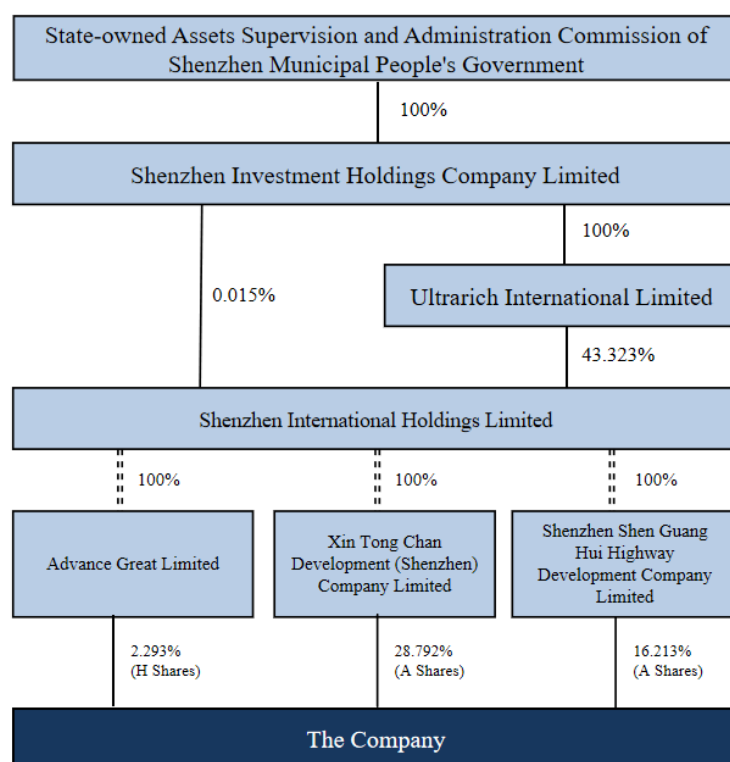
3.2 Information of the Total Number of Shareholders and the Top Ten Shareholders

As at the end of the Reporting Period, based on the shareholders' registers provided by the share registrars and the transfer offices of the Company in the PRC and Hong Kong, the information of the total number of shareholders and the top ten shareholders of the Company were as follows:

Unit: share

Total number of shareholders as at the end of 2025	The Company had 23,679 shareholders in total, including 23,450 holders of A Shares and 229 holders of H Shares.				
Total number of shareholders as at the end of the last month prior to the Reporting Date	The Company had 24,590 shareholders in total, including 24,365 holders of A Shares and 225 holders of H Shares.				
Top ten shareholders as at the end of 2025					
Name of shareholder	Nature of shareholders	Percentage	Number of shares held	Number of restricted circulating shares held	Number of shares pledged or frozen
Xin Tong Chan Development (Shenzhen) Company Limited ⁽²⁾	State-owned legal person	28.79%	730,710,144	75,930,144	None
HKSCC NOMINEES LIMITED ⁽¹⁾	Overseas legal person	28.79%	730,547,242	—	Unknown
Shenzhen Shen Guang Hui Highway Development Company Limited	State-owned legal person	16.21%	411,459,887	—	None
Jiangsu Yunshan Capital Management Co, Ltd ⁽³⁾	State-owned legal person	9.57%	242,976,461	—	121,000,000 (pledged)
China Merchants Expressway Network & Technology Holdings Company Limited ⁽⁴⁾	State-owned legal person	3.59%	91,092,743	—	None
Anhui Expressway Company Limited	State-owned legal person	1.50%	38,179,196	—	None
Guangdong Roads and Bridges Construction Development Company Limited	State-owned legal person	1.50%	37,942,762	—	None
Hong Kong Securities Clearing Company Limited	Other	0.58%	14,801,615	—	Unknown
AU SIU KWOK	Overseas natural person	0.43%	11,000,000	—	Unknown
Zhang Ping Ying	Domestic natural person	0.43%	10,812,165	—	Unknown
Connected relationship or concerted action relationship among the abovementioned shareholders	<p>XTC Company and SGH Company are connected persons under the same control of Shenzhen International.</p> <p>According to public information, CMET holds more than 20% of the shares in Anhui Expressway, and one of its incumbent directors also serves as a director of Anhui Expressway, indicating a connected relationship between these two shareholders.</p> <p>In addition to the above associations, the Company is not aware of any connected relationship between the abovementioned shareholders and other shareholders, or among other shareholders set out in the table.</p>				
<p>Note: (1) The H Shares held by HKSCC NOMINEES LIMITED were held on behalf of various clients.</p> <p>(2) In July 2024, XTC Company, SGH Company, and Advance Great Limited, wholly-owned subsidiaries of Shenzhen International, made a share lock-up undertaking regarding the Company's current Issuance: they will not directly or indirectly reduce their shareholding in the Company in any way from the pricing benchmark date of the Company's Issuance until 18 months after the completion of the Issuance. If the above commitment is violated and a reduction in shareholding occurs, all proceeds from such reduction shall belong to the Company, and XTC Company, SGH Company, and Advance Great Limited shall bear the legal liabilities arising therefrom in accordance with the law.</p> <p>(3) According to the written notice from Yunshan Capital to the Company, as at 31 December 2025, Yunshan Capital held 242,976,461 A shares of the Company and held 87,964,000 H shares of the Company through HKSCC NOMINEES LIMITED, resulting in an aggregate holding of 330,940,461 shares, representing 13.04% of the Company's total issued share capital.</p> <p>(4) According to the written notice from CMET to the Company, as at 31 December 2025, CMET held 91,092,743 A shares of the Company. CMET and its wholly-owned subsidiary collectively held 152,484,000 H shares through HKSCC NOMINEES LIMITED, resulting in an aggregate holding of 243,576,743 shares, representing 9.60% of the Company's total issued share capital.</p>					

3.3 The Ownership and the Relation of Control between the Company and the De-facto Controller



IV. Management Discussion and Analysis

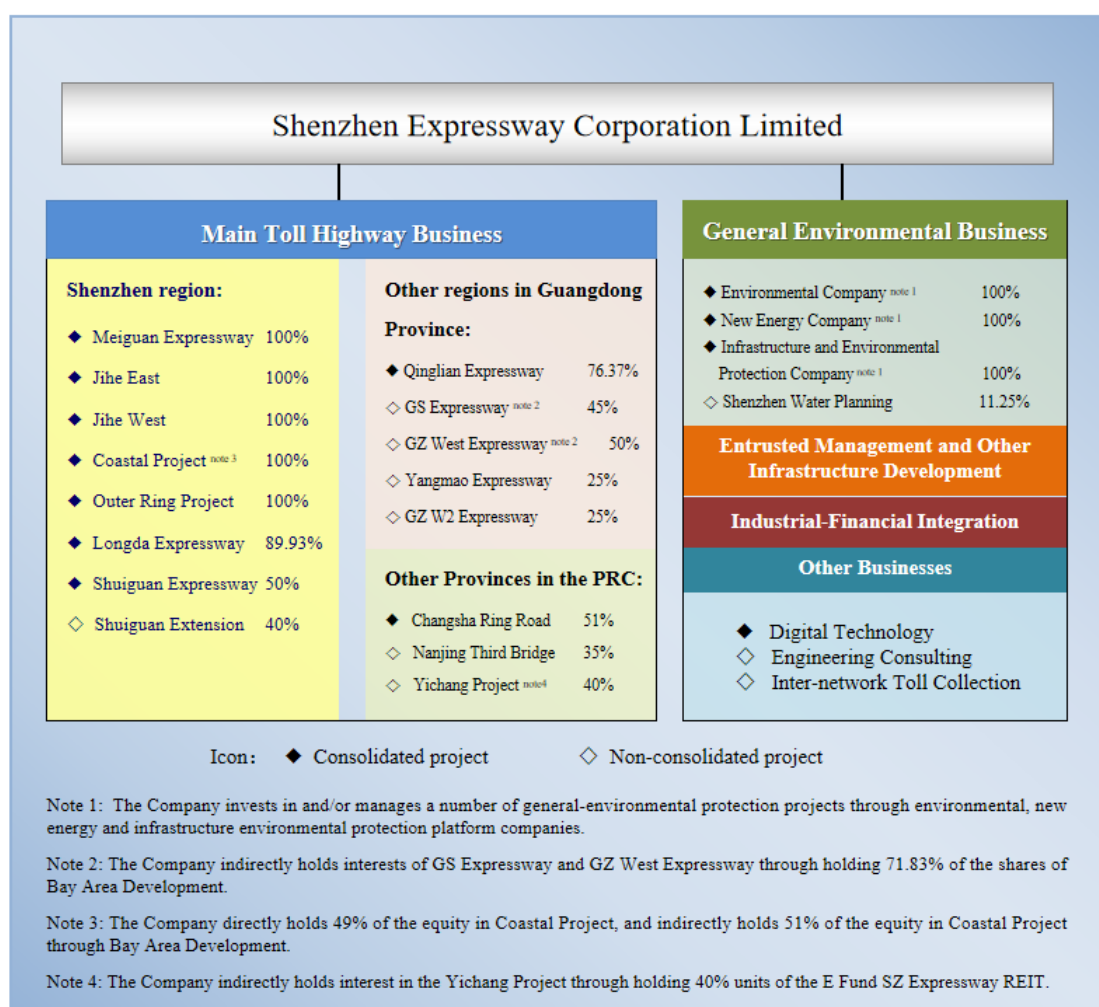
4.1 Business Review

(I). Overview of Principal Business

The Group principally engages in the investment, construction, operation and management of toll highways, as well as the general-environmental protection business. Currently, the Group's general-environmental protection business mainly includes clean energy power generation and solid waste recycling and treatment. By adhering to a market-oriented, specialised and industrialised approach, the Group has gradually established various business platforms for urban infrastructure, operation, construction, new energy and environmental protection, which include the Operation Development Company, a company principally engaging in highway operation and maintenance management services; the New Energy Company, a company principally engaging in the businesses relating to wind energy, photovoltaics and other new energy power generation; Environmental Company, a company principally engaging in the environmental protection business such as solid waste recycling and treatment; the Infrastructure and Environmental Protection Company, a company located in Shenshan Special Cooperation Zone that engages in the provision of infrastructure construction management services for the cooperation zone and environmental project investment within the cooperation zone; the Construction Company, a company principally engaging in the provision of project construction management services; and the Investment Company, a company principally engaging in the business of infrastructure construction along with comprehensive development of land. Through the aforesaid business platforms, the Group will give full play to its competitive advantages in infrastructure investment and financing, construction, operation and integrated management and moderately extend its operations in the upstream and downstream segments of the industrial chain, in a bid to broaden its business footprint.

The objectives and directions of the Group's 14th Five-Year Plan (2021-2025) Development Strategy (the “Development Strategy”) are to deepen our presence in Shenzhen and the Guangdong-Hong Kong-Macao Greater Bay Area while seeking nationwide expansion. With a focus on “innovation, intelligence, green development, and efficiency”, we provide sustainable development solutions for cities and strive to become a first-class service provider in infrastructure construction and operation, covering areas such as road transportation and environmental protection. Our aims are to scale up business, optimise structures, enhance capabilities, and improve mechanisms. 2025 marked the conclusion of the Group’s 14th Five-Year Strategy and served as the planning year for the 15th Five-Year Development Strategy. The Group has conducted a comprehensive assessment and review of the implementation of the 14th Five-Year Strategy and is formulating the 15th Five-Year Development Strategy to set out the development goals, directions and strategies for the next stage, thereby driving high-quality and sustainable business development of the Group. For details, please refer to “Discussion and Analysis on the Future Development of the Company”.

The toll highway business currently represents the Group’s primary source of revenue and profit. As at the end of the Reporting Period, the core businesses of the Group are set out as follows:



(II). Particulars of the Industry in which the Company Operates During the Reporting Period

In 2025, in the face of the complex and ever-changing external environment and the further deepening of domestic structural adjustments, the Chinese economy demonstrated strong resilience and maintained generally stable operation, underpinned by the continuous release of effects from national macroeconomic control policies. China's gross domestic product (GDP) reached RMB 140.19 trillion in 2025, representing a YoY increase of 5.0%, while total imports and exports stood at RMB 45.47 trillion, representing a YoY increase of 3.8%. The long-term trajectory of positive growth of the Chinese economy provided solid support for road transportation and logistics demand, which boosted the demand for environmental protection-related businesses such as solid waste recycling and treatment and clean energy power generation to some extent. Source of the above data: Government's data websites

1. Toll Highway Business

Expressways hold a paramount position in the modern transportation system, serving as critical infrastructure that enhances regional economic connectivity, facilitates the flow of goods and people, and boosts societal efficiency. As a vital component of the national high-speed transportation network, expressways continue to provide strategic support for advancing transport integration and infrastructure modernization, leveraging their efficient, flexible, and all-weather transport capacity, thereby injecting enduring impetus for building a safe, convenient, and efficient modern transportation system and promoting high-quality economic and social development.

During the 14th Five-Year Plan period, under the national initiative to build a modern integrated transportation system, China had achieved historic progress in expressway construction. According to information from the Ministry of Transport, as of the end of 2024, China had built the longest expressway network in the world, which spans 191,000 kilometers and connects 99% of cities with populations exceeding 200,000. As the expressway network continues to expand, the public's travel patterns have undergone profound changes. Self-drive travel has become the primary choice for cross-regional travel, with an average of approximately 130 million self-driving trips per day, accounting for over 70% of all cross-regional passenger traffic. As the rapid transit network with the most extensive coverage, the largest serving population, and the highest use frequency, expressways offer distinct advantages compared with other transportation modes, including high capacity, high speed, low travel costs, and high flexibility, which continue to serve as the backbone in the modern transportation system envisioned as "people travel with ease and goods flow seamlessly".

In 2025, many provinces and cities across China introduced various measures for differentiated toll collection, tailored to local road network structures and traffic volume characteristics. These measures leverage price mechanisms to guide balanced vehicle distribution and optimise the allocation of road network resources. In October, the fourth plenary session of the 20th Central Committee of the Communist Party of China (CPC) passed the Recommendations of the CPC Central Committee for Formulating the 15th Five-Year Plan for National Economic and Social Development (the Recommendations for the 15th Five-Year Plan), which identifies "building a leading transport nation" as one of the key tasks for modernizing the industrial system and reinforcing the real economy. It outlines specific requirements for promoting high-quality development in the transportation sector during the 15th Five-Year Plan period and beyond, including improving the modern integrated transportation system, strengthening cross-regional coordination and planning, promoting multimodal integration, improving transportation links and services in remote areas, and enhancing the diversity and resilience of international transportation routes. The focus of the transportation industry will shift from scale expansion to the improvement of quality and efficiency, with greater emphasis on quality, efficiency, resilience, and integration. Through deepening integrated coordination, promoting in-depth application of new technologies, expanding low-carbon infrastructure, and balancing development and safety, the authorities will step up efforts to build a modern integrated transportation system, providing strong support for achieving the goal of Chinese modernization.

As China's transportation development enters a new phase, the expressway industry faces new requirements. In the future, the industry will focus on advancing multimodal, cross-regional and cross-sectional integration to enhance the resilience of the transport network and accelerate the establishment of a safe and efficient modern logistics system featuring internal and external connectivity. Regarding intelligent transformation, it is essential to further advance the digital and intelligent upgrades of expressways. The expressway industry should apply new technologies including big data, AI and cloud computing in the areas such as traffic management, operation monitoring, emergency dispatch and service delivery to continuously enhance road management and service capabilities, to digitize facilities, specialize maintenance, modernize management, drive efficient operation, and optimize services, thereby consistently optimising operational performance, improving traffic efficiency and reducing operational costs. With respect to green and low-carbon development, the industry should strengthen the intensive utilization of resources throughout the construction and operational processes, use low-carbon and energy-saving facilities and equipment and enhance ecological protection and pollution prevention and control, so as to promote the green development of the transportation sector.

The Group has invested in or operated 16 toll highway projects in total, with approximately 613 km under its controlling interest, mainly located in Shenzhen, the Guangdong-Hong Kong-Macao Greater Bay Area, and other economically developed regions with geographical advantages. Currently, the Group is actively promoting the investment and implementation of major construction, reconstruction and expansion projects such as Outer Ring Phase III, Jihe Expressway, and Guangzhou-Shenzhen Section of the Beijing-Hong Kong & Macao Expressway, in order to keep enriching the Group's high-quality road assets. In addition, the Group actively leverages its professional expertise in expressway construction, management, and maintenance, providing operational management and maintenance services for many expressways in Shenzhen. In recent years, the Group has actively promoted the research and application of intelligent transportation systems in response to the requirements of high-quality development. The successfully developed road network monitoring and command scheduling platform has been put into operation, serving as an intelligent application platform for road operation monitoring and management, business collaboration, joint emergency response, and more. The integrated pavement information control platform developed independently by the Group, the BIM-based expressway construction management platform, the integrated management and maintenance system and the BIM-based management platform for highway reconstruction and expansion projects and waste treatment plants have been completed and are being optimised constantly. By moderately expanding into the upstream and downstream segments of the industrial chain, the Group leverages digital and intelligent technologies to foster new quality productive forces for the modernization of regional transportation. For details of the industry position of the Group, please refer to "Analysis of Core Competitiveness during the Reporting Period" below.

2. General Environmental Protection Business

The Group's general-environmental protection business primarily focuses on the clean energy power generation and solid waste recycling management sectors.

◆ Clean Energy Power Generation Industry:

In 2025, China introduced a series of important policies and regulations in the new energy industry to accelerate the improvement of the energy market mechanisms and, through a combination of institutional constraints and industrial guidance, facilitate the realization of energy security and low-carbon transition objectives.

The Energy Law of the People's Republic of China came into effect on 1 January 2025. As the first foundational and overarching law in China's energy sector, it ushers in a new stage of statutory governance in the energy sector. The Law established the "dual controls on carbon intensity and total emissions" targets as the pivotal mechanism for propelling green and low-carbon development, providing robust statutory support for achieving the "Dual Carbon" goals. The National Energy Administration (NEA) issued the Guiding Opinions on Energy Work in 2025 (《2025 年能源工作指導意見》) in February 2025, calling for accelerated efforts to establish a new energy system, actively yet prudently advancing the green and low-carbon energy transition, and further improving policy mechanisms for green and low-carbon development. It also sets the following targets: adding more than 200 million

kilowatts of new energy generation capacity, increasing the share of non-fossil energy in total installed power capacity to approximately 60%, and raising the proportion of non-fossil energy in the total energy consumption to approximately 20%. In October, the NEA issued the Guiding Opinions on Promoting the Integrated Development of Renewable Energy (《關於促進新能源集成融合發展的指導意見》), which proposed to accelerate the holistic and coordinated development of new energy across key dimensions such as spatial planning, technology deployment, and industrial synergy, specifically highlighting synergy across industries, such as new energy and transportation. It also sets the goal that by 2030, the integrated approach is set to become a predominant model for new energy development, significantly boost its viability as a reliable substitute and its market competitiveness, thereby providing robust support for the comprehensive green transition of the economy and society.

The year 2025 also saw the National Development and Reform Commission (NDRC) and the NEA jointly introduced a number of significant policies. In January, a circular was released, namely the Notice on Deepening the Market-Oriented New Energy Feed-in Tariff Reform and Promoting the High-Quality Development of New Energy (《關於深化新能源上網電價市場化改革 促進新能源高質量發展的通告》), mandating the full entry of new energy feed-in electricity into the power market for price formation through trading, and establishing a sustainable price settlement mechanism for new energy power generation, which implements mechanism-based differentiated tariffs for existing and incremental projects. In March, the Notice on Matters Concerning the Orderly Promotion of the Development of Direct Green Power Connection (《關於有序推動綠電直連發展有關事項的通知》) was promulgated, introducing an innovative model of localised new energy consumption. This model allows wind, photovoltaic (PV) power and other new energy projects to directly supply electricity to end-user enterprises via dedicated lines, and requires grid-connected direct connection projects to maintain a self-consumption rate of no less than 60% for new energy generation. In October, the Guiding Opinions on Promoting New Energy Consumption and Regulation (《關於促進新能源消納和調控的指導意見》) were issued, proposing the establishment of a multi-level new energy consumption and regulation system by 2030. Under this system, new electricity demand is to be primarily met by new energy generation, thereby accommodating the annual addition of over 200 million kilowatts of new energy capacity nationwide. By 2035, a new power system adapted to a high penetration of new energy is to be fundamentally established, where a nationwide unified electricity market plays a fundamental role in new energy allocation, enabling its optimised distribution and efficient consumption across the country. The Opinions on Promoting the Large-Scale Development of Concentrated Solar Power (CSP) (《關於促進光熱發電規模化發展的若干意見》) released in December further sets the goal that by 2030, China's total installed CSP capacity should strive to reach approximately 15 million kilowatts, achieving broad LCOE parity with coal-fired power.

The new energy policies in 2025 were strategically geared towards implementing market-based competition and grid integration mechanisms, achieving technological breakthroughs, and facilitating the transition of the energy structure. By systematically executing a package of policy measures, these policies aimed to propel the transformation and high-quality development of the new energy industry. China's institutional reform agenda included the comprehensive rollout of a dual-track system that integrates market trading with differential settlement for new energy feed-in electricity. This policy shift decisively ended the subsidy dependency, catalysing the industry's transformation from a policy-driven to a market competition-oriented model. This paradigm shift compels enterprises to enhance operational efficiency and cost-control capabilities. While it may trigger profound industry realignment and structural reshuffling in the near term, it is poised to give rise to a cohort of high-quality market players distinguished by technological leadership, managerial excellence, and global competitiveness in the long run. In terms of system support, efforts were made to enhance the new power system's hosting capacity to new energy by promoting its integrated and synergistic development, and to put in place a nationwide unified electricity market system, thereby providing institutional guarantees for new energy integration. Regarding technological innovation and industrial upgrading, policy priorities included fostering the large-scale development of frontier technologies such as concentrated solar power (CSP). Industrial agglomeration and cross-sector collaboration were encouraged to reduce costs and enhance the overall efficiency across the entire value chain. New energy enterprises were guided to increase R&D investment

and technological innovation, improve their business operation and management capabilities, thereby facilitating the industry's transformative leap from “scale expansion” to “quality and efficiency”.

The Group possesses an attributable clean energy installed capacity of approximately 686 MW and holds an equity interest in Nanjing AVIS; a company primarily focused on post-operation maintenance services for wind power projects. Furthermore, the Group holds a financial leasing business license, endowing it with synergistic capabilities that span the investment and operation of wind and solar power projects, the provision of post-warranty operation maintenance services, and project-specific financing support.

◆ **Solid Waste Recycling Treatment Industry:**

Strengthening solid waste recycling treatment is a pivotal initiative for advancing resource recycling and accelerating the comprehensive green transformation of economic and social development. As China's carbon peaking and carbon neutrality strategy advances, the integrated solid waste management (ISWM) has been elevated to a national strategic imperative.

On 8 November 2025, China's State Council Information Office released a white paper titled Carbon Peaking and Carbon Neutrality China's Plans and Solutions (《碳達峰碳中和的中國行動》), which identified “developing a circular economy and comprehensively improving resource utilisation efficiency” as one of the important pathways to achieve carbon peaking and carbon neutrality. China steadily advances the development of a waste recycling management system, implementing differentiated policies based on different utilisation methods for waste to promote the standardised, large-scale, and clean utilisation of renewable resources. The State Council executive meeting held on 19 December made arrangements for launching an ISWM campaign. It emphasised the need to resolutely curb the growth of solid waste and, in accordance with the principles of reduction, resource recovery, and harmless treatment, prioritise addressing solid waste issues closely linked to public livelihood and production safety. The meeting called for expediting the development of a full-chain, harmless management system designed to address the entire process from source reduction, classified collection, standardised storage, efficient transportation to safe disposal. It further resolved to accelerate the construction of associated infrastructure, enhancing the level of solid waste recycling, and unlocking the power of the market to foster the growth of the circular economy. The CPC Recommendations for the 15th Five-Year Plan (《「十五五」規劃建議》) further include objectives to refine the systems for aggregate resource management and comprehensive conservation, enhance capabilities in waste sorting and resource recovery so as to drive the growth of the circular economy. Leveraging solid waste recycling treatment as a central driver to stimulate growth across the industrial value chain represents a critical pathway for advancing the circular economy.

Furthermore, policies have been introduced in China regarding the recycling and comprehensive utilisation of retired power batteries from new energy vehicles (NEVs). In February 2025, the Action Plan for Improving the Recycling System of NEV Power Batteries (《健全新能源汽車動力電池回收利用體系行動方案》) was issued by the General Office of the State Council, requiring the accelerated formulation of relevant regulations to standardise recycling through legal means. In January 2026, the Interim Measures for the Administration of Recycling and Comprehensive Utilisation of NEV Power Batteries (《新能源汽車廢舊動力電池回收和綜合利用管理暫行辦法》) were jointly issued by six departments including the Ministry of Industry and Information Technology, aiming to strengthen oversight across the entire recycling and comprehensive utilisation chain for retired NEV power batteries, and to establish a standardised, safe, and efficient recycling and utilisation system.

Driven by both policy initiatives and market demand, China's solid waste treatment sector has fundamentally shifted in recent years from pursuing scale-driven growth to a model centered on quality and value enhancement. The industry is now navigating a pivotal transition from high-speed growth to high-quality development, facing tangible challenges including a cyclical slowdown in growth rate, heightened market competition, and extended investment payback periods. To build new internal growth engines, a dual-track strategy that integrates “cost reduction through lean management” and “value addition via technological innovation” must be implemented.

The Group has a designed organic waste treatment capacity of over 6,300 tons per day, placing it among the leading domestic industry players. In addition, Shenshan Qiantai, a controlled subsidiary of the Group, holds the qualification for the “White List” of battery comprehensive utilisation and the qualification for recycling and dismantling scrapped motor vehicles, and can provide recycling services for scrapped motor vehicles and integrated recycling services for retired power batteries. The Group will further integrate management and build a professional talent team, and strive to improve the quality and efficiency of the existing projects. Through multi-pronged measures, the Group will elevate lean management standards and profitability.

(III). Discussion and Analysis of the Operations

During the Reporting Period, guided by the strategic objectives of the 14th Five-Year Plan, the Group proactively implemented a range of measures to promote the production and operation. Through multiple coordinated initiatives, the Group improved production efficiency by tapping potential and increasing effectiveness, upgrading quality, reducing costs, to advance the synergistic development of its toll highways, the general-environmental protection, and other related business segments. During the Reporting Period, the Group recorded revenue of approximately RMB9,264 million, remaining broadly flat YOY . Among them, toll revenue was approximately RMB5,124 million, revenue from environmental protection businesses such as clean energy and solid waste recycling treatment was approximately RMB1,517 million, and other revenue was approximately RMB2,623 million, which accounted for 55.31%, 16.38% and 28.31% of the total revenue of the Group, respectively.

1. Toll Highway Business

(1) Business Performance and Analysis

The average daily traffic volume and toll revenue of all toll highways operated and invested by the Group during 2025 are as follows:

Toll highway	Average daily mixed traffic volume (number of vehicles in thousand) ⁽¹⁾	YOY	Average daily toll revenue (RMB'000)	YOY
Guangdong Province – Shenzhen Region:				
Meiguan Expressway	163	-0.9%	413	-4.1%
Jihe East	322	4.1%	1,893	3.5%
Jihe West	234	4.8%	1,551	3.7%
Coastal Project ⁽²⁾	226	10.2%	2,155	7.1%
Outer Ring Project	336	8.3%	3,318	3.8%
Longda Expressway	166	-1.5%	420	-3.2%
Shuiguan Expressway	263	0.2%	1,716	-0.7%
Shuiguan Extension	56	-5.8%	182	-4.5%
Guangdong Province – Other Regions:				
Qinglian Expressway	51	7.0%	1,881	8.8%
GS Expressway ⁽³⁾	642	1.6%	7,718	-2.1%
GZ West Expressway ⁽³⁾	267	0.0%	3,096	-10.7%
Yangmao Expressway	56	0.6%	2,051	-1.8%
GZ W2 Expressway	94	-1.6%	1,374	-1.5%
Other Provinces in the PRC:				
Changsha Ring Road	91	-4.3%	689	-3.8%
Nanjing Third Bridge	38	7.5%	1,537	7.1%
Yichang Project ⁽⁴⁾	46	-15.9%	946	-11.0%

Notes:

- (1) Traffic volume which is toll free during holidays is not included in the data of average daily mixed traffic volume. The toll revenue listed in the above table is tax exclusive.
- (2) Coastal Phase II commenced operations on 30 June 2024. Currently, it is not possible to separate the traffic volume data of Coastal Phase II for consolidated statistics. Therefore, the traffic volume data of the Coastal Project in the above table only reflects the traffic volume data of Coastal Phase I, excluding that of Coastal Phase II. The toll revenue data of the Coastal Project includes both Coastal Phase I and Phase II.
- (3) The Group indirectly holds approximately 71.83% shares in Bay Area Development, which is indirectly entitled to 50% and 45% of interests in GZ West and GS Expressway, respectively.
- (4) From 21 March 2024, the Group's equity interests in the Yichang Project decreased from 100% to 40%.

The Group's toll revenue increased year-on-year during the Reporting Period, primarily driven by the incremental revenue from the Coastal Phase II which opened in late June 2024, higher traffic volumes resulting from improved connectivity of the surrounding road network, and generally more favorable weather conditions in most project regions compared with the previous year. Moreover, the operating performance of the Group's toll highway projects is also subject to positive or negative impacts due to factors such as industry policies, changes in surrounding competitive or coordinated road networks, construction or maintenance of these projects, repair of connected or parallel highways, implementation of urban traffic organisation plans, and other means of transportation. The performance of the toll highway projects of the Group in different regions is summarised as follows:

◆ Guangdong Province – Shenzhen Region

During the Reporting Period, Shenzhen experienced reduced rainfall during its flood season compared to the same period last year, which mitigated adverse weather disruptions to traffic flows. In 2025, Shenzhen continued to strengthen consumption stimulus policies, including automobile subsidies and trade-in programs, to boost vehicle sales. According to figures published on the Shenzhen Municipal Government website, the city's registered motor vehicles were increased by approximately 301,900 units as of the end of December 2025 compared to the same period of the previous year, representing a year-on-year increase of approximately 6.81%. This rapid growth accelerated the rise in traffic volumes of the regional expressways.

During the Reporting Period, the interconnection of highways generated positive synergies for the Group's highway network in Shenzhen. The simultaneous opening of the Shenzhen-Zhongshan Link and Coastal Phase II realised direct interconnection between Shenzhen-Zhongshan Link, Coastal Expressway, GS Expressway, Shenzhen Bao'an Airport, and Jihe Expressway in late June 2024, and further promoted the deep integration between Shenzhen and both sides of the Pearl River estuary. The core transport hub effect has been continuously amplified, effectively driving significant traffic growth on the Coastal Expressway and Jihe Expressway while making diversion effects on the Outer Ring project and Longda Expressway. Overall, these developments contributed positively to the Group's total toll revenue. In January 2025, the left half of the ground-level reconstruction and expansion project of Huiyan Expressway (Shenzhen section) was opened to traffic, followed by the full resumption of two-way traffic in March, and some vehicles that detoured due to construction resumed their original routes, driving increased traffic volumes on the interconnected Jihe Expressway. In March, the Kengzi East Interchange crossing section of the Outer Ring Phase II was officially opened, addressing the traffic conversion needs between the Outer Ring project and the Shenzhen-Shantou West Expressway (i.e. Shenhai Expressway), thereby achieving rapid connection between local roads and the expressway. In April, the Xinwei Toll Station on the Outer Ring Expressway was put into operation, interconnecting the expressway and Longlan Avenue, a major urban arterial road. The opening of these two key conversion hubs has promoted the interconnection between the Outer Ring Expressway and Shenzhen's eastern and northern regions, providing more convenient and efficient options for vehicles traveling in the region and positively impacting the operating performance of the Outer Ring project.

Benefiting from the combined effects of the above factors, the overall average daily toll revenue of the Group's toll highway projects in Shenzhen achieved a YOY growth during the Reporting Period.

◆ Guangdong Province - Other regions:

During the Reporting Period, Guangdong Province experienced reduced rainfall during the flood season compared to the previous year, leading to increased public travel and logistics demands. This had a positive impact on the operating performance of the most of Group's toll highway projects in Guangdong Province.

Qinglian Expressway successfully completed its road upgrade project in late June 2025, further optimizing travel conditions and enhancing overall traffic efficiency, which promoted its operational performance. Additionally, the opening or maintenance of connecting or adjacent road networks generally had a positive impact on Qinglian Expressway. Consequently, both average daily traffic volume and toll revenue recorded year-on-year growth during the Reporting Period.

The GS Expressway, as a critical transport artery connecting the two key cities Guangzhou and Shenzhen, benefits from the highly vibrant urban economic belt along its route, which supports stable traffic volume. Following the opening of the Shenzhen-Zhongshan Link, some vehicles that previously used the Humen Bridge or Nansha Bridge for travel between eastern and western Guangdong have now shifted to the new route, leading to shortened travel distances on the GS Expressway, resulting in a slight YOY increase in the average daily traffic volume but a marginal YOY decrease in the average daily toll revenue during the Reporting Period.

GZ West Expressway is a component of the Pearl River Delta ring expressway network. Shenzhen-Zhongshan Link and Zhongshan section of Zhongkai Expressway (Zhongshan-Kaiping) opened to traffic simultaneously on 30 June 2024, and the auxiliary lanes connecting Yongning Interchange of Zhongshan West Ring Expressway and Tianlian Interchange of Guangzhongjiang Expressway were completed by the end of August, achieving full interconnection between Zhongshan West Ring Expressway and Guangzhou-Foshan-Jiangmen-Zhuhai Expressway (Guangzhou-Zhongshan-Jiangmen). Vehicles traveling between Guangzhou, Foshan, and other areas to Zhuhai and Zhongshan can now directly transfer from Guangzhou-Foshan-Jiangmen-Zhuhai Expressway (Foshan 1st Ring) to Zhongshan West Ring Expressway via Yongning Interchange to reach their destinations. These changes in the road network have promoted an increase in short-distance traffic volume on GZ West Expressway, but have also diverted certain long-distance traffic volume between eastern and western Guangdong. The diversion impact further expanded in 2025. During the Reporting Period, GZ West Expressway recorded a marginal YOY decrease in average daily traffic volume but a YOY decrease of approximately 11% in average daily toll revenue.

From June to October 2025, the western Guangdong region, which Yangmao Expressway runs through, suffered from continuous typhoons and heavy rainfall, significantly impacting operational performance of Yangmao Expressway. Furthermore, the adjacent Maozhan Expressway raised its toll rates starting in 2025, causing some large trucks to switch to alternative routes and leading to a decline in traffic on Yangmao Expressway. Due to the combined impact of these factors, average daily toll revenue on Yangmao Expressway decreased slightly year-on-year during the Reporting Period.

The northern section of Foqingcong Expressway (Foshan-Qingyuan-Conghua) opened in August 2024, and Guanghe Bridge ceased toll collection from 0:00 on April 8, 2025. Additionally, a 15% discount policy for all ETC trucks was implemented on certain surrounding road sections has started from 30 May 2025. These factors caused diversion from GZ W2 Expressway. Consequently, both average daily traffic volume and toll revenue for GZ W2 Expressway decreased slightly year-on-year during the Reporting Period.

◆ Other Provinces:

The opening of Xiangluzhou Bridge in Changsha in July 2024 has diverted traffic from Changsha Ring Road. This was further exacerbated by the opening of Guanyinyan Toll Station on Changyi

North Line in January 2025 and the trunk roads of Xinglian Road Bridge (connecting to the Guanyinyan Toll Station) in April 2025. Consequently, Changsha Ring Road recorded YOY declines in both average daily traffic volume and toll revenue during the Reporting Period. From 21 March 2024, the Group's equity interest in Yichang Project was reduced from 100% to 40%, resulting in deconsolidation of the Yichang Company from the Company's financial statements. The commencement of Yichang North Expressway (Yiyang-Changde) operations in late December 2024 diverted a portion of traffic volume from Yichang Expressway. Consequently, Yichang Expressway recorded YOY declines in both average daily traffic volume and toll revenue during the Reporting Period.

The differential toll policy adjustments implemented in Anhui Province in April 2025 and Jiangsu Province in May 2025 generate modest positive impact on Nanjing Third Bridge's traffic volume. Nanjing Third Bridge recorded YOY increase in both average daily traffic volume and toll revenue during the Reporting Period.

(2) Business Development

The Shenzhen Outer Ring Expressway runs east-west, with the majority of its route located in northern Shenzhen and sections extending into Dongguan City, spanning approximately 93 km in total. Within this network, the Shenzhen section of Outer Ring Expressway (the Outer Ring Project) funded and constructed by the Company has a total length of approximately 77 km. The Outer Ring Project is implemented in three phases, in which Outer Ring Phase I and Outer Ring Phase II were completed and opened to traffic, while Outer Ring Phase III has seen approximately 27% progress in physical shape as of the end of the Reporting Period. After the completion of Outer Ring Phase III, it will enrich the Company's core highway assets, and achieve the best overall economic and social benefits of the Outer Ring Project; on the other hand, it will also bring traffic to other toll highways of the Group by improving the road network layout. For details of Outer Ring Phase III, please refer to the relevant contents in the Company's announcements dated 14 July and 17 November 2023, and 25 January 2024.

The Jihe Expressway R&E project, as a major transportation infrastructure initiative under the Development Plan Outline for the Guangdong-Hong Kong-Macao Greater Bay Area, adopts a three-dimensional composite channel model, and consists of a ground layer and a three-dimensional layer, both of which are constructed as per the standard for two-way eight-lane expressways. After completion, it will enhance the traffic capacity of the existing traffic lines of Jihe Expressway effectively, meet the integrated transportation demand of the Guangdong-Hong Kong-Macao Greater Bay Area and the Pearl River Delta, and further consolidate the Group's core advantages in the investment, construction and operation of toll highways. As of the end of the Reporting Period, approximately 20% of the main part of the Jihe Expressway R&E project had been completed in terms of progress in physical shape. For details, please refer to the Company's announcements dated 22 May and 11 June 2024, as well as the Company's circular dated 27 May 2024.

The Company holds 71.83% shares in Bay Area Development, which indirectly holds 45% equity interests in Guangzhou to Shenzhen section of the Beijing-Hong Kong-Macao Expressway. To accommodate growing transportation demand, the reconstruction and expansion project has been launched, covering the reconstruction and expansion projects of the Huocun, Guangzhou to Chang'an, Dongguan section of Beijing-Hong Kong-Macao Expressway and the Huangcun-Huocun section in Guangzhou of Guangfo Expressway ("SG section"), as well as the Shenzhen section of the Beijing-Hong Kong-Macao Expressway ("Shenzhen section"); among them, the reconstruction and expansion project of SG section, totaling approximately 71.13 km, has commenced full construction, with progress generally in line with expectations. The reconstruction and expansion project of Shenzhen section spans approximately 47.07 km, with its pilot section's construction commenced at the end of 2025. For details, please refer to the announcements of the Company and Bay Area Development dated 30 October 2023 and 24 January 2025. For the details of operation of Bay Area Development during the Reporting Period, please refer to its 2025 annual report.

2. General-Environmental Protection Business

(1) Clean energy power generation

The Group's clean energy business primarily comprises wind power and photovoltaic (PV) power generation. As of the end of the Reporting Period, the Group held a total attributable installed capacity of approximately 686 MW in clean energy power generation. In the wind power segment, the Group has invested in and operated six grid-connected wind power projects, with a total attributable installed capacity of approximately 677 MW. In the photovoltaic segment, over the past two years, the Group has prudently expanded into distributed PV projects by leveraging its existing production sites and land resources along highway corridors. To date, the Group has independently developed and commissioned the Shengneng Qiantai PV Pilot Project, and held an equity interest in the Shanghai Guangming PV Project through its associate company, Fenghe Energy. These initiatives collectively represent a total attributable installed PV capacity of approximately 9.4 MW. During the Reporting Period, Baotou Nanfeng saw an increase in wind resources and a decrease in wind curtailment rate compared to the same period last year, resulting in approximately 16.0% growth in on-grid power supply. Xinjiang Mulei experienced lower overall wind resources and higher wind curtailment rate compared to the same period last year, leading to a year-on-year decline in both on-grid power supply and revenue from wind power generation. In 2025, the main operating data of new energy power generation projects of the Group are as follows:

Clean energy power generation			On-grid power supply (MWh) ⁽¹⁾	Power generation revenue (RMB'000) ⁽¹⁾
Project	Share-holding ratio of the Group	Revenue consolidation ratio	2025	2025
I. Wind power project				
Baotou Nanfeng Project	100%	100%	682,973.41	195,838.87
Xinjiang Mulei Project	100%	100%	616,415.92	288,312.52
Yongcheng Zhuneng Project	100%	100%	74,768.40	20,861.35
Zhongwei Gantang Project	100%	100%	104,811.52	18,992.13
Zhangshu Gaochuan Project	100%	100%	51,165.02	18,271.74
Huai'an Zhongheng Project	20%	—	232,620.90	110,076.63
II. Photovoltaic power generation				
Shengneng Qiantai	100%	100%	4,049.95	2,010.26
Shanghai Guangming	50%	—	18,258.27	8,448.12

Notes:

- (1) On-grid power supply is calculated based on the settlement cycle of the power grid, and the operating revenue of some projects includes the electricity price subsidy income calculated based on on-grid power supply.

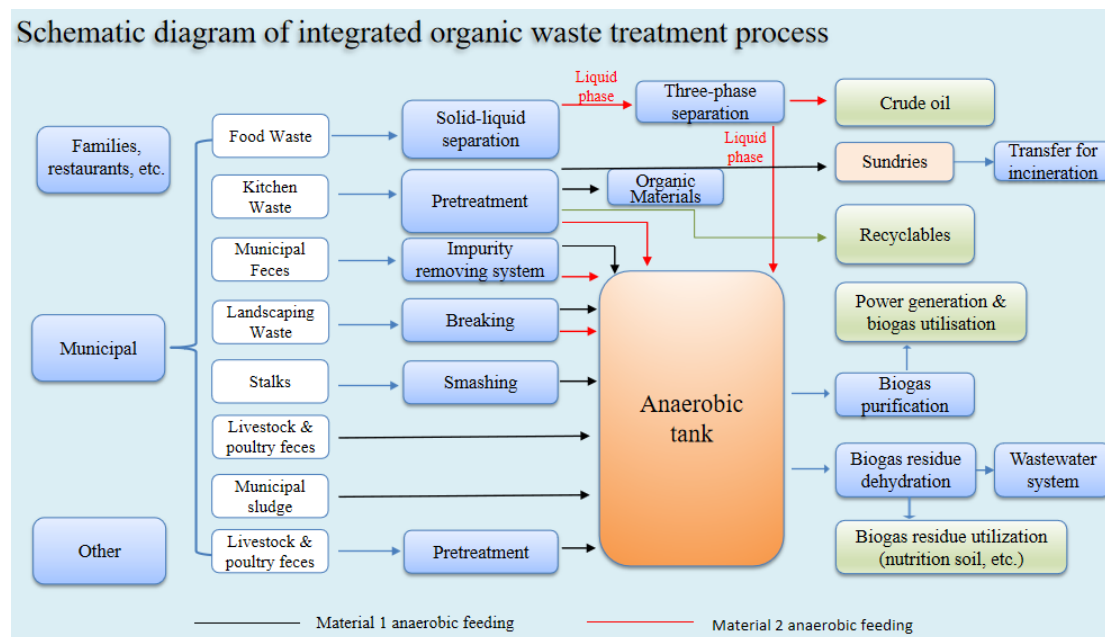
(2) Solid Waste Recycling Treatment

◆ Organic waste treatment

As of the end of the Reporting Period, the Group's designed organic waste treatment capacity is over 6,300 tons per day. Among them, projects with a total designed capacity of 5,126.5 tons per day have commenced commercial operation, while the rest are in the trial operation phase. These projects mainly

operate in BOT and other models, providing harmless treatment of organic solid and domestic waste (including food, kitchen and landscaping waste, etc.) to government customers.

The schematic diagram of the integrated organic waste treatment process of the Group is as follows:



During the Reporting Period, the Environmental Company fully implemented a “centralized planning, tiered management, and milestone-based control” working mechanism, replacing the previous decentralized model under which individual project companies managed operations independently. It has deepened the development of a unified management system, with “cost reduction and efficiency enhancement” as its core objectives, and systematically advanced optimization across waste collection & transportation and production processes, as well as remediation of loss-making projects. In waste collection & transportation management, it strengthened centralized oversight of service areas and continuously improved performance evaluation and process control measures. In production management, it consistently conducted systematic monitoring and analysis of key operational data, promoted the development of a smart operations platform, and drove technological and process upgrades to enhance the refinement and standardization of production management. At the same time, it has explored a centralized sales model for recovered grease and intensified sales efforts for recycling products derived from residual waste to broaden revenue streams. Going forward, the Environmental Company will continue to prioritize cost reduction and efficiency enhancement, focusing on improving key metrics such as oil recovery rate, organic waste utilization rate, and overall recycling rate, with the aim of enhancing profitability.

The operating status of the Group’s subsidiaries managed by the Environmental Company is as follows:

Bioland, a majority-owned subsidiary of the Company, mainly relies on technologies such as efficient anaerobic reaction treatment, MBR membrane bioreactors and their derivative technologies to provide customers with systematic and comprehensive solutions for organic waste treatment. As of the end of the Reporting Period, Bioland has a designed treatment capacity of over 4,600 tons/day, among which projects with a total designed capacity of 3,426.5 tons/day have entered commercial operation, while the rest are in the trial operation stage. Since 2023, the Group has continuously adjusted the business structure of Bioland, gradually exiting from severely loss-making EPC engineering and equipment manufacturing businesses, and focused on operation business. During the Reporting Period, Bioland improved its operational performance through end-to-end optimization of waste collection and production processing, concurrent implementation of technical retrofits, and enhanced cost and expense controls. However, due to a combination of factors—including insufficient waste collection volumes in most projects leading to low plant utilization, relatively high initial investment costs for certain projects, accounting adjustments related to asset rationalization following business restructuring, and prolonged

receivable collection cycles amid adverse external conditions—Bioland’s overall financial performance in 2025 was subpar.

The Guangming Environmental Park Project, a wholly-owned subsidiary located in Guangming District, Shenzhen, can treat 1,000 tons/day of organic waste, 100 tons/day of bulk waste (used furniture) and 100 tons/day of landscaping waste, and can realize the harmless treatment and recycling of food and kitchen waste concurrently. The Guangming Environmental Park Project applies the treatment process of “pre-treatment + anaerobic fermentation + biogas power generation” to realize the recycling and harmless treatment of organic waste. The Guangming Environmental Park Project entered the trial operation stage in May 2024 and officially commenced commercial operations in February 2025. It has secured the official permit for food waste collection and treatment in Guangming District and also assists in collecting and treating food waste from parts of Bao’an District, Shenzhen. Due to low plant utilization, the project did not achieved profitability during the Reporting Period.

Lisai Environmental, a majority-owned subsidiary of the Company, has a concession service area that covers Longhua District, Shenzhen, and assists in the treatment of certain kitchen waste in Futian District. Lisai Environmental officially commenced commercial operation in December 2017, with a kitchen waste treatment capacity of 500 tons/day.

Shaoyang Project, a wholly-owned subsidiary, is located in Daxiang District, Shaoyang, Hunan, with a design treatment capacity of 200 tons/day of kitchen waste, and operates in the “TOT” (Transfer-Operate-Transfer) model. The Shaoyang Project started trial operation in February 2023 and officially transitioned to commercial operation in September 2024.

In 2025, the key operating data of the Group’s organic waste treatment projects in commercial operation are as follows:

Organic waste			Organic waste disposal volume (thousand tons)	Operating income (RMB'000) ⁽¹⁾
Project	Shareholding ratio of the Group	Revenue consolidation ratio	2025	2025
I. Bioland	92.73%	100%	1,060.47	539,833.93
II. Lisai Environmental	70%	100%	180.28	119,585.78
III. Shaoyang Project	100%	100%	42.67	35,621.50
IV. Guangming Environmental Park	100%	100%	148.58	87,731.36
Total			1,432.00	782,772.57

Note:

- (1) The operating income in the above table includes estimated subsidy income calculated based on the waste treatment volume.

◆ Battery Recycling and Energy Storage Business

Shenshan Qiantai, a controlling subsidiary of the Group, is a national high-tech enterprise and a specialised and sophisticated small and medium-sized enterprise in Shenzhen. During the Reporting Period, it was rated as a national-level “Green Factory”. It has the qualification for dismantling scrapped motor vehicles, as well as being qualified in the whitelist of comprehensive utilisation of batteries issued by the Ministry of Industry and Information Technology. It can provide scrapping, recycling and disposal services for gasoline-powered vehicles, and integrated recycling services for new energy vehicles and retired power batteries. In terms of dismantling of scrapped motor vehicles and comprehensive utilisation of batteries, the performances of the two business segments did not meet expectations, due to the decline in the market price of scrap metals, the limited scale of scrapped motor vehicle recycling, the continuous pressure on the prices of lithiumion battery materials and other industry factors. During the Reporting

Period, Shenshan Qiantai scaled back the dismantling of scrapped motor vehicles and comprehensive utilisation of batteries and repositioned its strategy to concentrate on two-wheeler battery swapping and energy storage products as well as industrial and commercial battery storage products, which allowed it to gradually expand its market presence. As of the end of the Reporting Period, it has operated over 820 battery swapping cabinets, equipped with more than 13,000 battery packs, with a battery utilisation rate of over 70%. It has also launched small-scale sales of commercial and industrial energy storage products and energy storage supporting services for end-user applications.

(3) Water Environmental Governance and Others

The Environmental Company, a wholly-owned subsidiary of the Group, holds 20% equity interests in Derun Environment. Derun Environment is a comprehensive environmental investment enterprise, with holding subsidiaries such as Chongqing Water (stock code: 601158) and Sanfeng Environment (stock code: 601827) which are listed on the PRC main board. The major business segments include water supply and sewage treatment, waste incineration power generation, environmental restoration, etc. For the main businesses and operation of Chongqing Water and Sanfeng Environment, please refer to their 2025 annual reports.

The Group holds 11.25% equity interests in Shenzhen Water Planning (stock code: 301038), a company listed on the ChiNext Market of the SZEX. For information of the business development of Shenzhen Water Planning, please refer to its 2025 annual report.

For the profitability of the general-environmental protection projects during the Reporting Period, please refer to the relevant contents in “Financial Analysis” below and to the Financial Statements notes V\48 and V\55 in this announcement.

3. Entrusted Management and the Development of Other Infrastructure

The Group has continually launched or participated in the construction, operation and maintenance management business (also known as the entrusted construction and management business) with the expertise and experience gained in the field of highway construction and operation over these years. In addition, the Group has also participated in the construction and development of local infrastructure and land along highways prudently, so as to obtain reasonable return.

(1) Entrusted Construction Business

During the Reporting Period, the Group’s main ongoing entrusted construction project was the Shenshan Environmental Park Project in Shenzhen. During the Reporting Period, the site leveling work under the pilot public facilities projects in the park was largely completed, and approximately 47.5% had been completed cumulatively in terms of physical progress. The construction of Lyubao Road (from Tonggang Avenue to the Chemical Park section) is currently underway, including subgrade works, and approximately 66% had been completed in terms of physical progress. The waste transfer station project had entered the construction phase in the second half of 2025.

(2) Entrusted Management Business

The Operation Development Company, a wholly-owned subsidiary of the Group, mainly engages in such operations as highway operation, maintenance and management. The Engineering Development Company under the Operation Development Company mainly engages in upstream and downstream segments of the road industry, such as highway and municipal road maintenance and construction. It has the Class I general contracting qualification for highway project construction.

During the Reporting Period, the Operation Company (including its subsidiaries) successfully renewed the Phase II contract for the Comprehensive Management and Maintenance Project of the Southern Section of Qingping Expressway Phase II and was awarded the comprehensive management and maintenance projects for Four Expressways, etc. The Engineering Development Company (including its subsidiaries) undertook a total of 12 projects involving road maintenance and infrastructure engineering services.

For details of the profits as well as incomes and expenses of major entrusted management businesses during the Reporting Period, please refer to the contents in “Financial Analysis” below and the relevant contents to the Financial Statements note V\48 in this announcement.

(3) Development and Management of Land Projects

Since 2012, the Group has explored business types such as comprehensive land development related to the core business of highways and the urban renewal business arising from land use planning adjustment along expressways to revitalise land assets, and improve the comprehensive utilisation value of assets.

◆ Guilong Regional Development Project

The project being developed by holding subsidiary Guishen Company in Longli County, Guizhou Province is named as “Youshan Villa”. During the Reporting Period, Guishen Company collaborated with a wellness institution under the Group to develop the “Youxiang Apartment”, a summer vacation and wellness project at the Youshan Villa Project site, which entered trial operation in April 2025, with operational results largely meeting expectations. By implementing a marketing strategy that “integrates real estate with wellness”, Guishen Company aims to enhance the added value of the Project and boost sales.

◆ Meilin Checkpoint Renewal Project

United Land in which the Group holds 34.3% equity interests principally engages in the investment, development and operation of the Meilin Checkpoint Renewal Project. The residential units developed under the Meilin Checkpoint Renewal Project have been sold out. The project also completed the construction of a complex building of offices, commercial properties, and business apartments with an area of approximately 190,000 square meters. Except for the parts that have been delivered to the resettled property owners, the remaining parts of the office properties have been put up for external sale. As at the end of the Reporting Period, a portion of the commercial properties and business apartments had been sold, and the remainder are being actively marketed for sale.

◆ Xintang Project

The Xintang Project (Park Uptown Project), in which the Group indirectly holds a 15% equity interest through Bay Area Development, involves the comprehensive development of approximately 196,000 square metres of transportation land of GS Expressway in Xintang Town, Zengcheng District, Guangzhou. For details of the Xintang Project, please refer to Bay Area Development’s 2025 annual report.

(4) Development and Management of Other Infrastructure

The Guangming Wellness Project under the Investment Company comprises the Guangming Xincun Community Integrated Service Centre Pilot Project and the Fenghuang Jiulongtai Community Integrated Service Centre Pilot Project (collectively referred to as the “Two Guangming Community Projects”), as well as the Guangming District Social Welfare Home Project. During the Reporting Period, the Guangming District Social Welfare Home project passed the review by the Hong Kong Social Welfare Department and became a recognised service provider under its “Residential Care Services Scheme in Guangdong”. This marks a significant breakthrough for the Guangming District Social Welfare Home in cross-regional elderly care collaboration, enabling it to provide professional care services for seniors from Guangdong and Hong Kong, further promoting the integration of wellness resources and synergy of livelihoods between the two regions.

4. Industrial-Financial Integration

The Group holds approximately 3.44% equity interests in Bank of Guizhou (stock code: 06199.HK). For the business development of Bank of Guizhou, please refer to its 2025 annual report.

The Group's wholly-owned subsidiary Financial Leasing Company primarily provides financial leasing services focusing on the main businesses, and upstream and downstream businesses of the Group.

The Group holds 45% equity interest of Foshan Shunde Shengchuang Shenzhen Expressway Environmental Technology Industry M&A Investment Partnership (Limited Partnership) ("Shengchuang Fund"). As at the end of the Reporting Period, the total paid-in size of the fund was RMB300 million, of which the Company's paid-in capital was RMB135 million. Since its establishment, the fund has made investments in two environmental protection projects. Given that both projects have triggered the withdrawal conditions, Shengchuang Fund decided to withdraw, and the withdrawal plan was under implementation.

The Group holds approximately 7.48% equity interests in Shenzhen State-owned Assets Collaborative Development Private Fund Partnership (Limited Partnership) ("State-owned Assets Collaborative Development Fund"). The overall size of the fund is RMB4.01 billion, in which the Company's contribution is RMB0.3 billion. To date, RMB23 million of the invested principal has been recovered. The fund is managed by Shenzhen Kunpeng Zhanyi Equity Investment Management Co., Ltd., and invested mainly in strategic emerging industries, environmental protection, infrastructure, etc.

5. Other Businesses

The Group holds 22% equity interests in Yunji Intelligent (formerly known as "Consulting Company"), 51% equity interests in Digital Technology Company, and 10.2% equity interests in Unitoll Services, respectively. The revenue and profit contribution of these businesses currently account for a small proportion in the Group. For details of other businesses during the Reporting Period, please refer to the relevant contents of notes V\13, V\14, V\48, V\55 and V\56 to the Financial Statements in this announcement.

(IV). Analysis of Core Competitiveness during the Reporting Period

The major toll highway projects operated and funded by the Group possess outstanding location advantages and maintain a good condition of assets. Over the years, the Group has been dedicated to the sector of transportation infrastructure, built a good reputation in the industry, and gained extensive experience in the investment, construction, operation and management of large-scale infrastructure. By giving full play to its professional management experience and innovation capability, and leveraging its good financing capability, the Group will gradually realise industry upgrading and transformation, thus keeping improving its competitive advantages.

State-owned platform advantage of infrastructures in the Greater Bay Area: Located in Shenzhen, the Group is a platform for the investment, construction, management and maintenance of highway and general-environmental infrastructure under the Shenzhen SASAC. The majority of the highway projects and certain environmental infrastructure projects funded and operated by the Group are located in the Guangdong-Hong Kong-Macao Greater Bay Area, providing the Group with a geographic advantage. The Group actively seized the major strategic opportunities arising from the development of the "two regions", namely the Guangdong-Hong Kong-Macao Greater Bay Area and Shenzhen, as the Pioneering Demonstration Zone of Socialism with Chinese Characteristics. By focusing on the new planning of innovative urban construction and integrated infrastructure services in the region, leveraging the synergistic advantages as a state-owned platform and thus actively acquiring the opportunities for participating in quality highway and environmental infrastructure projects in the region, the Group acquires greater room for operation development. The development of the "two regions" not only creates new project opportunities, but also continues to boost the demand for transportation and solid waste treatment, which invigorates the operating performance of the Group's dual core businesses. In addition,

the Group will actively explore the land development business along the highway projects in the Greater Bay Area, and give play to its synergistic role to unleash the development value of land along these projects and increase the overall profitability based on the development plan of the urban agglomeration in the region.

Comprehensive integrated management capability: Since its establishment, the Group has been dedicated to the transportation infrastructure industry. Through the investment, construction, operation and management of large-scale infrastructure projects over these years, the Group has gained extensive experience in the investment, construction, operation and management of the heavy assets and franchise businesses, established a sophisticated investment decision-making system, and a construction and operation management system, and developed comprehensive integrated management capabilities from investment and construction to operation and maintenance. During the Reporting Period, based on this core competency, the Group, on the one hand, carried out the construction, operation, maintenance and management of a number of public projects actively through participation in government bidding. On the other hand, upon entering the clean energy power generation and solid waste recycling treatment business sectors with business models similar to those of toll highways, the Group continued to leverage its comprehensive integrated management capabilities in the heavy assets business, and preliminarily established its presence in related industries. In the future, the Group will further ramp up its professional and comprehensive integrated management capabilities in the business sector of general environmental protection to enhance its market competitiveness.

Innovation capability: The Group has always focused on innovative development, including business models, cooperation models, professional fields, professional technologies, and other aspects. In recent years, the Group has studied and applied new technologies, new materials, new processes and new models, overcome numerous technical difficulties, and achieved multiple scientific research achievements in the industry through innovative design and management concepts together with partner suppliers in key construction projects. Currently, in response to the current trend of rapid development in digital information technology, the Group actively promotes the research and application of intelligent transportation/environmental protection technologies. Actively utilising its innovation capability in various sectors, the Group strives for innovation and transformation to continually improve its operation and development performance.

Good financing platform: Listed in both Shanghai and Hong Kong, the Group has a good financing platform for the capital markets in both places. In the meanwhile, the Group has been maintaining high domestic and overseas credit ratings, and good long-term cooperative relationships with banks and other financial institutions, and establishing smooth financing channels, enabling it to raise funds for corporate development and control financial costs effectively. During the Reporting Period, the Group successfully completed the issuance of A shares to specific investors, raising total proceeds of approximately RMB4.703 billion (inclusive of issuance expenses). This not only provided valuable funding for the construction of key projects, but also introduced heavyweight strategic investors, underscoring the high level of recognition from industrial capital and professional peers, further optimising the shareholder structure and strengthening the Group's overall capabilities. For details of the results of the Group's financial strategies as well as capital management and financing arrangements, please refer to "Financial Analysis" below.

4.2 Financial Analysis

In 2025, the Group recorded a net profit attributable to owners of the parent company (“net profit”) of RMB1,149,352,000 (2024: RMB1,145,049,000), remaining broadly flat YOY.

(I). Analysis of Main Business

Analysis of Changes in Related Items in the Income Statement and Cash Flow Statement

Unit: '000 Currency: RMB

Item	Amount for the current period	Amount for the corresponding period of last year	Change (%)
Revenue	9,264,481	9,245,691	0.20
Cost of services	6,456,995	6,324,399	2.10
Selling expenses	9,178	12,696	-27.71
General and administrative expenses	436,296	460,064	-5.17
Financial expenses	742,591	1,038,239	-28.48
Research and development expenses	44,695	32,931	35.72
Investment income	762,525	1,025,126	-25.62
Income tax expenses	461,238	540,213	-14.62
Net cash flows from operating activities	4,623,661	3,717,306	24.38
Net cash flows from investing activities	-4,814,835	-36,146	13,220.67
Net cash flows from financing activities	2,276,629	-2,807,276	N/A

- (1) Reasons for change in revenue: remain broadly flat YOY.
- (2) Reasons for change in cost of services: remain broadly flat YOY.
- (3) Reasons for change in sales expenses: mainly due to the reduction of personnel and expenses in the environmental protection sector in the current year, resulting in a YOY decrease in the relevant expense.
- (4) Reasons for change in general administrative expenses: mainly due to the impairment charges on certain intangible and fixed assets in the environmental protection segment in the year, resulting in a decrease in depreciation and amortization expenses in the current year.
- (5) Reasons for change in financial expenses: mainly due to the decrease in the financing interest rate and the appreciation of RMB in the current year, resulting in a YOY decrease in the interest expense and a YOY increase in exchange gains.
- (6) Reasons for change in R&D expenses: mainly due to the increase in R&D projects for the current year.
- (7) Reasons for change in investment income: mainly due to the recognition of gains from the disposal of the equity interests in a subsidiary in the same period of the previous year.
- (8) Reasons for change in income tax expenses: mainly due to the reversal of certain deferred tax assets recognised in previous year.
- (9) Reasons for change in net cash flows from operating activities: mainly due to the increase in electricity tariff subsidy for the current period, and the refund of advance payments for the material purchase.
- (10) Reasons for change in net cash flows from investing activities: mainly due to the increase in the net amount of structured deposits for the current year, increase in the payments for the Outer Ring Phase III Project and Jihe Expressway R&E Project, as well as the receipt of disposal proceeds from the equity interests in Yichang Company in the same period of the previous year.
- (11) Reasons for change in net cash flows from financing activities: mainly due to the funds raised from the issuance of ordinary A-shares to specific targets for the current year.

For detailed reasons for the change in the items above, please refer to the analysis below.

1. Analysis of Revenue and Cost

During the Reporting Period, the Group recorded revenue of RMB9,264,481,000 (2024: RMB9,245,691,000), remaining broadly flat YOY. The detailed analysis is as follows:

Unit: '000 Currency: RMB

Revenue item	Amount for the current period	Proportion (%)	Amount for the corresponding period of last year	Proportion (%)	YOY change (%)	Description
Revenue from main business – toll roads	5,123,849	55.31	5,053,338	54.66	1.40	①
Revenue from main business – clean energy power generation	544,287	5.87	549,085	5.94	-0.87	
Revenue from main business – solid waste recycling treatment – kitchen waste treatment	818,594	8.84	683,562	7.39	19.75	②
Revenue from main business – solid waste recycling treatment – end-of-life vehicle and battery recycling	149,282	1.61	167,074	1.81	-10.65	③
Revenue from main business – other environmental protection businesses	5,553	0.06	9,317	0.10	-40.40	
Revenue from other business – entrusted construction and management	308,811	3.33	444,044	4.80	-30.45	④
Revenue from other business – real estate development	46,307	0.50	29,262	0.32	58.25	⑤
Revenue from other businesses – revenue from construction services under concession arrangements	1,995,659	21.54	1,963,891	21.24	1.62	
Revenue from other businesses – other	272,139	2.94	346,118	3.74	-21.37	⑥
Total revenue	9,264,481	100.00	9,245,691	100.00	0.20	

Description:

- ① The Group recorded a YOY increase of 1.40% in toll revenue, excluding the impact of the deconsolidation of Yichang Company from the financial statements of the Group since 21 March 2024. On a like-for-like basis, the toll revenue of the Group increased by 3.15% YOY, primarily attributable to a YOY increase in toll revenue from some expressways due to factors such as improvement of road network.
Detailed analysis of the operational performance of various projects during the Reporting Period is set out in the “Discussion and Analysis of the Operations” above. A breakdown of revenue by specific items is set out in “Breakdown of Main Businesses by Industry, Product and Region” below.
- ② The revenue from kitchen waste treatment increased by 19.75% YOY, mainly due to the increase in waste treatment volume, the rise in oils and fats prices, and the completion of the price adjustment for Bioland’s Taizhou Project in the current year.
- ③ The revenue from end-of-life vehicle and battery recycling decreased by 10.65% YOY, mainly due to the decrease in the business volume of Shenshan Qiantai in the current year.
- ④ The revenue from entrusted construction and management decreased by 30.45%, mainly due to the completion of Longli River Bridge Project and Bimeng Project in the previous year and the reduction in the volume of road asset maintenance works of the Operation Development Company in the current year, resulting in a YOY decrease in recognised revenue under this category.
- ⑤ Real estate development revenue increased by 58.25% YOY, mainly due to the increase in the number of properties handed over to buyers in the Guilong Development Project in the current year.
- ⑥ The revenue from other businesses decreased by 21.37%, mainly due to the decrease in business volume of Asphalt Technology Company.

(1) Breakdown of Main Business by Industry, Product and Region

Unit: '000 Currency: RMB

Main business by industry						
Industry	Revenue	Cost of services	Gross profit rate (%)	Increase or decrease in revenue over the previous year (%)	Increase or decrease in cost of services over the previous year (%)	Increase or decrease in gross profit rate over the previous year (%)
Toll roads	5,123,849	2,811,056	45.14	1.40	7.54	Decrease of 3.13 pp
Solid waste recycling treatment	967,876	960,581	0.75	13.78	6.40	Increase of 6.89 pp
Breakdown of main business by product						
Product	Revenue	Cost of services	Gross profit rate (%)	Increase or decrease in revenue over the previous year (%)	Increase or decrease in cost of services over the previous year (%)	Increase or decrease in gross profit rate over the previous year (%)
Outer Ring Expressway	1,211,248	433,025	64.25	3.55	4.78	Decrease of 0.42 pp
Qinglian Expressway	686,588	576,664	16.01	8.51	15.52	Decrease of 5.09 pp
Jihe East	691,085	239,580	65.33	3.20	-12.86	Increase of 6.39 pp
Jihe West	566,055	125,702	77.79	3.42	2.81	Increase of 0.13 pp
Shuiguan Expressway	626,437	662,086	-5.69	-0.99	10.50	Decrease of 10.99 pp
Coastal Expressway	786,413	475,600	39.52	6.81	22.60	Decrease of 7.79 pp
Breakdown of main business by region						
Region	Revenue	Cost of services	Gross profit rate (%)	Increase or decrease in revenue over the previous year (%)	Increase or decrease in cost of services over the previous year (%)	Increase or decrease in gross profit rate over the previous year (%)
Guangdong Province	5,242,493	3,141,597	40.07	3.88	11.37	Decrease of 4.04 pp

Note: The breakdown of main businesses by industry, product and region only lists the projects that account for 10% or more of the Company's operating revenue or profits.

Breakdown of main businesses by industry, product and region:

During the Reporting Period, the overall gross profit rate of the Group's subsidiary toll roads was 45.14%, representing a YOY decrease of 3.13 percentage points, mainly due to the change in the unit amortisation amount of Qinglian Expressway and Coastal Expressway starting from 1 July 2024 and 1 July 2025 respectively, resulting in an increase in the depreciation and amortisation expenses, and the increase in the maintenance costs of Shuiguan Expressway. The gross profit rate of Jihe East increased in the current year, mainly due to the change in the unit amortisation amount of Jihe East from 1 July 2024, resulting in a decrease in the amortisation amount of intangible assets from franchise operations.

(2) Analysis of Cost of Services

During the Reporting Period, the cost of services of the Group amounted to RMB6,456,995,000 (2024: RMB6,324,399,000), remaining broadly flat YOY.

Unit: '000 Currency: RMB

Breakdown by industry							
Industry	Cost item	Amount for the current period	Amount for the current period as a percentage of total costs (%)	Amount for the corresponding period of last year	Amount for the corresponding period of last year as a percentage of total costs (%)	YOY change (%)	Description
Costs of main business – toll roads	Employee expenses	466,592	7.23	472,326	7.47	-1.21	
	Road maintenance expenses	350,015	5.42	297,476	4.70	17.66	①
	Depreciation and amortisation	1,789,554	27.71	1,662,245	26.28	7.66	
	Other business costs	204,895	3.17	181,823	2.87	12.69	
	Subtotal	2,811,056	43.53	2,613,870	41.32	7.54	
Cost of main business – clean energy power generation		295,019	4.57	305,224	4.83	-3.34	
Cost of main business – solid waste recycling treatment – kitchen waste treatment		782,837	12.12	691,808	10.94	13.16	②
Cost of main business – solid waste recycling treatment – end-of-life vehicle and battery recycling		177,744	2.75	211,023	3.34	-15.77	③
Cost of main business – other environmental protection businesses		11,146	0.17	15,161	0.24	-26.48	
Other business costs – entrusted construction and management		279,961	4.34	405,522	6.41	-30.96	④
Other business costs – real estate development		37,625	0.58	21,413	0.34	75.71	⑤
Other business – cost of construction services under concession arrangements		1,880,536	29.12	1,792,555	28.34	4.91	
Cost of main business – other businesses		181,071	2.80	267,823	4.23	-32.39	⑥
Total cost of services		6,456,995	100.00	6,324,399	100.00	2.10	

Explanation of cost analysis:

- ① Mainly due to the increase in maintenance costs of some subsidiary toll roads such as Coastal Expressway and Shuiguan Expressway.
- ② The cost of kitchen waste treatment increased by 13.16% YOY, mainly due to the YOY increase in waste treatment revenue and costs following the commencement of commercial operation of the Guangming Environmental Park Project in February 2025. Besides, as Bioland's operating revenue increased, its operating cost increased accordingly.
- ③ Mainly due to the decrease in the business volume of Shenshan Qiantai.
- ④ Mainly due to the decrease in business volume.
- ⑤ Mainly due to the YOY increase in the number of flats handed over to buyers in the Guilong Development Project in the current year, resulting in a corresponding increase in the carried-forward real estate development costs.
- ⑥ Mainly due to the decrease in business volume of Asphalt Technology Company in the current year.

(3) Major customers and major suppliers

A. Major Sales Customers of the Company

In view of the business nature of the Group, customers of toll roads are non-specific targets. Except toll revenue, the total revenue from the top 5 customers of the Group was RMB744.66 million, accounting for 8.04% of the Group's total revenue, excluding related party sales.

B. Major Suppliers of the Company

The Group's total amount of purchase from the top 5 suppliers was RMB2,045.34 million, accounting for 50.14% of the Group's total purchase amount, excluding related party purchase.

2. Expenses

The Group's selling expenses for the Reporting Period amounted to RMB9,178,000 (2024: RMB12,696,000), representing a YOY decrease of 27.71%, mainly due to the reduction of personnel in the environmental protection sector, and the YOY decrease in business expenses.

The Group's general and administrative expenses for the Reporting Period amounted to RMB436,296,000 (2024: RMB460,064,000), representing a YOY decrease of 5.17%, mainly due to the impairment charges on certain intangible and fixed assets in the environmental protection segment in the previous year, resulting in a decrease in depreciation and amortization expenses in the current year.

The Group's financial expenses for the Reporting Period amounted to RMB742,591,000 (2024: RMB1,038,239,000), representing a YOY decrease of 28.48%, mainly due to the decrease in the Group's financing interest rate, resulting in a decrease in the interest expense, and the slight appreciation of the RMB, resulting in an increase in the foreign exchange gains and losses. The detailed analysis of financial expenses is as follows:

Unit: '000 Currency: RMB

Financial expenses item	Amount for the current period	Amount for the corresponding period of last year	Change (%)
Interest expenses	859,367	1,069,760	-19.67
Less: Interest capitalised	-978	9,548	N/A
Interest income	72,338	75,210	-3.82
Add: Exchange gains and loss	-53,256	46,177	N/A
Others	7,840	7,059	11.06
Total financial expenses	742,591	1,038,239	-28.48

The Group's R&D expenses for the Reporting Period amounted to RMB44,695,000 (2024: RMB32,931,000), representing a YOY increase of 35.72%, mainly due to the increase in the R&D projects.

3. Research and development expenses

(1) Breakdown of research and development investment

Unit: '000 Currency: RMB

Expensed R&D investment for the current period	44,695
Capitalised R&D investment for the current period	-
Total R&D investment	44,695
Total R&D investment as a percentage of revenue	0.48%
Proportion of capitalised R&D investment (%)	-

(2) Description

The research and development investment mainly represented the expenses incurred for the green recycling technology for used batteries by Shenshan Qiantai, various environmental protection device systems and process technologies by Lisai Environmental, as well as a series of R&D projects such as the digital operation and intelligent control system for highways undertaken by Operation Development Company etc.

4. Explanation of the changes in income tax expense:

During the Reporting Period, the Group's income tax expenses amounted to RMB461,238,000 (2024: RMB540,213,000), representing a YOY decrease of 14.62%, mainly due to the reversal of certain deferred tax assets recognised in previous year.

5. Investment Income

During the Reporting Period, the Group's investment income amounted to RMB762,525,000 (2024: 1,025,126,000), representing a YOY decrease of 25.62%, mainly attributable to the recognition of gains from the disposal of the equity interests in Yichang Company in the same period of the previous year and the provisions for asset impairment in the current year for the real estate inventory of the investee companies made. A detailed analysis is as follows:

Unit: '000 Currency: RMB

Project	Amount for the current period	Amount for the corresponding period of last year	Change in amount
1. Investment income attributable to associates/joint ventures:			
Associated/joint toll highway enterprises in total	504,608	530,172	-25,563
United Land	-30,500	84,682	-115,182
Derun Environment	153,497	136,825	16,672
Others ^{Note}	109,541	99,458	10,083
Subtotal	737,147	851,137	-113,990
2. Investment income from disposal of equity interests in subsidiaries/associates	-1,535	149,336	-150,872
3. Investment income from other non-current financial assets	13,032	19,344	-6,312
4. Investment income from wealth management products	13,882	5,309	8,573
Total	762,525	1,025,126	-262,601

Note: Others are attributable to the investment income in Yunji Intelligent, Bank of Guizhou, Shengchuang Fund, Guizhou Hengtongli, Huaian Zhongheng, Xintang JV, Fenghe Energy, etc.

6. Cash Flow

Explanation of changes in net cash flow from operating activities: During the Reporting Period, the Group's net cash inflow from operating activities amounted to RMB4,623,661,000 (2024: RMB3,717,306,000), representing a YOY increase of RMB906,355,000. This was mainly attributable to a YOY increase in electricity subsidies for wind farm projects and the refunds of advance payments for materials procurement received by subsidiaries this year. In addition, the recurring cash return Note on investments from toll road associates/joint ventures invested by the Company during the Reporting Period amounted to RMB555,920,000 (2024: RMB441,133,000), representing a YOY increase of RMB114,787,000, mainly due to the YOY increase in the dividend amount of GS Expressway.

Note: The recurring cash return on investments refers to the cash flow distribution (including profit distribution) from the toll road associates/joint ventures invested by the Company. According to the articles of association of certain toll road associates/joint ventures, those companies will distribute cash to their shareholders if the conditions for cash flow distribution are satisfied. According to the characteristics of the toll road industry, such cash return on investments will provide continuous and stable cash flow. The Company provided the aggregated figures of net cash inflows from operating activities and recurring cash return on investments to help the users of the financial statements understand the performance of recurring cash flows from the Group's operating and investing activities.

Explanation of changes in net cash flow from investing activities: During the Reporting Period, the Group's net cash outflow from investing activities increased by RMB4,778,690,000 YOY, mainly due to the purchase of structured deposits using temporarily idle raised funds, the increase in the investment expenditure for construction-in-progress projects, and the receipt of proceeds from the disposal of equity interest in Yichang Company during the same period last year.

Explanation of changes in net cash flow from financing activities: During the Reporting Period, the Group's net cash inflow from financing activities increased by RMB5,083,905,000 YOY, mainly due to the fund raised from the issuance of ordinary A-shares to specific targets this year.

7. Amortisation Policy for Toll Road Concession Intangible Assets and Differences under Different Amortisation Methods

The Group amortised the concession intangible assets of toll road using the traffic volume method. The approach calculates amortisation based on a unit-of-usage basis, determined by the proportion of actual traffic volume during each period relative to the estimated total traffic volume over the concession period. The Group conducts periodic reviews and adjustments of these traffic volume estimates to ensure the reasonableness of the amortisation amounts.

Generally, during the early operational stage of toll roads, the amortisation amount calculated using the traffic volume method is lower than that determined by the straight-line method. During the Reporting Period, the amortisation difference between these two methods calculated based on the Company's equity ratio was -RMB200 million (2024: -RMB212 million). The adoption of different amortisation methods does not affect the cash flows of toll road projects, and consequently has no impact on the valuation levels of individual project.

(II). Analysis of Assets and Liabilities

1. Assets and Liabilities

As at 31 December 2025, the Group's total assets amounted to RMB71,289,150,000 (31 December 2024: RMB67,558,031,000), representing an increase of 5.52% compared to the end of 2024. As at 31 December 2025, the Group's total outstanding interest-bearing liabilities amounted to RMB31,425,091,000 (31 December 2024: RMB32,057,208,000), remaining broadly flat YOY.

The detailed analysis of assets and liabilities is as follows:

Unit: '000 Currency: RMB

Name of item	Amount as at the end of the current period	Amount as at the end of the current period as a percentage of total assets (%)	Amount as at the end of last year	Amount as at the end of last year as a percentage of total assets (%)	Change in amount as at the end of the current period as compared to the end of last year (%)	Description
Cash and cash equivalents	5,152,923	7.23	2,908,582	4.31	77.16	(1)
Trading financial assets	2,557,452	3.59	129,823	0.19	1,869.95	(2)
Prepayments	119,599	0.17	245,482	0.36	-51.28	(3)
Contract assets	533,486	0.75	370,628	0.55	43.94	(4)
Non-current assets due within one year	941,440	1.32	435,993	0.65	115.93	(5)
Long-term prepayments	1,787,718	2.51	1,312,579	1.94	36.20	(6)
Construction in progress	119,008	0.17	84,895	0.13	40.18	(7)
Goodwill	-	-	202,893	0.30	-100.00	(8)
Development expenditures	829	0.00	6,261	0.01	-86.76	(9)
Other non-current assets	925,556	1.30	1,936,717	2.87	-52.21	(5)
Short-term borrowings	3,356,091	4.71	2,573,849	3.81	30.39	(10)
Transactional financial liabilities	270,588	0.38	197,665	0.29	36.89	(11)
Notes payable	334,726	0.47	870,678	1.29	-61.56	(12)
Non-current liabilities due within one year	6,383,064	8.96	2,544,253	3.77	150.88	(13)
Provisions	332,809	0.47	242,044	0.36	37.50	(14)
Lease liabilities	1,552,695	2.18	3,053,377	4.52	-49.15	(15)

Explanation of assets and liabilities:

- (1) Funds raised through the issuance of A-share ordinary shares to specific investors.
- (2) Purchase of structured deposits with temporarily idle raised funds and its own funds.
- (3) Receipt of refunded prepayments for material procurement.
- (4) Based on asset liquidity, the "Other non-current assets" balance has been reclassified to "Contract assets".
- (5) The Bimeng Project constructed by Guishen Company as entrusted was completed, accepted and opened to traffic in 2025; according to the investment cooperation agreement, the relevant receivables of this project are transferred from "Other non-current assets" to "Non-current assets due within one year" and "Long-term receivables" in the current period.
- (6) Increase in prepayments for the Jihe Expressway R&E Project.
- (7) Technical renovation of the wind farm project in Baotou.
- (8) Recognised impairment loss on goodwill.
- (9) Carry-forward of related expenditures upon the completion of a R&D project.
- (10) Bay Area Development Company drew down on short-term borrowings to supplement its working capital.
- (11) Increase in the balance of liabilities for difference make-up obligations
- (12) Payment of matured notes payable
- (13) Increase in bonds payable due within one year.
- (14) Provision for litigation compensation recognised.
- (15) Repayment of ultra short-term financing bills.

2. Overseas Assets

The Group's overseas assets were RMB922,585,000, accounting for 1.29% of the total assets. Overseas assets mainly consist of part of the H shares of Bank of Guizhou held by Mei Wah Company, a wholly-owned overseas subsidiary of the Company, and the overseas bank deposits of Mei Wah Company and its subsidiaries, which account for a small proportion of the Company's total assets.

3. Restriction on Main Assets as at the End of the Reporting Period

(1) As at the end of the Reporting Period, details of the mortgaged or pledged assets of the Company and its subsidiaries are as follows:

Restriction on the assets involved with the balance of secured loans as at the end of the Reporting Period					
Assets	Category	Beneficiary of security	Scope of security	Balance of secured loans as at the end of the Reporting Period (RMB100 million)	Term
Toll collection rights of Qinglian Expressway	Pledge	Industrial and Commercial Bank of China Limited Qingyuan Branch	Principal and interests of fixed asset loans in an aggregate amount of RMB2.889 billion	17.97	Until repayment of all liabilities under the loan agreement
Toll collection rights of Coastal Expressway	Pledge	China Development Bank Shenzhen Branch	Principal and interests of fixed asset loans in an aggregate amount of RMB1 billion	0.28	Until repayment of all liabilities under the loan agreement
Toll collection rights of Shuiquan Expressway	Pledge	Guangdong Huaxing Bank Co., Ltd. Shenzhen Branch	Principal and interests of fixed asset loans in an aggregate amount of RMB0.6 billion	0.65	Until repayment of all liabilities under the loan agreement
Equity interests, franchise rights, accounts receivable and production equipment, among other assets, of various subsidiaries of Bioland	Pledges and mortgages	Various banks and Financial Leasing Company	The scope of security covers principal and interests of bank loans and financial leasing payments for various projects in an aggregate amount of RMB1.497 billion	9.01	Certain periods after the repayment of liabilities
100% equity interests in Qianzhi, Qianhui and Qianxin Companies	Pledge	ICBC Shenzhen Futian Sub-branch	Principal and interests of loans for acquisition in an aggregate amount of not more than RMB0.609 billion	1.80	Until repayment of all liabilities under the loan agreement
Accounts receivable accruing under franchise rights of Guangming Company, and Shaoyang Company	Pledge	Bank of China Limited Shenzhen Central District and Shaoyang Branches	Principal and interests of fixed asset loans in an aggregate amount of RMB0.937 billion	5.93	Until repayment of all liabilities under the loan agreement
Tariff collection rights of the Yongcheng Zhuneng Project	Pledge	Agricultural Bank of China Shenzhen Branch	Principal and interests of fixed asset loans in an aggregate amount of RMB0.182 billion	1.44	Until repayment of all liabilities under the loan agreement
Pledge on tariff collection rights of the Mulei Project	Pledge	China Construction Bank Urumqi Sub-branch	Principal and interests of project loan in an amount of RMB1.843 billion	12.48	Until repayment of all liabilities under the loan agreement
Pledge on tariff collection rights of the Baotou Lingxiang, Ningyuan, Ningxiang, Ningfeng, and Nanchuan Projects	Pledge	Agricultural Bank of China Shenzhen Branch, China Merchants Bank Baotou Branch	Principal and interests of project loan in an amount of RMB1.181 billion	8.70	Until repayment of all liabilities under the loan agreement

(2) As of the end of the Reporting Period, details of the restrictions on the capital of the Company and its subsidiaries are as follows:

Type of restricted capital	Amount subject to restrictions (RMB 100 million)
Funds in special deposit accounts for entrusted construction and management projects	0.36
Security deposit	0.27
Funds in the co-managed account	2.50
Fund frozen due to litigations	0.94
Total	4.07

Details of restriction of assets:

- (1) Details of the restrictions on the Group's major assets at the end of the Reporting Period are set out in note V\23 to the Financial Statements in this announcement.

4. Capital Structure and Debt Repayment Capability

The Group is always committed to maintaining a rational capital structure and enhancing its profitability to maintain its good credit ratings and solid financial position. During the Reporting Period, the Group's key debt repayment indicators were better than those of the previous year, mainly due to the issuance of A share ordinary shares to specific investors, the reduction in interest expenses as a result of lower financing rates, and the increase in net cash flows generated from operating activities. Given the Group's stable and robust operating cash flows and strong capabilities in financing and capital management, the Group's financial leverage ratio was at a safe level as at the end of the Reporting Period.

Key indicators	Amount as at the end of the current period	Amount as at the end of last year
Debt-to-asset ratio (total liabilities/total assets)	55.04%	59.74%
Net borrowings-to-equity ratio ((Total borrowings - cash and cash equivalents)/Total equity)	83.24%	108.03%
	Amount for the current period	Amount for the corresponding period of last year
Net borrowing/EBITDA ((Total borrowings – cash and cash equivalents)/Earnings before interests, tax, depreciation and amortisation)	5.46	5.84
Interest covered multiple ((Profit before tax + interest expenses)/Interest expenses)	3.00	2.69
EBITDA interest multiple (Earnings before interests, tax, depreciation and amortisation/Interest expenses)	5.93	4.87

5. Liquidity and Cash Management

During the Reporting Period, the Group's net current assets increased as compared to the end of the previous year after the completion of the fundraising by issuing A-shares to specific targets. The Group will further enhance project profitability, strengthen the overall fund arrangements for subsidiaries and key projects, continue to optimise the capital structure, and maintain appropriate cash on hand and sufficient bank credit and debt financing lines to prevent liquidity risks.

Unit: Million Currency: RMB

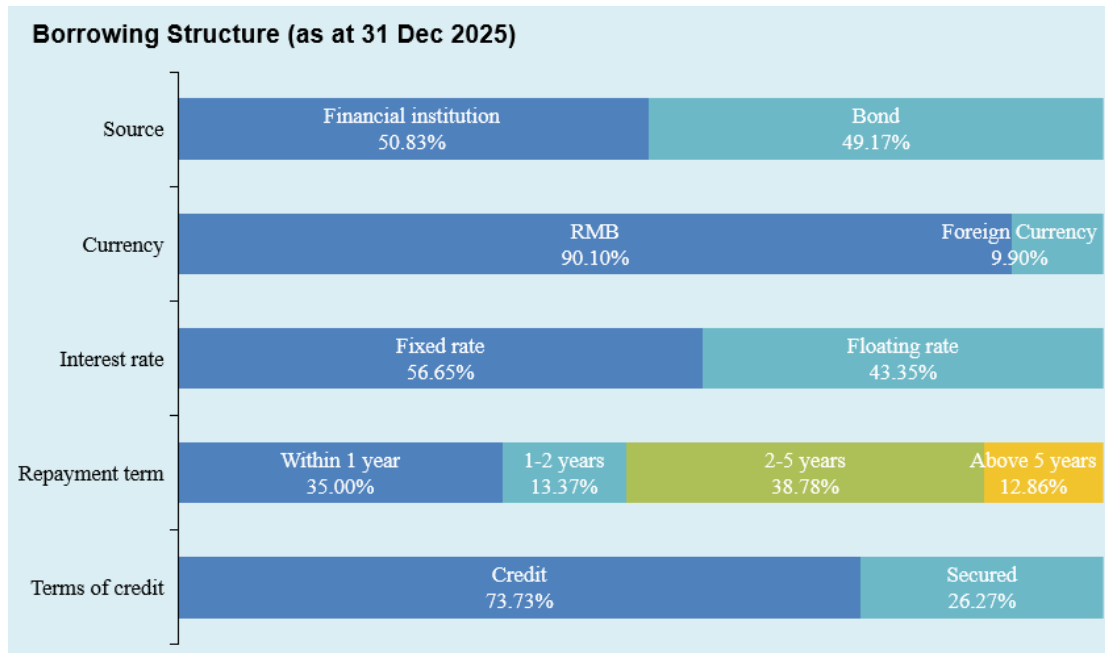
	Amount as at the end of the current period	Amount as at the end of last year	Change in amount
Net current assets	-4,211	-6,531	2,320
Cash and cash equivalents	4,745	2,670	2,075
Banking facilities available	71,487	65,822	5,665
Unused bond registration amount	9,700	8,000	1,700

6. Financial Strategies and Financing Arrangements

The Group used its self-owned funds, bank loans, bond and equity funds proceeds to meet the capital needs such as operating and investment expenditures and debt repayment during the Reporting Period. Leveraging the favourable market opportunities, the Group issued ultra-short-term financing bonds, medium-term notes, corporate bonds for debt replacement and replenishment of working capital. Leveraging the opportunity of interest rate decline, the Group also strived for bank loans and bond financing with better terms through communication. In view of internal and external liquidity conditions, the Company's operation, financial position and capital expenditure plan, the Company will adjust its financial strategies in a timely manner to optimise debt structure.

As at the end of the Reporting Period, the Group did not have any overdue principal and interests for bank loans and bonds.

As at the end of the Reporting Period, the specific borrowing structure was as follows:



During the Reporting Period, the Company continued to maintain the highest credit rating and bond rating of AAA for domestic entities, and the existing investment grade ratings granted by international entities such as Moody's and S&P.

As of 31 December 2025, the Group had obtained banking facilities totalling approximately RMB84.735 billion. As at the end of the Reporting Period, unused banking facilities amounted to approximately RMB71.487 billion, and the Group's bond limit was RMB20 billion, in which RMB9.7 billion was unused as at the end of the Reporting Period.

7. Contingencies

Details of the Group's contingencies during the Reporting Period are set out in note XII\2 of the Financial Statements in this announcement.

8. Foreign Exchange Risks

Currently, the Group's main business operations are within the territory of China; except the payment of H share dividends, the Group's operating revenue and main capital expenditures are settled in RMB. As at the end of the Reporting Period, the Group primarily held USD300 million in bonds and HKD 1.110 billion in foreign currency loans. The Group has not made any foreign currency hedging arrangements for the aforementioned foreign currency loans that are inconsistent with its functional currency. The impact of exchange rate fluctuations on the Group is minimal. For details, please refer to note IX\1.1.1 to the Financial Statements in this announcement.

(III). Analysis of the Investment

1. Material Equity Investments

During the Reporting Period, the Group had no significant equity investment.

2. Material Non-equity Investments

During the Reporting Period, the Group's expenditures on material non-equity investments mainly comprised the expenditures for Jihe Expressway R&E Project, Outer Ring Expressway and Coastal Phase II, as well as the settlement expenses of the kitchen waste treatment projects, totalling approximately RMB3.280 billion. The Company meets the relevant investment expenditures with a combination of self-owned funds, equity financing and debt financing. The investments in major projects are as follows:

Unit: '000 Currency: RMB

Name of item	Project progress	Amount invested during the Reporting Period	Accumulated amount invested	Project gain
Outer Ring Project (Phases I, II and III)	73.3%	1,390,825	8,479,395	The Outer Ring Projects (Phases I and II) have been completed and opened to traffic. Coastal Phase II was opened to traffic at the end of June last year, Guangming Environmental Park officially launched operation in early February in the current year, and several kitchen waste projects of Bioland have been completed. For the relevant operating conditions, please refer to the section "Discussion and Analysis of the Operations" above. The Outer Ring Phase III and the Jihe Expressway R&E Project are still under construction.
Coastal Phase II	99.9%	13,723	999,326	
Jihe Expressway R&E Project	20.1%	1,463,149	3,487,916	
Multiple kitchen waste projects of Bioland	/	44,822	1,682,835	
Guangming Environmental Park Project	100%	57,041	734,545	
Total	/	2,969,560	15,384,017	/

Note: Project progress refers to progress in physical shape.

3. Financial Assets/Liabilities at Fair Value

Unit: '000 Currency: RMB

Asset class	Opening balance	Gains and losses from changes in fair value in the current period	Changes in cumulative fair value included in equity	Provision for impairment in the current period	Purchase amount in the current period	Sales/redemption amount in the current period	Other changes	Closing balance	Note
Others	970,911	139,320	-	-	-	-23,268	-	1,086,963	(1)
Others	-	36,161	-	-	4,620,000	-2,200,000	-16,613	2,439,548	(2)
Others	129,823	-2,562		-	-	-	-9,356	117,904	(3)
Total	1,100,735	172,919		-	4,620,000	-2,223,268	-25,969	3,644,416	

Explanation on financial assets/liability at fair value:

- (1) Mainly due to the holding of equity interests such as Shenzhen Water Planning, Unitoll Services, and State-owned Assets Collaborative Development Fund;
(2) Mainly being structured deposits.
(3) Mainly being the VAM compensation receivable for performance commitment.
(4) For details of financial assets/liabilities at fair value, please refer to note X\1 to the Financial Statements in this announcement.

(IV). Analysis of Major Controlling Companies and Participating Companies

1. Analysis of Major Controlling Companies and Participating Companies

Particulars of major subsidiaries and material associates with an impact of 10% or more on the Company's net profit:

Unit: '000 Currency: RMB

Company Name	Type of Company	Main business	Registered capital	31 December 2025		2025		
				Total assets	Net assets	Revenue	Operating profit	Net profit
Outer Ring Company	Subsidiary	Investment in the construction and operation of the Shenzhen section of Outer Ring Expressway	8,611,759	10,684,147	8,596,384	2,387,132	875,358	749,020
Qinglian Company	Subsidiary	Construction, operation and management of Qinglian Expressway and related auxiliary facilities	3,361,000	5,194,263	3,008,923	690,395	80,699	64,791
Qinglong Company	Subsidiary	Development, construction, toll collection and management of Shuiguan Expressway	324,000	669,269	371,562	629,361	-34,338	-24,691
Shenchang Company	Subsidiary	Development, construction, toll collection and management of the northwest section of Changsha Ring Road	200,000	365,779	287,262	256,041	164,021	123,023
Investment Company	Subsidiary	Investment in industry and engineering construction	1,000,000	3,120,744	1,511,638	70,599	-116,859	-92,712
Environmental Company	Subsidiary	Investment and operation of the kitchen waste project	6,550,000	10,224,130	6,562,166	803,555	-170,062	-226,281
New Energy Company	Subsidiary	Investment and operation of wind power projects	2,619,441	5,620,011	3,182,984	526,014	136,425	104,101
Mei Wah Company	Subsidiary	Mei Wah Company indirectly holds 71.83% equity interests in Bay Area Development, and Bay Area Development mainly holds equity interests in GZ West Expressway, GS Expressway and Xintang JV, and holds controlling interests in Coastal Company.	HK\$10,970,381	19,228,435	7,846,211	787,787	69,685	-179,005
Derun Environment	Participating Company	Derun Environment is a comprehensive environmental enterprise with two subsidiaries listed on the main board of A shares including Chongqing Water (50.04% equity interests) and Sanfeng Environment (43.86% equity interests). The main businesses of these companies include water supply and sewage treatment, and investment, construction, integrated equipment and operation management of waste incineration power generation projects, as well as environmental remediation.	1,000,000	66,068,480	18,441,698	13,291,543	2,267,065	767,487

Note 1: The companies listed in the above table are the main controlling and participating companies of the Company.

Note 2: The relevant data are presented on a consolidated basis, and has been adjusted for premium amortization and other factors.

Note 3: The net profit listed in the above table is the net profit of such companies which is attributable to owners of the Company, and the net assets listed in the above table are the net assets of such companies which is attributable to owners of the Company.

Note 4: For details of the operational and financial performance of the above major controlling companies and participating companies and their businesses during the Reporting Period, please refer to related contents in this section.

2. Acquisition and Disposal of Subsidiaries during the Reporting Period

Details of the scope of consolidation are set out in note VI to the financial statement of this announcement.

(V). Proposed Profit Distribution

The Company's 2025 net profits attributable to shareholders of the Company in its consolidated statements and the net profit of the parent company in its statements audited based on CASBE were RMB 1,149,351,721.66 and RMB 1,126,248,748.56 respectively. The Board recommended that after the Company transfers the discretionary surplus reserve of RMB 308,719,707.91 for the year 2025, a final dividend for the year ended 31 December 2025 be distributed to all shareholders based on the total share capital of 2,537,856,127 shares as at 31 December 2025, a final cash dividend of RMB 0.244 per share (before tax) for the year ended 31 December 2025, with a total amount of RMB 619,236,894.99, which accounts for 58.85% of the net profits after excluding the investment income distributions payable to the holders of the perpetual bonds. The residual balance upon distribution shall be carried forward to the next year. No capital reserve was converted into share capital during the year. The aforesaid proposal will be submitted for approval at the 2025 Annual General Meeting of the Company.

1. Formulation, Implementation or Adjustment of Cash Dividend Policy

The Company has always been pursuing to reward its shareholders and has been distributing cash dividends for 28 consecutive years since its listing.

According to the Articles of Association, the Company should implement a positive cash dividend policy on the principle of paying attention to reasonable returns for shareholders, and also to meet sustainable operation and development needs. The Articles of Association clearly specify the dividend distribution standard and the lowest percentage of annual dividends, and formulate a sound decision-making procedure and mechanism. If the Company is to adjust its profit distribution policy or is unable to develop/implement a profit distribution proposal according to the policy, this shall be submitted to the general meeting for approval with a special resolution.

In 2024, the general meeting of the Company approved the Shareholders' Return Proposal for 2024-2026 (the "Shareholder Return Proposal"), specifying that "provided that the conditions for cash dividend distribution are met, and the capital demand for the Company's normal operation and development is met, the profit intended for cash dividend distribution will not be less than 55% of the net profit attributable to shareholders of the parent company in the consolidated financial statements for the same year less the distribution payable to the holders of other equity instruments such as perpetual bonds (if any) every year from 2024 to 2026".

The Company formulates and implements its cash dividend plan in strict accordance with the relevant requirements of its Articles of Association and the Shareholders' Return Proposal.

2. Plans of Profit Distribution and Conversion of Capital Reserve into Share Capital of the Company in the Past Three Years

Unit: Yuan Currency: RMB

Year of dividend distribution	Number of bonus shares for every 10 shares	Dividend (RMB) for every 10 shares (tax inclusive)	Number of share (share) for conversion of capital reserve into share capital for every 10 shares	Cash dividend (tax inclusive)	Net profit in consolidated statements for the year of distribution ^{Note}	Percentage of dividend over the net profit in consolidated statements (%)
2025 proposal	0	2.44	0	619,236,894.99	1,149,351,721.66	58.85
2024	0	2.44	0	619,236,894.99	1,145,048,951.69	64.35
2023	0	5.50	0	1,199,423,679.30	2,327,197,196.81	56.03

Note: The ratios of dividends from 2023 to 2025 as shown in the table are calculated based on the net profits attributable to ordinary shareholders of the listed company in the consolidated statements for the dividend years, after excluding the investment income payable to the holders of the perpetual bonds.

4.3 Discussion and Analysis on the Future Development of the Company

(I). Development Strategies of the Company

The Group's 14th Five-Year (2021-2025) Development Strategy was as follows: to seize the historic opportunities presented by the development of the Guangdong-Hong Kong-Macao Greater Bay Area and Shenzhen as a pilot socialist demonstration area with Chinese characteristics, the Group adopted market-oriented and innovation-driven approaches to further entrench our strengths in the toll highway industry, and proactively expanded into the featured environmental protection and integrated clean energy industries, thereby building a smart Shenzhen Expressway and facilitating the high-quality sustainable development of the Company.

2026 marks a pivotal year for the Group as it transitions to a new development phase upon the completion of the 14th Five-Year Development Strategy, and it is also the inaugural year for the implementation of the 15th Five-Year (2026-2030) Development Strategy. In response to the national strategic guidance of promoting high-quality development and accelerating the development of new quality productive forces, and in light of the new landscape shaped by profound industry transformation and the convergence of regional strategic opportunities, the Group will continue to uphold market-oriented and function-oriented principles. Building on a comprehensive review of the experiences and lessons learned during the 14th Five-Year Strategy period, and guided by the direction set by national and provincial/municipal 15th Five-Year Plans, the requirements for deepening the reform of state-owned enterprises, and industry development trends, the Group will align its unique resource endowment and mission positioning to formulate a scientific future development plan, thereby driving steady growth in the operating performance while boosting sustainable development capabilities.

(II). Operation Plans

In 2026, the Group will adhere to the general working guideline of "seeking progress while maintaining stability and promoting stability through progress". Focusing on the dual drivers of "lean operations" and "innovation-led growth", the Group will comprehensively improve the quality and efficiency of its existing assets. While balancing the optimisation of existing operations and the expansion of new growth areas, efforts will be made to entrench the competitive advantages of core businesses and actively cultivate new drivers for sustainable development, laying a solid foundation and creating a favourable start for the full implementation of the 15th Five-Year Development Strategy. Looking ahead to the full year, the Group expects its main businesses to maintain a steady development momentum, and its overall profitability and operational efficiency to improve.

The priorities of the Group in 2026 are as follows:

☞ **Toll Highway Business:** The Group will make all-out efforts to advance the construction of major projects such as the Jihe Expressway R&E Project, and Outer Ring Phase III, while exercising stringent control over project quality, construction safety and investment progress. It will continue to deepen lifecycle maintenance and management of roads, advance the application of preventive maintenance technologies, and boost the operational efficiency and service level of the expressway network. Investments in smart expressway construction will be increased, with a focus on expanding application scenarios such as vehicle-road coordination and intelligent toll collection in key sections, and building a digital twin platform covering the core expressway network to facilitate data-driven management decision-making and efficiency improvement. Centred on core expressway network assets, the Group will prudently assess and seize investment and acquisition opportunities in high-quality road assets while exploring business opportunities along the upstream and downstream segments of the industry chain. Additionally, the Group will systematically evaluate and expand the development and utilisation of land resources along expressways to increase the comprehensive returns on assets throughout their lifecycles.

☞ **General-Environmental Protection and Other Businesses:** The Group will continue to step up refined operational management of its existing wind power projects to lift power generation efficiency, seize investment and acquisition opportunities in high-quality projects, and steadily expand the scale of its clean energy asset portfolio. It will push forward the construction of distributed photovoltaic demonstration projects along expressways to explore integrated development models of “transportation + energy” and promote the efficient composite utilisation of road domain resources. The Group will also monitor the application of technologies such as new type of energy storage and continue pilot deployments in industrial parks. Furthermore, the Group will continue to optimise the operational management of the existing food waste treatment project, vigorously accelerate its commercialisation and tighten cost control, drive research and development in resource recovery technologies and their industrial application, and increase the added value of products such as oils and residues. It will also intensify research and development in the recycling and echelon utilisation of waste batteries, drive breakthroughs in key technologies and process optimisation, accelerate product development and market validation, and expand application scenarios for battery cascade utilisation in areas such as energy storage and low-speed electric vehicles.

☞ **Financial Management and Corporate Governance:** The Group will continue to advance the financial digital transformation to sharpen the precision of budget management and the efficiency of fund utilisation, and to mitigate financial risks. It will deepen the integration of business and finance, and make resource allocation more scientific and forward-looking through cross-functional data analysis. It will also seize opportunities presented by declining market interest rates to adjust the debt structure dynamically and reduce financing costs. It will consolidate cash flow management to further solidify the safeguards against debt risks and provide robust funding support for the Group’s major engineering projects and business operations. The Group will also optimise its management and control systems, refining its hierarchical authorisation management mechanisms, to boost decision-making efficiency and execution effectiveness. Continuous improvements will be made to the corporate governance structure, with strengthened support and safeguards for the Board of Directors in fulfilling its duties. The Group remains committed to high-quality information disclosure and reinforces investor relations management to continuously increase transparency and market communication effectiveness. It will also drive more systematic and practical implementation of its ESG management framework, deeply integrating sustainable development principles into corporate strategy and operations, thereby underpinning the Group’s high-quality and sustainable development in an all-round way.

(III). Capital Expenditure Plan

As of the date of approval of this announcement, the capital expenditures approved by the Board of the Group mainly included the construction expenditures for Outer Ring Project, Jihe Expressway R&E Project, kitchen waste projects of Bioland, Guangming Environmental Park and other projects. It is estimated that by the end of 2028, the total capital expenditure of the Group approved by the Board will be approximately RMB18.1 billion. The Group plans to use its own funds and borrowings to meet its capital demand. The Group’s financial resources and financing capacity are currently adequate to meet the various capital expenditure needs.

The Group’s capital expenditure plans approved by the Board from 2026 to 2028 are as follows:

Unit: '000 Currency: RMB

Name of item	2026	2027	2028	Total
I. Investment in Intangible Assets and Fixed Assets				
Jihe Expressway R&E Project	3,037,837	3,281,872	3,587,096	9,906,805
Outer Ring Project (Phases I, II and III)	1,351,101	1,894,866	1,800,885	5,046,852
Qinglian Highway Upgrading Project	182,400	25,458	5,800	213,658
Kitchen waste projects of Bioland	47,271	51,012	-	98,283
Guangming Environmental Park Project	17,125	2,494	-	19,619
Lisai Environmental Technology Renovation Project	3,123	11,545	-	14,668
Coastal Phase II	674	-	-	674
II. Equity Investment				
Capital increase of Guangshenzhu Company	981,500	914,490	853,700	2,749,690
Total	5,621,031	6,181,737	6,247,481	18,050,249

(IV). Potential Risks and Countermeasures

The Group adheres to a bottom-line mindset and a systematic approach, continuously deepening its comprehensive risk management framework. Risk identification, assessment, response, and monitoring are integrated into the entire process of strategy formulation, business decision-making, and operational execution within the Group. In the current period and the foreseeable future, the Group will focus on the following internal and external risk factors.

1. Industry and Policy Risks

Risk position / analysis:

The operational performance of the Group's core toll highway business is closely tied to regional economic activity. Cyclical fluctuations in the macro-economy may impact traffic volumes and profitability across the road network. In the meanwhile, the toll highway industry is undergoing profound transformation. The pending revision of the Regulations on the Administration of Toll Highways, the gradual expiration of the concession period of toll highways approved and opened in the early stage generally existing in the industry, and high investment costs of new and expanded projects — all of these factors create uncertainty regarding long-term investment returns for the industry. Certain toll highway projects under the Group will gradually enter the expiration stage of the originally approved concession period, exposing the Group to risks of reduced toll revenue. If an effective transition fails to be achieved, it may exert pressure on the stability of the Group's overall revenue and profitability. Furthermore, the national push for integrated multimodal transportation networks and the widespread adoption of new energy vehicles present new challenges and demands for the traditional toll collection models and functional positioning of highway networks.

In the clean energy sector, with the deepening implementation of the “carbon peaking and carbon neutrality” strategy, a substantial number of clean energy power generation projects such as wind and photovoltaic power have been approved and constructed across regions, intensifying industry competition and leading to increased curtailment rates of wind and photovoltaic power in some areas. Policies issued by the National Development and Reform Commission and the National Energy Administration are promoting the full participation of new energy in electricity market trading. The “fixed-volume and fixed-price” model is gradually being phased out, making project returns more directly susceptible to fluctuations in electricity market prices and consumption risks in supply regions. In areas with concentrated new energy projects, grid peak-shaving pressures continue to rise. Coupled

with challenges such as declining market trading electricity prices and cost-sharing for auxiliary services, expected project returns face certain pressures. Meanwhile, technical standards and environmental requirements in areas such as organic solid waste treatment and resource recycling continue to elevate, and regulatory enforcement is tightening. This places higher demands for project operation compliance, technological advancement, and continuous improvement capabilities, presenting regular challenges for the Group. Additionally, influenced by external environmental factors, the collection, transportation, and processing volumes of organic solid waste remain insufficient, the growth is slow, and payment collection cycles have lengthened, exerting pressure on the Group's business operations.

Countermeasures:

The Group will make vigorous efforts to advance the construction of major projects such as the Jihe Expressway R&E Project, and Outer Ring Phase III, and actively push forward the renovation and expansion for eligible projects. By upgrading road grades and service capabilities, it will apply for toll collection period approval in accordance with laws and regulations to shore up its core road network position and strengthen the resilience of our core businesses. The Group will proactively seek new project investment opportunities, refine road network layout and echelon structure, mitigate revenue fluctuations from project expiration, and safeguard the long-term steady development of its core business. The Group will closely monitor policy developments, deepen forward-looking policy research, and actively participate in industry discussions to create conditions conducive to securing a favourable policy environment. It will also reinforce scenario analysis and stress testing in investment decision-making, incorporating policy change factors into investment models to prudently assess the risk resilience of projects throughout their lifecycle.

For the clean energy power generation business, the Group will rationalise project portfolios by prioritising regions with better power consumption conditions and stable electricity supply-demand dynamics. It will actively participate in electricity market trading and develop professional capabilities in power marketing and trading strategies. Efforts will be made to promote technological upgrades and operational optimisation of existing projects to reduce costs, while actively exploring new models such as “integrated source-grid-load-storage” and cross-regional green power trading to mitigate revenue fluctuations. In the solid waste treatment sector, strict compliance with the latest environmental standards will be maintained, with increased investment in technological innovation. The Group will optimise all processes from waste collection and transportation to production and treatment, while implementing technological upgrades to drive operational projects toward higher quality, efficiency, and compliance.

2. Operational Management Risks

Risk position / analysis:

Public expectations for traffic efficiency, safety standards, service quality and emergency response capabilities of expressways keep rising, and the construction standards for smart highways and green highways are continuously upgraded, presenting greater challenges to the operational management of toll road business. Meanwhile, as existing road and bridge facilities age, maintenance costs are trending upward, which requires a balance to be struck between maintenance grades and cost control.

The operation of the general-environmental protection business is affected by multiple factors: the power generation and returns of clean energy projects are subject to various variables such as natural weather conditions, equipment reliability, grid dispatch instructions, market-based electricity prices and local consumption capacity, resulting in increased uncertainty. The profitability of food waste treatment projects is closely linked to the market price of waste oil, the government's price adjustment mechanism for treatment service fees and the actual collection volumes, which face risks such as price fluctuations

in the grease market, lagged price adjustment of service fees and instability of the collection and transportation system.

With the advancement of group-based management and control and cross-business collaboration, the complexity of refined operation and cost control has increased. This demands higher adaptability across the Group's management structure, processes and talent pool.

Countermeasures:

Faced with the challenges brought about by group-based management and control, the Group will persist with strategic coordination and refined operations as its guiding principles. It will continuously upgrade our management system, foster greater coordination and linkage across business segments, and boost overall operational efficiency and risk resilience.

For the toll road business, the Group will continue to advance digital and smart upgrading, further the application of vehicle-road coordination, smart maintenance and digital twin technologies. These efforts aim to sharpen operational awareness and improve intelligent decision-making for road networks, thereby improving user experience and operational efficiency. Meanwhile, the Group will implement the lifecycle cost management and refined maintenance strategies. By scientifically planning maintenance investments, it aims to achieve cost-control targets while ensuring facility performance and operational safety.

For the clean energy business, the Group will strive to upgrade its market risk forecasting, aiming to accurately assess the market absorption prospects for the power generated by its projects. It will establish an early-warning mechanism for policy changes to dynamically evaluate their potential impacts on project returns. Furthermore, the Group will build a localised cooperation ecosystem by instituting regular communication and coordination mechanisms with local governments, grid enterprises and key partners. A professional team specialising in market transactions will be formed to boost competitiveness and bargaining power in electricity market trading. Additionally, the investment decision-making process will be optimised through the development of a comprehensive model. This model will integrate core modules such as resource endowment evaluation, construction cost control, electricity price trend forecasting and consumption capacity analysis, enabling dynamic simulations and scientific calculations of project returns over the entire life cycle.

For the food waste treatment business, the Group will proactively promote the R&D in high-value utilisation technologies for waste oil and fats while developing market channels to boost revenue along the value chains. Concurrently, it will continuously streamline the management of the collection and transportation system to ensure stable supply of raw materials. Furthermore, the Group will seek more effective communication with local governments and facilitate the establishment of a more scientific and dynamic price adjustment mechanism for service fees.

The Group will refine its organisational structure and management processes to better integrate resources and synergise operations across segments. It will drive the effective implementation of the refined operation and cost control system. In parallel, it will cultivate a talent pool with both specialised expertise and cross-functional versatility, thereby enhancing the Group's overall strategic execution and operational performance

3. Performance Fluctuation Risks

Risk position/analysis:

The Group's operating performance is subject to the combined impact of the aforementioned industry and policy risks, as well as operational and management risks. Risk factors across different business segments may create a compounding effect, thereby posing challenges to the stability of the Group's overall revenue and profit. For instance, the toll road business faces pressures such as the expiration of concession periods, competitive traffic diversion, and costs associated with reconstruction and expansion. Meanwhile, the general-environmental protection business confronts fluctuations in market-oriented electricity trading, as well as challenges related to waste collection, transportation, and capacity ramp-

up in solid waste treatment projects. These factors may overlap during specific periods, leading to significant volatility in the Group's overall operating performance. Furthermore, new investment projects typically require substantial initial capital outlays and involve long payback periods. Should internal and external environmental conditions fail to meet expectations, the actual returns of the projects may deviate from the forecasts in their feasibility studies, exerting pressure on financial performance. Additionally, uncertainties in the macroeconomic environment may also affect the operating performance of various business segments.

Countermeasures:

The Group will continuously refine its comprehensive risk management system, strengthen mechanisms for risk identification, assessment, and early warning, and dynamically monitor the key risk indicators across all business segments. By enhancing budget management and cash flow planning, the Group will rationally arrange capital expenditures, optimise its debt structure, and mitigate financial volatility. During the investment decision-making process, the Group will strengthen the assessment of revenue stability over the full life cycle of projects. It will also explore the establishment of cross-segment risk hedging mechanisms, leveraging the differences in business cycles to smooth out overall performance fluctuations. Concurrently, the Group will steadily advance initiatives aimed at improving quality and boosting efficiency across all business segments, ensuring sound and steady operations while keeping risks manageable.

4. Financing Risks

Risk position / analysis:

The Group is currently in a critical phase of concurrently consolidating its core businesses and fostering new growth drivers. Major projects such as the Jihe Expressway R&E Project and the Outer Ring Phase III remain in their peak periods of capital expenditure, resulting in persistent pressure on capital expenditure. While maintaining a reasonable debt level and ensuring dividend distribution, the Group needs to make overall arrangements in its allocation of funds for debt servicing, investment, and operations. Shifts in macro monetary policies and financial market fluctuations may affect the stability of financing channels and the cost of capital. Should the market experience liquidity shortages or rising financing costs in the future, the Group may face financing risks.

Countermeasures:

The Central Economic Work Conference clearly stated that in 2026, China will continue to implement a proactive fiscal policy and a prudent monetary policy, keep liquidity ample at an appropriate level, promote stable overall financing costs with a slight decline in the society, and foster a desirable monetary and financial environment for sustaining and improving the momentum of economic recovery. The Group attaches great importance to financing risk management and has established a regular and forward-looking fund planning and debt risk control mechanism. Faced with potential risks of changes in the financing environment and cost fluctuations, the Group will closely track macro monetary policies and financial market dynamics. Leveraging policy support and diversified financing channels, the Group will continuously optimise its financial structure to ensure the safety of funds and maintain effective cost control.

Specifically, the Group will formulate rolling capital plans aligned with its business cycles, scientifically schedule debt repayment, investment and operating expenditures to ensure the security of its capital chain. Meanwhile, it will actively maintain long-term partnerships with financial institutions, coordinate bank credit resources, conduct more in-depth analysis of credit policies and uphold its credit integrity, and plan and reserve suitable financing solutions in advance. The Group will flexibly utilise the multi-level capital markets to coordinate equity and debt financing, seize market windows to issue low-cost bonds at an appropriate time, and replace existing high-interest debts to continuously reduce the overall financing costs and optimise the debt maturity profile. In addition, the Group will continuously improve the matching management of cash flows against assets and liabilities to raise capital efficiency. While supporting the expansion of core businesses and the development of emerging sectors, the Group will

maintain a reasonable debt level and dividend policy to achieve long-term financial security and sustainable development.

5. Construction and Management Risks

Risk position/analysis:

The Group's major projects currently under construction include the Jihe Expressway R&E Project, the Outer Ring Phase III, and the Guangzhou-Shenzhen section of the Beijing - Hong Kong & Macao Expressway R&E Project, among others. The Jihe Expressway R&E Project adopts a three-dimensional composite channel model. Due to its massive scale, complex construction techniques, and the requirement to maintain traffic flow on the existing expressway during construction, it involves great difficulties in construction organisation and significant risks in safety management. The Outer Ring Phase III has a bridge and tunnel ratio of 95%. Given the complex construction conditions, it faces risks of budget overruns and schedule delays. The Guangzhou-Shenzhen section of the Beijing - Hong Kong & Macao Expressway R&E Project involves capacity expansion under the saturated traffic flow, which similarly presents high risks in terms of construction organisation and safety management. These projects typically involve long construction cycles, heavy capital investment and great technical difficulties. They face multiple risks such as engineering and technical challenges, uncertainties in geological conditions, fluctuations in raw material prices, difficulties in coordinating land acquisition and demolition, tightened safety and environmental regulations, and extreme weather events. Such risks may affect the achievement of project objectives regarding cost, schedule, quality and safety.

Countermeasures:

Over the course of its development spanning nearly three decades, the Group has established a systematic and professional engineering construction management system and a team of experienced engineering management professionals. Guided by the whole-process management and control, the Group implements refined response measures across organisational, technical, economic, safety and other perspectives.

In terms of engineering management, leveraging its well-experienced construction management team, the Group continuously optimises overall project coordination and execution by conducting in-depth survey and design, refining construction organisation demonstrations, and strengthening the performance supervision and assessment of contractors. Meanwhile, it actively advances the digital transformation of project management. By utilising BIM management platforms and intelligent safety production centres, it achieves the smart scheduling of personnel, machinery, and materials. In projects with suitable conditions, the Group promotes prefabricated assembly construction, ensuring engineering efficiency and effective quality control through industrialised construction methods. It adopts the critical path method to formulate phased milestone plans and strengthen schedule control. Special coordination mechanisms for land acquisition, demolition, and pipeline relocation have been established to proactively resolve pre-construction obstacles, ensuring that projects meet the conditions for full-scale construction at the earliest possible time.

In terms of investment control, the Group has established a full-chain cost management and control system covering estimates, budgets and final accounts, implementing dynamic monitoring throughout the entire process to ensure effective control of the total project investment. Through the price adjustment mechanism embedded in construction contracts, the Group reasonably mitigates the risks associated with price fluctuations in major building materials. In addition, it strictly enforces the engineering change management procedures, tightens internal controls, and clearly defines the rights, responsibilities, and interests of all parties to effectively prevent cost overruns.

Work safety and environmental protection remain the Group's unwavering commitment. By conducting comprehensive safety risk assessments for projects, the Group formulates targeted control measures and emergency response plans. It implements grid-based on-site safety management to hold the contractors fully accountable for their primary responsibilities. Furthermore, the Group ramps up safety training and emergency drills for front-line workers, and carry out in-depth inspections to identify and rectify hidden hazards. Meanwhile, the Group strictly enforces environmental policies and fully complies with green

construction standards to achieve synergy between engineering construction and work safety and environmental protection.

V. Matters Related to Financial Statements

5.1 Changes in Accounting Policies and Accounting Estimates During the Reporting Period

1. Impacts of changes in accounting policies

There is no material changes in accounting policies by the Company during the Reporting Period.

2. Impacts of changes in accounting estimates

Unit: '000 Currency: RMB

Changes in accounting estimates and the reasons behind	Effective date	Items in the financial statement significantly affected	Impact amount
Unit amortization of intangible assets relating to the concession of Coastal Expressway	1 July 2025	Net profit attributable to shareholders of the parent company	-26,938

Adjustment process and other explanations:

Effective from 1 July 2025, the Group changed its accounting estimate regarding the unit amortization of intangible assets relating to the concession of Coastal Expressway, adjusting unit amortization from RMB7.09 per vehicle to RMB9.32 per vehicle. This change to accounting estimates was considered and approved by the 57th meeting of the 9th session of the Board of the Company. For details, please refer to note III\36 to the Financial Statements in this announcement, and the relevant announcement of the Company dated 30 October 2025.

5.2 Fulfillment of performance commitments

1. Bioland

In October 2023, the Environmental Company received an arbitration notice from the Shenzhen Court of International Arbitration, requesting that it should assume 1% of its performance compensation liability in 2021, and the Environmental Company should return the equity interests already compensated for to the committing party.

In November 2024, the Environmental Company filed an arbitration with the Shenzhen Court of International Arbitration, requesting that the committing party should pay the performance commitment compensation in 2023 to the Environmental Company. The court has accepted this case, and merged it with the performance compensation arbitration request filed by the Environmental Company in 2023 for trial. In November 2025, the Shenzhen Court of International Arbitration rendered its awards on the above arbitrations respectively: the committing party shall transfer 19,534,720 shares of Bioland to Environmental Company without consideration. Meanwhile, the Arbitration Court dismissed both the cash compensation and other claims filed by Environmental Company and the claims filed by the committing party. The Group has taken corresponding legal measures to facilitate the prompt enforcement of the awards, and protect the legitimate rights and interests of the Group effectively.

2. Shenshan Qiantai

Regarding the 2023 performance commitments, Infrastructure and Environmental Protection Company has instituted legal proceedings with the People's Court of Longhua District, Shenzhen. The hearing was originally scheduled for the end of January 2026, but has been postponed to April for a consolidated hearing due to the counterclaim filed by Shenzhen Qiantai Renewable Energy Technology Co., Ltd. ("Shenzhen Qiantai"). Subsequent to the court's judgment, Infrastructure and Environmental Protection Company will follow up on enforcement to safeguard the legitimate rights and interests of the Company. Regarding the 2024 performance commitments, in September 2025, Infrastructure and Environmental Protection Company issued an exercise notice to Shenzhen Qiantai, demanding that the counterparty perform its share repurchase obligations in accordance with the performance commitments provisions

under the investment agreement. If Shenzhen Qiantai fails to perform the relevant repurchase obligations upon expiry of the share repurchase period, Infrastructure and Environmental Protection Company will take further measures in accordance with the investment agreement to safeguard the legitimate rights and interests of the Company.

For information on the performance commitments of Bioland and Shenshan Qiantai, and the fulfilment of the performance commitments in prior years, please refer to the relevant disclosures set out in “Management’s Discussion and Analysis” section of the 2023 Annual Report and 2024 Annual Report of the Company.

5.3 Accounting Errors Occurred during the Reporting Period

There is no correction of accounting errors by the Company occurred during the Reporting Period.

5.4 Changes in the Scope of Consolidated Financial Statements during the Reporting Period

Details of the scope of consolidation are set out in Note VI to the financial statement of this announcement.

5.5 The Consolidated Financial Statements and Notes for the Year 2025 of the Company are set out in the Appendix to this Results Preliminary Announcement.

5.6 Results Review

The audit committee of the Company has reviewed and confirmed the financial statements and the annual report of the Company for the twelve months ended 31 December 2025.

5.7 Scope of Work of Messrs. Deloitte Touche Tohmatsu Certified Public Accountants LLP

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu Certified Public Accountants LLP (“Deloitte”), to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 25 March 2026. The work performed by Deloitte in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Deloitte on the preliminary announcement.

VI. Other Matters

6.1 Purchase, Sale or Redemption of Securities

During the Reporting Period, no listed securities of the Company were purchased, sold or redeemed by the Company or any of its subsidiaries.

6.2 Compliance with the Corporate Governance Code

During the Reporting Period, the Company fully adopted all the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules of the HKEx without any material deviation or breach of the code provisions, except for the board of directors not being re-elected on time resulting in some directors serving for more than three consecutive years due to the delay in nomination.

6.3 Compliance with the Model Code

The “Securities Transaction Code” of the Company has been adopted by the Board in accordance with Appendix C3 to the Listing Rules, as written guidelines to regulate dealings in the Company’s securities by the Directors, Supervisors and relevant staff. The “Securities Transaction Code” of the Company has incorporated the standards as set out in Appendix C3 to the Listing Rules, and gone beyond such standards to certain extents. After making specific enquiry to all the Directors, Supervisors and senior management, the Company confirms that all the Directors, Supervisors and senior management had complied with the standards for securities transactions as stipulated under the aforesaid code during the Reporting Period.

6.4 Post-Reporting Period Matters

After the Reporting Period and up to the date of this announcement, the Group has no material post-period events.

VII. Definitions

Reporting Period, current year, 2025 Annual / Period	For the twelve months from 1 January 2025 to 31 December 2025.
YOY	Year-on-year change rate as compared to the same period of 2024.
The Group, The Company, Shenzhen Expressway	Shenzhen Expressway Corporation Limited and its consolidated subsidiaries.
RMB/yuan	Renminbi yuan, the lawful currency of PRC.
SSE	The Shanghai Stock Exchange.
HKEX	The Stock Exchange of Hong Kong Limited.
Listing Rules	The Rules Governing the Listing of Securities on HKEx and/or the Rules Governing the Listing of Stocks on SSE (as the case may be).
CASBE	The Accounting Standards for Business Enterprises (2006) of the PRC and the specific accounting standards as well as relevant provisions issued later.
State Council	State Council of the People's Republic of China (中華人民共和國國務院).
NDRC	National Development and Reform Commission of the People's Republic of China (中華人民共和國國家發展和改革委員會).
MOT	Ministry of Transport of the People's Republic of China (中華人民共和國交通運輸部).
National Energy Administration	National Energy Administration of the People's Republic of China (中華人民共和國國家能源局).
Ministry of Industry and Information Technology	Ministry of Industry and Information Technology of the People's Republic of China (中華人民共和國工業和信息化部).
Shenzhen International	Shenzhen International Holdings Limited (深圳國際控股有限公司).
XTC Company	Xin Tong Chan Development (Shenzhen) Company Limited (新通產實業開發(深圳)有限公司).
SGH Company	Shenzhen Shen Guang Hui Highway Development Company Limited (深圳市深廣惠公路開發有限公司).
Yunshan Capital	Jiangsu Yunshan Capital Management Co., LTD. (江蘇雲杉資本管理有限公司).
CMET	China Merchants Expressway Network & Technology Holdings Company Limited (招商局公路網絡科技控股股份有限公司).

<i>Anhui Expressway</i>	Anhui Expressway Company Limited (安徽皖通高速公路股份有限公司).
<i>SIICHIC</i>	Shenzhen Investment International Capital Holdings Infrastructure Company Limited (深圳投控國際資本控股基建有限公司).
<i>Guangming Environment</i>	Shenzhen Guangming Environment Technology Company Limited (深圳光明深高速環境科技有限公司).
<i>Guishen Company</i>	Guizhou Guishen Investment Development Company Limited (貴州貴深投資發展有限公司).
<i>Bank of Guizhou</i>	Bank of Guizhou Company Limited (貴州銀行股份有限公司).
<i>Environmental Company</i>	Shenzhen Expressway Environmental Company Limited (深圳高速環境有限公司).
<i>Infrastructure and Environmental Protection Company</i>	Shenzhen Expressway Infrastructure and Environmental Protection Development Company Limited (深圳深高速基建環保開發有限公司).
<i>Construction Company</i>	Shenzhen Expressway Construction Development Company Limited (深圳高速建設發展有限公司).
<i>Asphalt Technology Company</i>	Shenzhen Expressway Asphalt Technology Development Company Limited (深圳高速瀝青科技發展有限公司).
<i>Qinglian Company</i>	Guangdong Qinglian Highway Development Company Limited (廣東清連公路發展有限公司).
<i>Qinglong Company</i>	Shenzhen Qinglong Expressway Company Limited (深圳清龍高速公路有限公司).
<i>Financial Leasing Company</i>	Shenzhen Expressway Financial Leasing Company Limited (深圳深高速融資租賃有限公司).
<i>Shenchang Company</i>	Changsha Shenchang High Speed Trunk Road Company Limited (長沙市深長快速幹道有限公司).
<i>Shenshan Qiantai</i>	Shenzhen Shenshan Special Cooperation Zone Qiantai Technology Company Limited (深圳深汕特別合作區乾泰技術有限公司).
<i>Investment Company</i>	Shenzhen Expressway Investment Company Limited (深圳高速投資有限公司).
<i>Outer Ring Company</i>	Shenzhen Outer Ring Expressway Investment Company Limited (深圳市外環高速公路投資有限公司).
<i>Coastal Company</i>	Shenzhen Guangshen Coastal Expressway Investment Company Limited (深圳市廣深沿江高速公路投資有限公司).
<i>Yunji Intelligent (Former Consulting Company)</i>	Yunji Intelligent Engineering Holding Company Limited (雲基智慧工程股份有限公司).
<i>Operation Development Company</i>	Shenzhen Expressway Operation Development Company Limited (深圳高速運營發展有限公司).
<i>Engineering Development Company</i>	Shenzhen Expressway Engineering Development Company Limited (深圳高速工程發展有限公司).
<i>Mei Wah Company</i>	Mei Wah Industrial (Hong Kong) Limited (美華實業(香港)有限公司).

<i>Meiguan Expressway</i>	The expressway from Meilin to Guanlan in Shenzhen City. The Toll-Free Section of Meiguan Expressway refers to the section from Meilin to Guanlan with a mileage of approximately 13.8 km, which has become toll-free from 24:00 on 31 March 2014. The Toll Section of Meiguan Expressway refers to the section from Shenzhen-Dongguan border to Guanlan with a mileage of approximately 5.4 km which remains toll collection.
<i>Jihe Expressway</i>	The expressway from Shenzhen International Airport to He'ao in Shenzhen City, comprising Jihe East (Qinghu to He'ao) and Jihe West (Airport to Qinghu).
<i>Jihe Expressway R&E Project</i>	The reconstruction and expansion project of the section from He'ao to Shenzhen Airport of Shenyang-Haikou National Expressway
<i>Shuiguan Expressway</i>	The expressway from Shuijingcun to Guanjintou in Shenzhen City.
<i>Shuiguan Extension</i>	An extension to Shuiguan Expressway, Phase I of Qingping Expressway (the expressway from Yulongkeng to Pinghu in Shenzhen City).
<i>Outer Ring Project</i>	The project of Shenzhen section of Outer Ring Expressway in Shenzhen City (referred to as Outer Ring Expressway), among which, the section with the length of 35.67 km from Shajing to Guanlan and the section with the length of 15.06 km from Longcheng to Pingdi, totalling approximately 51 km (referred to as Outer Ring Phase I) has opened to traffic on 29 December 2020. The section with the length of 9.35 km from the end of Longgang Section of Outer Ring Phase I to Kengzi via Pingdi etc. (referred to as Outer Ring Phase II) has opened to traffic on 1 January 2022. The section with the length of 16.8 km from Kengzi to Dapeng (referred to as Outer Ring Phase III) has started construction in late 2023.
<i>Coastal Project</i>	The section from Nanshan, Shenzhen to Dongbao River (the boundary between Dongguan and Shenzhen) (referred to as Coastal Expressway (Shenzhen Section)) of the coastal expressway from Guangzhou to Shenzhen (referred to as Coastal Expressway). Among which, the project of the main line of Coastal Expressway (Shenzhen Section) and related facilities are referred to as Coastal Phase I, and the project of the ramp bridge of airport interchange of Coastal Expressway (Shenzhen Section) and related facilities are referred to as Coastal Phase II.
<i>Longda Expressway</i>	The expressway from Longhua, Shenzhen to Dalingshan, Dongguan. The Toll-Free Section of Longda Expressway refers to the section from Longhua Shenzhen to Nanguang expressway ramp access with a total of 23.8 km which has been operated by toll-free from 0:00 on 7 February 2016. The Toll Section of Longda Expressway refers to the section of about 4.426 km starting from north of Songgang to Guanfo expressway, which still retains toll collection.
<i>Qinglian Expressway</i>	The expressway from Qingyuan to Lianzhou.
<i>Yangmao Expressway</i>	The expressway from Yangjiang to Maoming.
<i>GZ W2 Expressway</i>	The section from Xiaotang to Maoshan of Guangzhou Ring Expressway, also referred to as Guangzhou Western Second Ring Expressway.
<i>Changsha Ring Road</i>	Changsha Ring Expressway (North-Western Section).
<i>Nanjing Third Bridge</i>	Nanjing Yangtze River Third Bridge.
<i>Yichang Project</i>	The expressway from Yiyang to Changde in Hunan (referred to as Yichang Expressway) and Changde connection line.
<i>Four Expressways</i>	Nanguang Expressway, Yanpai Expressway, Yanba Expressway and the Shenzhen section of Longda Expressway, all of which have been transferred to Shenzhen Transport Bureau from 0:00 on 1 January 2019.

<i>Bay Area Development</i>	Shenzhen Investment Holdings Bay Area Development Company Limited (深圳投控灣區發展有限公司), a red chip company listed on the HKEx, stock code: 00737.
<i>Xintang JV</i>	Guangzhou Zhentong Development Company Limited (廣州臻通實業發展有限公司)
<i>Guangshenzhu Company</i>	Guangshenzhu Expressway Co., Ltd, which is mainly engaged in the investment, construction, operation and management of Guangzhou-Shenzhen Expressway. It has completed its restructuring and organizational institution change registration by April 2025. Bay Area Development is indirectly entitled a 45% profit-sharing interest in Guangshenzhu Company.
<i>GS Expressway, the Guangzhou-Shenzhen section of G4</i>	The Guangzhou-Shenzhen section of Beijing-Hong Kong-Macao Expressway (G4), starting from Huangcun interchange in Tianhe District, Guangzhou in the north, ends at Huanggang Checkpoint in Futian District, Shenzhen in the south, with a total length of approximately 122.8 km.
<i>GZ West Expressway</i>	Guangzhou-Zhuhai West Expressway, comprising Phase I, Phase II and Phase III, starts from Hainan interchange of Liwan District, Guangzhou in the north and to Yuehuan Interchange of Tanzhou Town, Zhongshan in the south, with a total length of approximately 98 km.
<i>Shenzhen-Zhongshan Link</i>	A cross-sea passage connecting Shenzhen with Zhongshan and Guangzhou in Guangdong Province.
<i>Shenshan Environmental Park Project</i>	The entrusted construction and management project for the whole process in relation to the infrastructure and ancillary projects for Shenshan Eco-Environmental Science and Technology Industrial Park which is undertaken by the Group.
<i>Longli River Bridge Project (Former Duohua Bridge Project)</i>	A road construction project from Jichang Village to Duohua Village in Longli County undertaken by Guishen Company under BT model. The major part of the project is Longli River Bridge.
<i>Bimeng Project</i>	The Bimeng Garden community resettlement project in Longli, Guizhou is undertaken by the Group with BT model.
<i>Guizhou Hengtongli</i>	Guizhou Hengtongli Property Company Limited (貴州恒通利置業有限公司).
<i>Meilin Checkpoint Renewal Project</i>	The Urban Renewal Project of Meilin Checkpoint of Minzhi Office in Longhua District, the entity which carried out the project is United Land Company.
<i>Shenzhen Water Planning</i>	Shenzhen Water Planning & Design Institute Company Limited (深圳市水務規劃設計院股份有限公司), a company listed on the Shenzhen Stock Exchange, stock code: 301038.
<i>Derun Environment</i>	Chongqing Derun Environment Company Limited (重慶德潤環境有限公司).
<i>Chongqing Water</i>	Chongqing Water Group Company Limited (重慶水務集團股份有限公司), a company listed on the SSE, stock code: 601158.
<i>Sanfeng Environment</i>	Chongqing San Feng Environmental Industrial Group Company Limited (重慶三峰環境集團股份有限公司), a company listed on the SSE, stock code: 601827.
<i>Nanjing Wind Power</i>	Nanjing Wind Power Technology Company Limited (南京風電科技有限公司).
<i>Baotou Nanfeng</i>	Baotou Nanfeng Wind Power Technology Company Limited (包頭市南風風電科技有限公司).

<i>New Energy Company</i>	Shenzhen Expressway New Energy Holdings Company Limited (深圳高速新能源控股有限公司).
<i>Huai'an Zhongheng</i>	Huai'an Zhongheng New Energy Company Limited (淮安中恒新能源有限公司).
<i>Nanjing Avis</i>	Nanjing Avis Transmission Technology Company Limited (南京安維士傳動技術股份公司).
<i>Fenghe Energy</i>	Shenzhen Fenghe Energy Investment Limited (深圳峰和能源投資有限公司).
<i>Yongcheng Zhuneng</i>	The 32 MW wind power project in Yongcheng City, Shangqiu City, Henan Province.
<i>Zhongwei Gantang</i>	The 49.5 MW wind power project in Gantang, Zhongwei City, Ningxia Province.
<i>Xinjiang Mulei</i>	The wind power project of Changji Mulei Laojunmiao Wind Farm in Xinjiang Zhundong New Energy Base, including Qianzhi, Qianhui and QianXin projects.
<i>Qianzhi</i>	Xinjiang Mulei County Qianzhi New Energy Development Company Limited (新疆木壘縣乾智能源開發有限公司).
<i>Qianhui</i>	Xinjiang Mulei County Qianhui New Energy Development Company Limited (新疆木壘縣乾慧能源開發有限公司).
<i>Qianxin</i>	Xinjiang Mulei County Qianxin New Energy Development Company Limited (新疆木壘縣乾新能源開發有限公司).
<i>Zhangshu Gaochuan</i>	About 20 MW wind power generation project in Zhangshu City, Jiangxi Province
<i>Guangming Environmental Park Project</i>	The Shenzhen Guangming Environmental Park Project, invested in and constructed by the Company under the BOT model.
<i>Bioland</i>	Shenzhen Expressway Bioland Environmental Technologies Corp., Ltd (深高藍德環保科技集團股份有限公司).
<i>Lisai Environmental</i>	Shenzhen Lisai Environmental Technology Limited (深圳市利賽環保科技有限公司).
<i>Shaoyang Project</i>	The concession project of kitchen waste collection and disposal in Shaoyang, Hunan Province.
<i>Unitoll Services</i>	Guangdong Unitoll Services Incorporated (廣東聯合電子服務股份有限公司).
<i>United Land</i>	Shenzhen International United Land Company Limited (深圳市深國際聯合置地有限公司).
<i>Fengrunjiu</i>	Shenzhen Guangming Fengrunjiu Health Services Limited (深圳光明鳳潤玖健康服務有限公司).
<i>BOT (model)</i>	Build-Operate-Transfer model.
<i>EPC (model)</i>	Engineering Procurement Construction model.
<i>BIM</i>	Building Information Modelling, which is a model equipped with a complete and realistic construction database by building a virtual three-dimensional construction model and using digitisation technology.
<i>ETC</i>	Electronic Toll Collection, a system used to electronically collect tolls on highways.

By Order of the Board
XU En Li
Chairman

Shenzhen, PRC, 25 March 2026

As at the date of this announcement, the board of directors of the Company consists of Mr. XU En Li, Mr. LIAO Xiang Wen, Mr. YAO Hai and Ms. Jin Zhen Yuan as executive directors, Mr. HOU Sheng Hai, Mr. CHEN Yun Jiang, Ms. WU Yan Ling and Ms. ZHANG Jian as non-executive directors and Mr. LI Fei Long, Mr. MIAO Jun, Mr. XU Hua Xiang and Mr. YAN Yan as independent non-executive directors.

This announcement is prepared in Chinese and English. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

This results preliminary announcement, which has been published on the website of HKEXnews at <http://www.hkexnews.com.hk>, only gives a summary of the information and particulars contained in the full “Annual Report 2025” of the Company. The “Annual Report 2025” of the Company containing all the information to accompany annual report required under Appendix D2 to the Listing Rules will be subsequently published on the website of HKEXnews in due course.

Appendix:

SHENZHEN EXPRESSWAY CORPORATION LIMITED

Consolidated Financial Statements (including notes)

For the Year ended 31 December 2025

SHENZHEN EXPRESSWAY CORPORATION LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

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Note: Sections marked with * in the notes to the financial statements are additional or more detailed disclosures made in accordance with the *Hong Kong Companies Ordinance* and the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

AS AT 31 DECEMBER 2025

Consolidated Statement of Financial Position

RMB

Item	Note	31 December 2025	31 December 2024
Current assets:			
Cash at banks and on hand	V. 1	5,152,923,237.15	2,908,582,010.43
Transactional financial assets	V. 2	2,557,452,332.60	129,822,937.64
Bills receivable	V. 3	3,244,984.06	1,390,389.45
Accounts receivable	V. 4	1,024,835,422.75	957,468,799.75
Prepayments	V. 5	119,598,712.32	245,482,362.49
Other receivables	V. 6	678,305,946.54	834,685,738.81
Including: Interest receivable		-	-
Dividends receivable		-	135,000,000.00
Inventories	V. 7	923,161,768.35	1,095,373,567.67
Contract assets	V. 8	533,485,773.31	370,627,842.43
Non-current assets due within one year	V. 9	941,440,005.71	435,993,394.13
Other current assets	V. 10	654,020,505.76	664,411,813.94
Total current assets		12,588,468,688.55	7,643,838,856.74
Non-current assets:			
Long-term prepayments	V. 11	1,787,717,710.25	1,312,579,150.71
Long-term receivables	V. 12	3,076,966,653.03	3,200,026,120.96
Long-term equity investments	V. 13	19,655,223,202.88	19,755,383,217.22
Other non-current financial assets	V. 14	1,086,963,286.26	970,911,383.44
Investment properties	V. 15	20,217,859.38	21,555,137.78
Fixed assets	V. 16	6,955,618,506.25	7,400,304,937.58
Construction in progress	V. 17	119,008,367.94	84,895,316.16
Right-of-use assets	V. 18	28,805,012.04	32,059,636.65
Intangible assets	V. 19	24,921,365,882.90	24,843,637,234.03
Development expenditures		829,064.27	6,261,136.18
Goodwill	V. 20	-	202,893,131.20
Long-term prepaid expenses		15,944,500.66	16,591,623.55
Deferred tax assets	V. 21	106,465,345.47	130,376,684.28
Other non-current assets	V. 22	925,556,333.37	1,936,717,382.10
Total non-current assets		58,700,681,724.70	59,914,192,091.84
Total assets		71,289,150,413.25	67,558,030,948.58

SHENZHEN EXPRESSWAY CORPORATION LIMITED

AS AT 31 DECEMBER 2025

Consolidated Statement of Financial Position - continued

RMB

Item	Note	31 December 2025	31 December 2024
Current liabilities:			
Short-term borrowings	V. 24	3,356,091,388.07	2,573,849,184.49
Transactional financial liabilities	V. 25	270,588,092.75	197,664,719.66
Bills payable	V. 26	334,725,708.50	870,678,402.08
Accounts payable	V. 27	2,869,401,694.00	2,987,806,080.65
Advances from customers	V. 28	463,090.70	787,138.81
Contract liabilities	V. 29	54,544,169.64	61,712,837.98
Employee benefits payable	V. 30	367,072,530.88	358,646,437.71
Taxes payable	V. 31	352,076,398.65	357,520,856.69
Other payables	V. 32	1,258,603,170.27	1,169,000,291.23
Including: Interest payable		-	-
Dividends payable		62,493,194.42	85,013,326.10
Non-current liabilities due within one year	V. 33	6,383,064,479.84	2,544,252,549.95
Other current liabilities	V. 34	1,552,694,910.69	3,053,377,031.15
Total current liabilities		16,799,325,633.99	14,175,295,530.40
Non-current liabilities:			
Long-term borrowings	V. 35	11,127,215,070.78	13,912,273,334.21
Bonds payable	V. 36	9,293,546,076.09	10,194,223,064.28
Including: Preferred stock		-	-
Perpetual bonds		-	-
Lease liabilities	V. 37	14,519,888.88	15,896,203.85
Long-term payables	V. 38	387,586,715.85	387,586,715.85
Long-term employee benefits payable	V. 39	115,649,911.45	115,649,911.45
Provisions	V. 40	332,809,324.28	242,043,881.88
Deferred revenue	V. 41	230,906,185.46	297,036,753.87
Deferred tax liabilities	V. 21	809,284,736.75	859,181,851.16
Other non-current liabilities		125,824,859.55	157,272,992.24
Total non-current liabilities		22,437,342,769.09	26,181,164,708.79
Total liabilities		39,236,668,403.08	40,356,460,239.19
Shareholders' equity:			
Equity	V. 42	2,537,856,127.00	2,180,770,326.00
Other equity instruments	V. 43	4,000,000,000.00	4,000,000,000.00
Including: Preferred stock		-	-
Perpetual bonds		4,000,000,000.00	4,000,000,000.00
Capital reserve	V. 44	8,682,999,006.34	4,392,194,420.15
Other comprehensive income	V. 45	(715,756,314.51)	(762,550,544.98)
Surplus reserve	V. 46	3,897,801,487.94	3,506,925,959.18
Undistributed profits	V. 47	8,628,237,805.30	8,586,181,562.92
Total equity attributable to shareholders of the Company		27,031,138,112.07	21,903,521,723.27
Minority interests		5,021,343,898.10	5,298,048,986.12
Total shareholders' equity		32,052,482,010.17	27,201,570,709.39
Total liabilities and shareholders' equity		71,289,150,413.25	67,558,030,948.58

The attached notes form part of the financial statements

The financial statements are signed by the following persons:

Head of the Company

Chief financial officer

Head of accounting department

SHENZHEN EXPRESSWAY CORPORATION LIMITED

AS AT 31 DECEMBER 2025

Company's Statement of Financial Position

RMB

Item	Note	31 December 2025	31 December 2024
Current assets:			
Cash at banks and on hand		2,302,810,399.04	794,946,519.13
Transactional financial assets		2,019,338,520.57	-
Accounts receivable	XV. 1	107,815,459.54	75,279,449.66
Prepayments		3,875,406.75	5,680,684.69
Other receivables	XV. 2	1,719,794,681.33	3,793,798,079.56
Including: Interest receivable		-	-
Dividends receivable		-	431,020,860.00
Inventories		656,495.51	593,459.50
Contract assets		103,623,565.17	113,565,166.03
Other current assets		-	24,174,784.27
Total current assets		6,257,914,527.91	4,808,038,142.84
Non-current assets:			
Long-term prepayments		1,265,661,693.78	779,727,076.20
Long-term receivables		668,535,000.00	304,175,000.00
Long-term equity investments	XV. 3	37,274,699,622.46	35,323,723,539.55
Other non-current financial assets		1,026,942,682.59	914,697,766.50
Investment properties		8,344,268.52	8,919,992.76
Fixed assets		1,971,665,364.46	2,066,123,244.83
Construction in progress		19,335,241.47	9,381,711.70
Right-of-use assets		7,405,747.41	13,210,490.61
Intangible assets		3,324,120,397.79	2,706,621,666.63
Development expenditures		-	6,261,136.18
Long-term prepaid expenses		1,775,109.33	3,037,238.72
Deferred tax assets		-	24,057,356.02
Other non-current assets		400,822,261.55	387,124,463.42
Total non-current assets		45,969,307,389.36	42,547,060,683.12
Total assets		52,227,221,917.27	47,355,098,825.96

SHENZHEN EXPRESSWAY CORPORATION LIMITED

AS AT 31 DECEMBER 2025

Company's Statement of Financial Position - continued

RMB

Item	Note	31 December 2025	31 December 2024
Current liabilities:			
Short-term borrowings		-	134,640,937.92
Bills payable		129,432,256.00	423,600,694.25
Accounts payable		452,562,670.06	493,126,985.19
Advances from customers		2,201,991.31	-
Contract liabilities		61,530,097.24	60,739,625.54
Employee benefits payable		141,169,658.63	136,991,167.02
Taxes payable		50,142,548.21	23,242,869.14
Other payables		4,671,367,391.38	4,404,954,338.28
Including: Interest payable		-	-
Dividends payable		58,071,944.42	3,911,111.11
Non-current liabilities due within one year		5,215,193,271.86	905,242,173.46
Other current liabilities		1,530,432,861.07	3,029,402,207.33
Total current liabilities		12,254,032,745.76	9,611,940,998.13
Non-current liabilities:			
Long-term borrowings		4,233,402,880.00	6,023,653,160.00
Bonds payable		9,293,546,076.09	10,194,223,064.28
Including: Preferred stock		-	-
Perpetual bonds		-	-
Lease liabilities		1,941,674.82	8,823,827.27
Long-term payables		387,586,715.85	387,586,715.85
Long-term employee benefits payable		69,919,951.40	69,919,951.40
Provisions		59,747,221.80	57,613,555.38
Deferred revenue		101,468,909.05	144,657,812.51
Deferred tax liabilities		118,469,348.09	231,093,972.26
Total non-current liabilities		14,266,082,777.10	17,117,572,058.95
Total liabilities		26,520,115,522.86	26,729,513,057.08
Shareholders' equity:			
Equity		2,537,856,127.00	2,180,770,326.00
Other equity instruments		4,000,000,000.00	4,000,000,000.00
Including: Preferred stock		-	-
Perpetual bonds		4,000,000,000.00	4,000,000,000.00
Capital reserve		6,198,372,579.72	1,878,291,070.83
Other comprehensive income		905,437,354.21	910,912,836.61
Surplus reserve		3,897,801,487.94	3,506,925,959.18
Undistributed profits		8,167,638,845.54	8,148,685,576.26
Total shareholders' equity		25,707,106,394.41	20,625,585,768.88
Total liabilities and shareholders' equity		52,227,221,917.27	47,355,098,825.96

The attached notes form part of the financial statements

Head of the Company

Chief financial officer

Head of accounting department

SHENZHEN EXPRESSWAY CORPORATION LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

RMB

Item	Note	2025	2024
I. Operating income	V. 48	9,264,480,541.03	9,245,691,487.27
Less: Cost of services	V. 48	6,456,994,563.54	6,324,398,914.59
Taxes and surcharges	V. 49	62,132,763.99	58,255,077.49
Selling expenses	V. 50	9,177,517.06	12,695,619.32
General and administrative expenses	V. 51	436,296,254.40	460,063,900.96
Research and development expenses	V. 52	44,695,050.20	32,930,598.54
Financial expenses	V. 53	742,590,821.23	1,038,239,432.75
Including: Interest expenses		859,367,046.63	1,059,816,553.01
Interest income		71,360,232.23	74,813,910.38
Add: Other income	V. 54	58,546,887.71	23,458,044.24
Investment income	V. 55	762,525,074.14	1,025,126,072.04
Including: Income from investment in associates and joint ventures	V. 55	737,146,614.81	851,136,509.69
Gains from changes in fair value	V. 56	94,015,371.64	2,641,777.05
Credit impairment gains (losses)	V. 57	(83,909,015.95)	(199,772,289.08)
Gains (losses) on impairment of assets	V. 58	(661,711,374.15)	(384,274,263.80)
Gains on disposal of assets		3,033,966.43	8,829,712.78
II. Operating profit		1,685,094,480.43	1,795,116,996.85
Add: Non-operating income	V. 59	27,039,736.30	11,191,213.62
Less: Non-operating expenses	V. 60	65,250,809.70	47,881,798.18
III. Total profit		1,646,883,407.03	1,758,426,412.29
Less: Income tax expenses	V. 61	461,238,282.29	540,213,476.26
IV. Net profit		1,185,645,124.74	1,218,212,936.03
(I) Classified by business continuity			
1. Net profit from continuing operations		1,185,645,124.74	1,218,212,936.03
2. Net profit from discontinued operations		-	-
(II) Classified by ownership			
1. Net profit attributable to shareholders of the Company		1,149,351,721.66	1,145,048,951.69
2. Profit or loss attributable to minority shareholders		36,293,403.08	73,163,984.34
V. Other comprehensive income, net of tax		68,614,264.48	(239,342,233.16)
(I) Other comprehensive income attributable to shareholders of the Company, net of tax		46,794,230.47	(220,245,553.31)
1. Other comprehensive income that cannot be subsequently reclassified to profit or loss		-	-
2. Other comprehensive income that will be reclassified to profit or loss		46,794,230.47	(220,245,553.31)
(1) Other comprehensive income that will be transferred to profit or loss under the equity method	V. 45	231,734.94	36,679,872.53
(2) Translation differences of financial statements denominated in foreign currencies	V. 45	46,562,495.53	(256,925,425.84)
(II) Other comprehensive income attributable to minority shareholders, net of tax		21,820,034.01	(19,096,679.85)
VI. Total comprehensive income		1,254,259,389.22	978,870,702.87
Total comprehensive income attributable to shareholders of the Company		1,196,145,952.13	924,803,398.38
Total comprehensive income attributable to minority shareholders		58,113,437.09	54,067,304.49
VII. Earnings per share			
(I) Basic earnings per share (RMB/share)		0.429	0.441
(II) Diluted earnings per share (RMB/share)		0.429	0.441

The attached notes form part of the financial statements

Head of the Company

Chief financial officer

Head of accounting department

SHENZHEN EXPRESSWAY CORPORATION LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2025

Company's Statement of Profit or Loss and Other Comprehensive Income

RMB

Item	Note	2025	2024
I. Operating income	XV. 4	2,106,039,909.54	2,172,210,374.80
Less: Cost of services	XV. 4	1,146,249,464.64	1,258,468,957.49
Taxes and surcharges		21,607,804.03	18,233,426.65
General and administrative expenses		268,770,314.12	252,290,939.79
Research and development expenses		424,269.00	-
Financial expenses		485,604,854.77	485,604,568.31
Including: Interest expenses		614,406,545.46	528,748,953.37
Interest income		89,102,136.65	84,234,928.92
Add: Other income		2,155,609.62	2,801,382.03
Investment income	XV. 5	1,119,240,813.17	1,404,610,273.58
Including: Income from investment in associates and joint ventures		237,076,233.05	358,112,888.34
Gains from changes in fair value		171,464,472.25	73,233,065.87
Gains (losses) on impairment of assets	XV. 6	(386,093,131.20)	(96,229,424.09)
Gains on disposal of assets		1,346,700.32	559,397.34
II. Operating profit		1,091,497,667.14	1,542,587,177.29
Add: Non-operating income		2,055,331.58	1,004,784.22
Less: Non-operating expenses		3,516,855.12	9,339,954.88
III. Total profit		1,090,036,143.60	1,534,252,006.63
Less: Income tax expenses		(36,212,604.96)	48,622,466.18
IV. Net profit		1,126,248,748.56	1,485,629,540.45
(I) Net profit from continuing operations		1,126,248,748.56	1,485,629,540.45
(II) Net profit from discontinued operations		-	-
V. Other comprehensive income, net of tax		(5,475,482.40)	18,776,448.80
(I) Other comprehensive income that cannot be subsequently reclassified to profit or loss		-	-
(II) Other comprehensive income that will be reclassified to profit or loss		(5,475,482.40)	18,776,448.80
1. Other comprehensive income that will be transferred to profit or loss under the equity method		(5,475,482.40)	18,776,448.80
VI. Total comprehensive income		1,120,773,266.16	1,504,405,989.25

The attached notes form part of the financial statements

Head of the Company

Chief financial officer

Head of accounting department

SHENZHEN EXPRESSWAY CORPORATION LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2025

Consolidated Statement of Cash Flows

RMB

Item	Note	2025	2024
I. Cash flows from operating activities:			
Cash received from rendering services and selling goods		7,494,460,321.99	7,177,925,697.71
Refund of taxes		44,792,346.91	21,705,782.82
Other cash received relating to operating activities	V. 62(1)	455,595,394.96	193,524,731.78
Sub-total of cash inflows		7,994,848,063.86	7,393,156,212.31
Cash payments for goods and services		1,243,617,051.72	1,338,044,472.74
Cash payments to and on behalf of employees		1,076,217,043.54	1,076,636,904.47
Payments of taxes and surcharges		694,063,785.82	784,238,122.81
Other cash payments relating to operating activities	V. 62(1)	357,289,097.60	476,930,241.15
Sub-total of cash outflows		3,371,186,978.68	3,675,849,741.17
Net cash flows from operating activities	V. 63(1)1	4,623,661,085.18	3,717,306,471.14
II. Cash flows from investing activities:			
Cash received from recovery of investments		3,847,585,432.15	2,183,361,781.54
Cash received from returns on investments		712,875,414.86	630,212,585.65
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,613,846.61	864,244.90
Net cash received from disposals of subsidiaries and other business units		3,716.76	1,274,641,161.02
Other cash received relating to investing activities	V. 62(2)	13,858,846.44	462,004,269.90
Sub-total of cash inflows		4,575,937,256.82	4,551,084,043.01
Cash payments to acquire fixed assets, intangible assets and other long-term assets		3,279,556,923.08	2,059,360,750.59
Cash payments for investing activities		6,099,390,440.00	2,514,755,450.00
Net cash payments for acquisitions of subsidiaries and other business units		-	-
Other cash payments relating to investing activities	V. 62(2)	11,824,993.72	13,113,423.39
Sub-total of cash outflows		9,390,772,356.80	4,587,229,623.98
Net cash flows from investing activities		(4,814,835,099.98)	(36,145,580.97)
III. Cash flows from financing activities:			
Cash received from capital contributions		8,703,619,999.17	-
Including: Cash received by subsidiaries from capital contributions by minority shareholders		800,000.00	-
Cash received from borrowings		16,583,544,173.78	23,330,617,299.88
Other cash received relating to financing activities	V. 62(3)	-	19,685,436.07
Sub-total of cash inflows		25,287,164,172.95	23,350,302,735.95
Cash repayments of borrowings		17,099,723,866.98	22,910,839,219.60
Cash payments for distribution of dividends or profits or settlement of interest expenses		1,851,731,281.98	2,744,327,547.86
Including: Payments for distribution of dividends or profits to minority shareholders by subsidiaries		438,208,608.81	328,344,634.00
Other cash payments relating to financing activities	V. 62(3)	4,059,079,575.26	502,411,563.93
Sub-total of cash outflows		23,010,534,724.22	26,157,578,331.39
Net cash flows from financing activities		2,276,629,448.73	(2,807,275,595.44)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(10,865,181.34)	(158,611,869.09)
V. Net increase (decrease) in cash and cash equivalents	V. 63(1)2	2,074,590,252.59	715,273,425.64
Add: Cash and cash equivalents at the beginning of the year		2,670,493,652.96	1,955,220,227.32
VI. Cash and cash equivalents at the end of the year	V. 63(1)2	4,745,083,905.55	2,670,493,652.96

The attached notes form part of the financial statements

Head of the Company

Chief financial officer

Head of accounting department

SHENZHEN EXPRESSWAY CORPORATION LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2025

Company's Statement of Cash Flows

RMB

Item	Note	2025	2024
I. Cash flows from operating activities:			
Cash received from rendering services and selling goods		1,327,631,050.58	1,328,689,320.33
Refund of taxes		-	876,399.21
Other cash received relating to operating activities		33,827,335.92	32,588,029.68
Sub-total of cash inflows		1,361,458,386.50	1,362,153,749.22
Cash payments for goods and services		164,529,738.05	163,439,379.79
Cash payments to and on behalf of employees		272,781,389.24	266,825,804.84
Payments of taxes and surcharges		60,462,378.41	123,098,484.32
Other cash payments relating to operating activities		146,747,735.97	122,651,198.07
Sub-total of cash outflows		644,521,241.67	676,014,867.02
Net cash flows from operating activities		716,937,144.83	686,138,882.20
II. Cash flows from investing activities:			
Cash received from recovery of investments		3,094,962,454.75	1,210,600,879.16
Cash received from returns on investments		1,646,929,333.10	1,454,014,222.88
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,467,141.42	658,275.00
Net cash received from disposals of subsidiaries and other business units		3,716.76	1,397,449,491.52
Other cash received relating to investing activities		1,163,547,277.55	1,779,100,903.64
Sub-total of cash inflows		5,906,909,923.58	5,841,823,772.20
Cash payments to acquire fixed assets, intangible assets and other long-term assets		1,499,097,698.41	505,332,147.75
Cash payments for investing activities		7,480,000,000.00	11,528,069,733.71
Other cash payments relating to investing activities		1,620,598.22	-
Sub-total of cash outflows		8,980,718,296.63	12,033,401,881.46
Net cash flows from investing activities		(3,073,808,373.05)	(6,191,578,109.26)
III. Cash flows from financing activities:			
Cash received from capital contributions		8,702,819,999.17	-
Cash received from borrowings		10,026,434,463.69	19,326,055,885.12
Other cash received relating to financing activities		346,113,119.44	494,160,658.46
Sub-total of cash inflows		19,075,367,582.30	19,820,216,543.58
Cash repayments of borrowings		10,071,237,188.81	11,036,650,280.00
Cash payments for distribution of dividends or profits or settlement of interest expenses		1,100,932,482.49	1,817,584,826.12
Other cash payments relating to financing activities		4,037,434,957.61	1,193,303,170.83
Sub-total of cash outflows		15,209,604,628.91	14,047,538,276.95
Net cash flows from financing activities		3,865,762,953.39	5,772,678,266.63
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(6,145.18)	(81,941.18)
V. Net increase (decrease) in cash and cash equivalents		1,508,885,579.99	267,157,098.39
Add: Cash and cash equivalents at the beginning of the year		792,672,285.68	525,515,187.29
VI. Cash and cash equivalents at the end of the year		2,301,557,865.67	792,672,285.68

The attached notes form part of the financial statements

Head of the Company

Chief financial officer

Head of accounting department

SHENZHEN EXPRESSWAY CORPORATION LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2025

Consolidated Statement of Changes in Equity

RMB

Item	2025								
	Attributable to shareholders of the Company							Minority interests	Total shareholders' equity
	Equity	Other equity instruments Perpetual bonds	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Sub-total		
I. Balance on 31 December 2024	2,180,770,326.00	4,000,000,000.00	4,392,194,420.15	(762,550,544.98)	3,506,925,959.18	8,586,181,562.92	21,903,521,723.27	5,298,048,986.12	27,201,570,709.39
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-
II. Balance on 1 January 2025	2,180,770,326.00	4,000,000,000.00	4,392,194,420.15	(762,550,544.98)	3,506,925,959.18	8,586,181,562.92	21,903,521,723.27	5,298,048,986.12	27,201,570,709.39
III. Changes for the year	357,085,801.00	-	4,290,804,586.19	46,794,230.47	390,875,528.76	42,056,242.38	5,127,616,388.80	(276,705,088.02)	4,850,911,300.78
(I) Total comprehensive income	-	-	-	46,794,230.47	-	1,149,351,721.66	1,196,145,952.13	58,113,437.09	1,254,259,389.22
(II) Shareholders' contributions and reduction in capital	357,085,801.00	-	4,290,804,586.19	-	-	-	4,647,890,387.19	(8,106,394.37)	4,639,783,992.82
1. Ordinary shares contributed by shareholders	357,085,801.00	-	4,322,150,713.71	-	-	-	4,679,236,514.71	800,000.00	4,680,036,514.71
2. Shareholders' reduction in capital	-	-	-	-	-	-	-	(5,419,746.53)	(5,419,746.53)
3. Capital contribution from holders of other equity instruments	-	4,000,000,000.00	(3,858,490.57)	-	-	-	3,996,141,509.43	-	3,996,141,509.43
4. Capital reduced by holders of other equity instruments	-	(4,000,000,000.00)	-	-	-	-	(4,000,000,000.00)	-	(4,000,000,000.00)
5. Others	-	-	(27,487,636.95)	-	-	-	(27,487,636.95)	(3,486,647.84)	(30,974,284.79)
(III) Profit distribution	-	-	-	-	390,875,528.76	(1,107,295,479.28)	(716,419,950.52)	(326,712,130.74)	(1,043,132,081.26)
1. Transfer to surplus reserve	-	-	-	-	390,875,528.76	(390,875,528.76)	-	-	-
2. Profit distribution to shareholders	-	-	-	-	-	(716,419,950.52)	(716,419,950.52)	(326,712,130.74)	(1,043,132,081.26)
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-
1. Transfer of capital reserve to equity	-	-	-	-	-	-	-	-	-
2. Transfer of surplus reserve to equity	-	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-
(V) Others	-	-	-	-	-	-	-	-	-
IV. Balance on 31 December 2025	2,537,856,127.00	4,000,000,000.00	8,682,999,006.34	(715,756,314.51)	3,897,801,487.94	8,628,237,805.30	27,031,138,112.07	5,021,343,898.10	32,052,482,010.17

SHENZHEN EXPRESSWAY CORPORATION LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2025

Consolidated Statement of Changes in Equity - continued

RMB

Item	2024								
	Attributable to shareholders of the Company							Minority interests	Total shareholders' equity
	Equity	Other equity instruments Perpetual bonds	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Sub-total		
I. Balance on 31 December 2023	2,180,770,326.00	4,000,000,000.00	4,389,338,761.93	(542,304,991.67)	3,218,191,232.88	9,112,002,127.97	22,357,997,457.11	5,640,684,528.01	27,998,681,985.12
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-
II. Balance on 1 January 2024	2,180,770,326.00	4,000,000,000.00	4,389,338,761.93	(542,304,991.67)	3,218,191,232.88	9,112,002,127.97	22,357,997,457.11	5,640,684,528.01	27,998,681,985.12
III. Changes for the year	-	-	2,855,658.22	(220,245,553.31)	288,734,726.30	(525,820,565.05)	(454,475,733.84)	(342,635,541.89)	(797,111,275.73)
(I) Total comprehensive income	-	-	-	(220,245,553.31)	-	1,145,048,951.69	924,803,398.38	54,067,304.49	978,870,702.87
(II) Shareholders' contributions and reduction in capital	-	-	2,855,658.22	-	-	-	2,855,658.22	(26,355,669.84)	(23,500,011.62)
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-	-
2. Others	-	-	2,855,658.22	-	-	-	2,855,658.22	(26,355,669.84)	(23,500,011.62)
(III) Profit distribution	-	-	-	-	288,734,726.30	(1,670,869,516.74)	(1,382,134,790.44)	(370,347,176.54)	(1,752,481,966.98)
1. Transfer to surplus reserve	-	-	-	-	288,734,726.30	(288,734,726.30)	-	-	-
2. Profit distribution to shareholders	-	-	-	-	-	(1,382,134,790.44)	(1,382,134,790.44)	(370,347,176.54)	(1,752,481,966.98)
(IV) Transfers within shareholders' equity	-	-	-	-	-	-	-	-	-
1. Transfer of capital reserve to equity	-	-	-	-	-	-	-	-	-
2. Transfer of surplus reserve to equity	-	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-
(V) Others	-	-	-	-	-	-	-	-	-
IV. Balance on 31 December 2024	2,180,770,326.00	4,000,000,000.00	4,392,194,420.15	(762,550,544.98)	3,506,925,959.18	8,586,181,562.92	21,903,521,723.27	5,298,048,986.12	27,201,570,709.39

The attached notes form part of the financial statements

Head of the Company

Chief financial officer

Head of accounting department

SHENZHEN EXPRESSWAY CORPORATION LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2025

Company's Statement of Changes in Equity

RMB

Item	2025						
	Equity	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance on 31 December 2024	2,180,770,326.00	4,000,000,000.00	1,878,291,070.83	910,912,836.61	3,506,925,959.18	8,148,685,576.26	20,625,585,768.88
Add: Changes in accounting policies	-	-	-	-	-	-	-
II. Balance on 1 January 2025	2,180,770,326.00	4,000,000,000.00	1,878,291,070.83	910,912,836.61	3,506,925,959.18	8,148,685,576.26	20,625,585,768.88
III. Changes for the year	357,085,801.00	-	4,320,081,508.89	(5,475,482.40)	390,875,528.76	18,953,269.28	5,081,520,625.53
(I) Total comprehensive income	-	-	-	(5,475,482.40)	-	1,126,248,748.56	1,120,773,266.16
(II) Shareholders' contributions and reduction in capital	357,085,801.00	-	4,320,081,508.89	-	-	-	4,677,167,309.89
1. Ordinary shares contributed by shareholders	357,085,801.00	-	4,322,150,713.71	-	-	-	4,679,236,514.71
2. Capital contribution from holders of other equity instruments	-	4,000,000,000.00	(3,858,490.57)	-	-	-	3,996,141,509.43
3. Capital reduced by holders of other equity instruments	-	(4,000,000,000.00)	-	-	-	-	(4,000,000,000.00)
4. Others	-	-	1,789,285.75	-	-	-	1,789,285.75
(III) Profit distribution	-	-	-	-	390,875,528.76	(1,107,295,479.28)	(716,419,950.52)
1. Transfer to surplus reserve	-	-	-	-	390,875,528.76	(390,875,528.76)	-
2. Profit distribution to shareholders	-	-	-	-	-	(716,419,950.52)	(716,419,950.52)
(IV) Others	-	-	-	-	-	-	-
IV. Balance on 31 December 2025	2,537,856,127.00	4,000,000,000.00	6,198,372,579.72	905,437,354.21	3,897,801,487.94	8,167,638,845.54	25,707,106,394.41

SHENZHEN EXPRESSWAY CORPORATION LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2025

Company's Statement of Changes in Equity - continued

RMB

Item	2024						
	Equity	Other equity instruments	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance on 31 December 2023	2,180,770,326.00	4,000,000,000.00	1,873,257,038.28	892,136,387.81	3,218,191,232.88	8,333,925,552.55	20,498,280,537.52
Add: Changes in accounting policies	-	-	-	-	-	-	-
II. Balance on 1 January 2024	2,180,770,326.00	4,000,000,000.00	1,873,257,038.28	892,136,387.81	3,218,191,232.88	8,333,925,552.55	20,498,280,537.52
III. Changes for the year	-	-	5,034,032.55	18,776,448.80	288,734,726.30	(185,239,976.29)	127,305,231.36
(I) Total comprehensive income	-	-	-	18,776,448.80	-	1,485,629,540.45	1,504,405,989.25
(II) Shareholders' contributions and reduction in capital	-	-	5,034,032.55	-	-	-	5,034,032.55
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-
2. Others	-	-	5,034,032.55	-	-	-	5,034,032.55
(III) Profit distribution	-	-	-	-	288,734,726.30	(1,670,869,516.74)	(1,382,134,790.44)
1. Transfer to surplus reserve	-	-	-	-	288,734,726.30	(288,734,726.30)	-
2. Profit distribution to shareholders	-	-	-	-	-	(1,382,134,790.44)	(1,382,134,790.44)
(IV) Others	-	-	-	-	-	-	-
IV. Balance on 31 December 2024	2,180,770,326.00	4,000,000,000.00	1,878,291,070.83	910,912,836.61	3,506,925,959.18	8,148,685,576.26	20,625,585,768.88

The attached notes form part of the financial statements

Head of the Company

Chief financial officer

Head of accounting department

I. GENERAL INFORMATION OF THE COMPANY

1. Company profile

Shenzhen Expressway Corporation Limited (the "Company") is a joint stock limited company established in Guangdong Province, the People's Republic of China (the "PRC") on 30 December 1996. The Company has its H shares and A shares listed on the Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange of the PRC, respectively. The address of its registered office is Fumin Toll Station, Fucheng Street, Longhua District, Shenzhen, the PRC. The office of the Company is located at Hanking Center Tower, No. 9968, Shennan Avenue, Yuehai Street, Nanshan District, Shenzhen, the PRC.

The principal activities of the Company and its subsidiaries (the "Group") are the investment, construction, operation and management of toll highways and environmental protection in China. The environmental protection business mainly includes the recycling and treatment of solid waste and clean energy power generation.

The controlling shareholder and actual controlling party of the Company are Shenzhen International Holdings Limited ("Shenzhen International") and the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipality ("Shenzhen SASAC") respectively.

2. Date of approval for issue of the financial statements

These financial statements were approved for issue by the Company's Board of Directors on 25 March 2026.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Basis of preparation

The Group implements the Accounting Standards for Business Enterprises and related regulations issued by the Ministry of Finance. In addition, the related financial information has been disclosed in accordance with the requirements of the *Rules Governing the Preparation of Information Disclosure by Companies Offering Securities to the Public No. 15 - General Requirements for Financial Reporting (Revised in 2023)*, *Hong Kong Companies Ordinance* and the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*.

Going concern

As of 31 December 2025, the Group and the Company had total current liabilities in excess of total current assets by RMB 4,210,856,945.44 and RMB 5,996,118,217.85, respectively, and the amount of capital commitments expected to be paid by the Group in the coming year totaled RMB 5,476,827,733.62. As at 31 December 2025, the Group and the Company had unused bank credit lines totaling RMB 71,486,524,391.65 and RMB 53,249,500,186.28, respectively, which can satisfy the Group's debt and capital commitments. As the Group can solve the lack of working capital through reasonable financing arrangements, the financial statements have been prepared on a going concern basis.

II. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS - continued

Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash and cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash and cash equivalents expected to be paid to settle the liabilities in the normal course of business.

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

When measuring non-financial assets at fair value, consideration is given to the ability of a market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial assets of which the transaction price is used as the fair value at initial recognition and for which a valuation technique involving unobservable inputs is used in the subsequent measurement of fair value, the valuation technique is corrected during the valuation process so that the initial recognition result determined by the valuation technique is equal to the transaction price.

Fair value measurements are categorized into Level 1, 2 or 3 based on degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than inputs within Level 1, that are observable for the asset or liability;
- Level 3 inputs are unobservable inputs for the asset or liability.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises, and present truly and completely the consolidated and Company's financial position as at 31 December 2025, and the consolidated and Company's operating results, the consolidated and Company's changes in equity and the consolidated and Company's cash flows for the year then ended.

2. Accounting period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

3. Operating cycle

An operating cycle refers to the period when an enterprise purchases assets for processing purpose till the realization of those assets in cash or cash equivalents. The Group's operating cycle is 12 months.

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The Company's foreign subsidiary chooses its functional currency on the basis of the primary economic environment in which it operates. The Company adopts RMB to prepare its financial statements.

5. Method for determination of materiality criteria and basis for selection

Item	Materiality criteria
Bad debt provision on significant accounts receivable recovered or reversed	The amount is greater than or equal to RMB 30 million
Significant construction in progress	The amount is greater than or equal to RMB 30 million
Significant accounts payable aged over one year	The amount is greater than or equal to RMB 30 million
Significant other payables aged over one year	The amount is greater than or equal to RMB 30 million
Cash receipts relating to significant investing activities	The amount is greater than 10% of the subtotal of cash inflows from investing activities and is greater than or equal to RMB 100 million
Cash payments relating to significant investing activities	The amount is greater than 10% of the subtotal of cash outflows from investing activities and is greater than or equal to RMB 100 million
Significant non-wholly owned subsidiaries	The amount of revenue or net profit (in absolute value in case of loss) realized by a non-wholly owned subsidiary in the current year or the amount of any item included in total assets at the end of the year of a non-wholly owned subsidiary is greater than 5% of the amount of corresponding item in the Group's consolidated financial statements
Significant joint ventures or associates	The year-end balance of long-term equity investment in the enterprise accounts for more than 5% of the Group's total consolidated assets or the investment income (in absolute value in case of loss) recognized under the equity method for the reporting period accounts for more than 10% of the Group's total consolidated profit
Significant contingencies	The amount is greater than or equal to RMB 50 million

6. Accounting treatment of business combinations involving entities under common control and business combinations not involving entities under common control

Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

6.1 Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount (or the total face value of issued shares) of the consideration paid for the combination is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Accounting treatment of business combinations involving entities under common control and business combinations not involving entities under common control - continued

6.1 Business combinations involving entities under common control - continued

Costs that are directly attributable to the combination are charged to profit or loss for the period in which they are incurred.

6.2 Business combinations not involving entities under common control and goodwill

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the combination.

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. Where a business combination not involving entities under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognized as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer first reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognizes the remaining difference immediately in profit or loss for the period.

Goodwill arising from a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements.

7. Determination criteria of control and preparation of consolidated financial statements

7.1 Determination criteria of control

Control is the power over the investee, exposures or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. If changes of related facts and situations lead to changes of related elements of control, the Group will conduct reassessment.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

7. Determination criteria of control and preparation of consolidated financial statements - continued

7.2 Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control.

The combination of subsidiaries begins when the Group obtains control over the subsidiary, and ceases when the Group loses control over the subsidiary.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving entities under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows, as appropriate.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving entities under common control or the party being absorbed under merger by absorption are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period or from the date when they first came under the common control of the ultimate controlling party are included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows, as appropriate.

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

Influence over the consolidated financial statements arising from significant intra-group transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated statement of financial position within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented as "profit or loss attributable to minority shareholders" in the consolidated statement of profit or loss and other comprehensive income below the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount is still allocated against minority interests.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

7. Determination criteria of control and preparation of consolidated financial statements - continued

7.2 Preparation of consolidated financial statements - continued

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the shareholders' interests and minority interests of the Company are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained earnings.

For the stepwise acquisition of equity interest till acquiring control after a few transactions and leading to business combination not involving entities under common control, this should be dealt with based on whether this belongs to a 'package deal': if it belongs to a 'package deal', transactions will be dealt as transactions to acquire control. If it does not belong to a 'package deal', transactions to acquire control on the acquisition date will be under accounting treatment, the fair value of acquirees' shares held before the acquisition date will be revalued, and the difference between fair value and carrying amount will be recognized in profit or loss for the period; if acquirees' shares held before the acquisition date involve changes in other comprehensive income and other equity of owners under equity method, this will be transferred to income of the acquisition date.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognized as investment income in the period in which control is lost. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

When the Group loses control over a subsidiary in two or more transactions, terms and conditions of the transactions and their economic effects are considered. One or more of the following indicate that the Group shall account for the multiple transactions as a "package deal": (i) they are entered into at the same time or in contemplation of each other; (ii) they form a complete transaction designed to achieve an overall commercial effect; (iii) the occurrence of one transaction is dependent on the occurrence of at least one other transaction; (iv) one transaction alone is not economically justified, but it is economically justified when considered together with other transactions. Where the transactions of disposal of equity investments in a subsidiary until the loss of control are assessed as a "package deal", these transactions are accounted for as one transaction of disposal of a subsidiary with loss of control. Before losing control, the difference of consideration received on disposal and the share of net assets of the subsidiary continuously calculated from the acquisition date is recognized as other comprehensive income. When losing control, the cumulated other comprehensive income is transferred to profit or loss for the period in which the control is lost. If the transactions of disposal of equity investments in a subsidiary are not assessed as a "package deal", these transactions are accounted for as unrelated transactions

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

8. Classification of joint arrangements

A joint arrangement is classified into joint operation and joint venture, depending on the rights and obligations of the parties to the arrangement, which is assessed by considering the structure and the legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

The Group's joint arrangement is joint venture, which is accounted for using the equity method. Refer to Note III, 18.3.2 "Long-term equity investments accounted for using the equity method".

9. Recognition criteria of cash and cash equivalents

Cash comprises the Group's cash on hand and deposits that can be withdrawn on demand at any time; cash equivalents are the Group's short-term (generally due within three months from the date of purchase), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

10. Translation of transactions and financial statements denominated in foreign currencies

10.1 Transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the balance sheet date, foreign currency monetary items are translated into functional currency using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for the period, except that (1) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization are capitalized as part of the cost of the qualifying asset during the capitalization period; (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from changes in the gross carrying amount (other than the amortized cost) of monetary items at fair value through other comprehensive income are recognized in other comprehensive income.

When the consolidated financial statements include foreign operation(s), if there is foreign currency monetary item constituting a net investment in a foreign operation, exchange difference arising from changes in exchange rates are recognized as "translation differences of financial statements denominated in foreign currencies" in other comprehensive income, and in profit or loss for the period upon disposal of the foreign operation.

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10. Translation of transactions and financial statements denominated in foreign currencies - continued

10.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities in the statement of financial position are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items except for "undistributed profits" are translated at the spot exchange rates on the dates of the transactions; income and expense items in the statement of profit or loss and other comprehensive income are translated at the average rates on the dates of the transactions; the difference between the translated assets and the aggregate of liabilities and shareholders' equity items is recognized as other comprehensive income and included in shareholders' equity.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at average exchange rate for the period in which cash flows occur. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the statement of cash flows as "effect of exchange rate changes on cash and cash equivalents".

The closing balances and the comparative figures of previous year are presented at the translated amounts in the previous year's financial statements.

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

When the disposal of part of the equity investments or other reason results in decrease in proportion of equity in a foreign operation but does not result in loss of control over the foreign operation, the translation differences of financial statements denominated in foreign currency relating to the partial disposal of the foreign operation are attributable to minority interests and are not transferred to profit or loss for the period. When the disposal of foreign operation is partial disposal of equity in associates or joint ventures, the translation differences of financial statements denominated in foreign currency relating to the foreign operation is transferred to profit or loss in proportion to the foreign operation disposed of.

11. Financial instruments

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

For financial assets purchased or sold in a regular way, the Group recognizes assets acquired and liabilities assumed on a trade date basis, or derecognizes the assets sold on a trade date basis.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

Financial assets and financial liabilities are initially measured at fair value (the method for determining the fair values of the financial assets and financial liabilities is set out in related disclosures under "basis of accounting and principle of measurement" in Note II). For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts. Upon initial recognition of accounts receivable that do not contain significant financing component or without considering the financing component included in the contract with a term not exceeding one year under the *Accounting Standards for Business Enterprises No. 14 - Revenue* ("Revenue Standards"), the Group adopts the transaction price as defined in the Revenue Standards for initial measurement.

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

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortized cost of the financial liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (such as repayment in advance, extension, call option or other similar options etc.) (without considering the expected credit losses).

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

11.1 Classification, recognition and measurement of financial assets

After initial recognition, the Group's financial assets of various types are subsequently measured at amortized cost, at fair value through other comprehensive income ("FVTOCI") or at fair value through profit or loss ("FVTPL"), respectively.

If the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is achieved by collecting contractual cash flows, the Group classifies such financial asset as financial assets at amortized cost, which include cash at banks and on hand, bills receivable, accounts receivable, other receivables and long-term receivables, etc.

If the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset, the Group classifies such financial asset as financial assets at FVTOCI. The accounts receivable and bills receivable classified as at FVTOCI upon acquisition are presented under financing with receivables, while the remaining items due within one year (inclusive) upon acquisition are presented under other current assets. Other financial assets of such type are presented as other debt investments if they are due after one year since the acquisition, or presented under non-current assets due within one year if they are due within one year (inclusive) since the balance sheet date.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.1 Classification, recognition and measurement of financial assets - continued

Upon initial recognition, the Group may irrevocably designate the non-transactional equity instrument investments other than contingent considerations recognized in business combination not involving entities under common control as financial assets at FVTOCI on an individual basis. Such type of financial assets is presented as investments in other equity instruments.

A financial asset is classified as transactional if any of the following criteria is satisfied:

- It has been acquired principally for the purpose of selling it in near term.
- On initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking.
- It is a derivative that is neither a financial guarantee contract nor designated as an effective hedging instrument.

Financial assets at FVTPL include financial assets classified as at FVTPL and financial assets designated as at FVTPL:

- Financial assets not satisfying the criteria of classification as financial assets at amortized cost and financial assets at FVTOCI are classified as financial assets at FVTPL.
- Upon initial recognition, the Group may irrevocably designate the financial assets as at FVTPL if doing so eliminates or significantly reduces accounting mismatch.

Financial assets at FVTPL other than derivative financial assets are presented as transactional financial assets. Financial assets with a maturity over one year since the balance sheet date (or without a fixed maturity) and expected to be held for over one year are presented under other non-current financial assets.

11.1.1 Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured at amortized cost using effective interest method. Any gains or losses arising from impairment or derecognition are included in profit or loss.

For financial assets at amortized cost, the Group recognizes interest income using effective interest method. The Group calculates and recognizes interest income through gross carrying amount of financial assets multiplying effective interest rate, except for the following circumstances:

- For purchased or originated credit-impaired financial assets, the Group calculates and recognizes the interest income based on amortized cost of the financial assets and the effective interest rate through credit adjustment since initial recognition.
- For purchased or originated financial assets that were not credit-impaired but have become credit-impaired in subsequent period, the Group calculates the interest income by applying the effective interest rate to the amortized cost of the financial assets in subsequent period. If the financial instrument is no longer credit-impaired due to improvement of credit risk, and the improvement is linked with an event occurred after application of above provisions, the Group will calculate the interest income by applying effective interest rate to the gross carrying amount of the financial assets.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.1 Classification, recognition and measurement of financial assets - continued

11.1.2 Financial assets at FVTOCI

For financial assets classified as at FVTOCI, except for the impairment losses or gains and the interest income and exchange losses or gains calculated using the effective interest method which are included in profit or loss for the period, the changes in fair value are included in other comprehensive income. The amounts included in profit or loss for each period are equivalent to that as if it has been always measured at amortized cost. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred to profit or loss for the period.

Changes in fair value of non-trading equity instrument investments designated as financial assets at FVTOCI are recognized in other comprehensive income. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained earnings. During the period in which the Group holds the non-trading equity instrument, revenue from dividends is recognized and included in profit or loss for the period when (1) the Group has established the right of collecting dividends; (2) it is probable that the associated economic benefits will flow to the Group; and (3) the amount of dividends can be measured reliably.

11.1.3 Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value, with gains or losses on changes in fair value and related dividends and interest income included in profit or loss for the period.

11.2 Impairment of financial instruments

For financial assets at amortized cost, financial assets classified as at FVTOCI, lease receivables, contract assets, financial liabilities that are not at FVTPL and financial guarantee contracts that are not qualified for derecognition due to the transfer of financial assets or financial liabilities arising from continuing involvement of the transferred financial assets, the Group accounts for the impairment and recognizes the provision for losses on the basis of expected credit loss ("ECL").

For all contract assets, bills receivable and accounts receivable arising from transactions regulated by Revenue Standards, and lease receivables arising from transactions regulated by the *Accounting Standards for Business Enterprises No. 21 - Lease*, the Group recognizes the provision for losses at an amount equivalent to the lifetime ECL.

For other financial instruments, except for the purchased or originated credit-impaired financial assets, the Group assesses whether their credit risk has increased significantly since initial recognition. If the credit risk has increased significantly since initial recognition of the financial instruments, the Group recognizes the provision for losses at an amount equivalent to lifetime ECL; if the credit risk has not increased significantly since initial recognition of the financial instruments, the Group recognizes the provision for losses at an amount equivalent to 12-month ECL. The increase or reversal of credit loss provision for financial assets other than those classified as at FVTOCI is recognized as impairment loss or gain and included in profit or loss for the period. For financial assets classified as at FVTOCI, the credit loss provision is recognized in other comprehensive income and the impairment loss or gain is included in profit or loss for the period without reducing the carrying amount of the financial assets in the statement of financial position.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.2 Impairment of financial instruments - continued

Where the Group has measured the provision for losses at an amount equivalent to lifetime ECL of a financial instrument in prior accounting period, but the financial instrument no longer satisfies the criteria of significant increase in credit risk since initial recognition at the current balance sheet date, the Group recognizes the provision for losses of the financial instrument at an amount equivalent to 12-month ECL at the current balance sheet date, with any resulting reversal of provision for losses recognized as impairment gains in profit or loss for the period.

11.2.1 Significant increase in credit risk

The Group uses reasonable and supportable forward-looking information to assess whether the credit risk has increased significantly since initial recognition by comparing the risk of a default occurring on the financial instrument at the balance sheet date with the risk of a default occurring on the financial instrument at the date of initial recognition. For financial guarantee contracts, the date on which the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition in the application of criteria related to the financial instrument for impairment.

The following information is taken into account when assessing whether the credit risk has increased significantly:

- (1) Significant changes in internal price indicators resulting from changes in credit risk;
- (2) Significant changes in the rates or other terms of an existing financial instrument if the instrument was newly originated or issued at the balance sheet date (such as more stringent covenants, increased amounts of collateral or guarantees, or higher rate of return, etc.);
- (3) Significant changes in the external market indicators of credit risk of the same financial instrument or similar financial instruments with the same expected duration. These indicators include: credit spreads, credit default swap prices against borrower, length of time and extent to which the fair value of financial assets is less than their amortized cost, and other market information related to the borrower (such as the changes in the price of the borrower's debt instruments or equity instruments);
- (4) An actual or expected significant change in the financial instrument's external credit rating;
- (5) An actual or expected decrease in the internal credit rating for the debtor;
- (6) Adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- (7) An actual or expected significant change in the operating results of the debtor;
- (8) Significant increase in the credit risk of other financial instruments issued by the same debtor;
- (9) Significant adverse changes in regulatory, economic, or technological environment of the debtor;
- (10) Significant changes in the value of collaterals or the quality of guarantees or credit enhancements provided by third parties, which are expected to reduce the debtor's economic motives to repay within the time limit specified in contract or affect the probability of default;
- (11) Significant change in the debtor's economic motives to repay within the time limit specified in contract;
- (12) Expected changes in the loan contract, including the exemption or revision of contractual obligations, the granting of interest-free periods, the jump in interest rates, the requirement for additional collateral or guarantees, or other changes in the contractual framework for financial instruments that may result from the breach of contract;
- (13) Significant change in expected performance and repayment of the debtor;
- (14) Significant change in the method used by the Group to manage the credit of financial instrument.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.2 Impairment of financial instruments - continued

11.2.1 Significant increase in credit risk - continued

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days (inclusive) past due.

11.2.2 Credit-impaired financial asset

When an event or several events that are expected to have adverse impact on the future cash flows of the financial assets have occurred, the financial assets become credit impaired. The evidence of credit impairment of financial assets includes the following observable information:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) Breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- (3) The creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, has granted to the debtor a concession that the creditor would not otherwise consider;
- (4) It is probable that the debtor will enter bankruptcy or other financial reorganizations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer or debtor;
- (6) Purchase or originate a financial asset at a significant discount which reflects the fact of credit impairment.

Based on the Group's internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the outcome of the above assessment, the Group presumes that an event of default on the financial instrument has occurred if the contractual payment of the financial instrument has been more than 90 days (inclusive) past due.

11.2.3 Determination of ECL

The Group determines the ECL of relevant financial instruments using the following method:

- For financial assets and lease receivables, credit losses are the present value of the difference between the contractual cash flows receivable by the Group and the cash flows expected to be collected.
- For financial guarantee contracts (see Note III, 11.4.1.2.1 for specific accounting policies), credit losses are the present value of the difference between the expected payment to be made by the Group to the contract holder for the credit losses incurred, and the amount the Group expects to receive from the contract holder, the debtor or any other parties.

The factors reflected by the Group's measurement of ECL of financial instruments include: unbiased probability weighted average amount recognized by assessing a series of possible results; time value of money; reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance sheet date.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.2 Impairment of financial instruments - continued

11.2.4 Write-down of financial assets

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

11.3 Transfer of financial assets

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

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

- For transferred financial assets carried at amortized cost, the carrying amount of relevant liabilities is the carrying amount of financial assets transferred with continuing involvement less amortized cost of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of amortized cost of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Relevant liabilities are not designated as financial liabilities at FVTPL.
- For transferred financial assets carried at fair value, the carrying amount of relevant financial liabilities is the carrying amount of financial assets transferred with continuing involvement less fair value of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of fair value of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Accordingly, the fair value of relevant rights and obligations shall be measured on an individual basis.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized in other comprehensive income, is recognized in profit or loss. Where the transferred assets are non-trading equity instrument investments designated as at FVTOCI, cumulative gains or losses previously recognized in other comprehensive income are transferred out and included in retained earnings.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.3 Transfer of financial assets - continued

If a part of the transferred financial asset qualifies for derecognition, the overall carrying amount of the financial asset prior to transfer is allocated between the part that continues to be recognized and the part that is derecognized, based on the respective fair value of those parts at the date of transfer. The difference between (1) the carrying amount allocated to the part derecognized on the date of derecognition; and (2) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss. Where the transferred assets are non-trading equity instrument investments designated as at FVTOCI, cumulative gains or losses previously recognized in other comprehensive income are transferred out and included in retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group continues to recognize the transferred financial asset in its entirety. The consideration received from transfer of assets is recognized as a liability upon receipt.

11.4 Classification of financial liabilities and equity instruments

Financial instruments issued by the Group or their components are classified into financial liabilities or equity instruments on the basis of not only the legal form but also the contractual arrangements and their economic substance, together with the definition of financial liability and equity instrument.

11.4.1 Classification, recognition and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at FVTPL and other financial liabilities.

11.4.1.1 Financial liabilities at FVTPL

Financial liabilities at FVTPL include transactional financial liabilities (including derivative financial liabilities) and financial liabilities designated as at FVTPL. Except for derivative financial liabilities which are presented separately, financial liabilities at FVTPL are presented as transactional financial liabilities.

A financial liability is classified as transactional if any of the following criteria is satisfied:

- It has been incurred principally for the purpose of repurchasing it in the near term.
- On initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking.
- It is a derivative that is neither a financial guarantee contract nor designated as an effective hedging instrument.

A financial liability may be designated as at FVTPL upon initial recognition if: (1) such designation eliminates or significantly reduces accounting mismatch; (2) the Group makes management and performance evaluation on a fair value basis for a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities, in accordance with the Group's formally documented risk management or investment strategy, and reports to key management personnel on that basis; (3) the qualified hybrid contract that contains embedded derivatives.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.4 Classification of financial liabilities and equity instruments - continued

11.4.1 Classification, recognition and measurement of financial liabilities - continued

11.4.1.1 Financial liabilities at FVTPL - continued

Transactional financial liabilities are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest expenses paid on the financial liabilities are recognized in profit or loss for the period.

For a financial liability designated as at FVTPL, the amount of changes in the fair value of the financial liability that are attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, while other changes in fair value are included in profit or loss for the period. Upon the derecognition of such financial liability, the accumulated amount of changes in fair value that are attributable to changes in the credit risk of that liability, which was recognized in other comprehensive income, is transferred to retained earnings. Any dividend or interest expense on the financial liabilities is recognized in profit or loss. If the accounting treatment for the impact of the change in credit risk of such financial liability in the above ways would create or enlarge an accounting mismatch in profit or loss, the Group shall present all gains or losses on that liability (including the effects of changes in the credit risk of that liability) in profit or loss for the period.

For financial liabilities arising from contingent consideration recognized by the Group as the acquirer in the business combination not involving entities under common control, the Group measures such financial liabilities at fair value and includes the changes in financial liabilities in profit or loss for the period.

11.4.1.2 Other financial liabilities

Except for financial liabilities arising from transfer of financial assets that do not meet the derecognition criteria or those arising from continuing involvement in the transferred financial assets and financial guarantee contracts, other financial liabilities are subsequently measured at amortized cost, with gain or loss arising from derecognition or amortization recognized in profit or loss.

If the modification or renegotiation for the contract by the Group and its counterparties does not result in derecognition of a financial liability subsequently measured at amortized cost but the changes in contractual cash flows, the Group will recalculate the carrying amount of the financial liability, with relevant gain or loss recognized in profit or loss. The Group will determine the carrying amount of the financial liability based on the present value of renegotiated or modified contractual cash flows discounted at the original effective interest rate of the financial liability. For all costs or expenses arising from modification or renegotiation of the contract, the Group will adjust the modified carrying amount of the financial liability and make amortization during the remaining term of the modified financial liability.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.4 Classification of financial liabilities and equity instruments - continued

11.4.1 Classification, recognition and measurement of financial liabilities - continued

11.4.1.2 Other financial liabilities - continued

11.4.1.2.1 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder of the contract for a loss it incurs when a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Subsequent to initial recognition, financial liabilities that are not designated as at FVTPL or financial guarantee contracts of the financial liabilities arising from the transfer of financial assets that does not meet the derecognition criteria or those arising from continuing involvement in the transferred financial assets are measured at the higher of: (1) amount of provision for losses; and (2) the amount initially recognized less cumulative amortization amount determined according to relevant regulations in Revenue Standards.

11.4.2 Derecognition of financial liabilities

The Group derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

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

11.4.3 Equity instruments

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

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

11.5 Derivatives and embedded derivatives

Derivatives include forward exchange contracts and foreign exchange option contracts, etc. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently measured at fair value.

Derivatives embedded in hybrid contracts with a financial asset host are not separated by the Group. The hybrid contract shall apply to the relevant accounting standards regarding the classification of financial assets as a whole.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

Derivatives embedded in hybrid contracts with hosts that are not financial assets are separated and treated as separate derivatives by the Group when they meet the following conditions:

- (1) The economic characteristics and risks of the embedded derivative are not closely related to those of the host contract.
- (2) A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.
- (3) The hybrid contracts are not measured at FVTPL.

For the embedded derivative separated from the host contracts, the Group accounts for the host contracts in the hybrid contracts with applicable accounting standards. When the embedded derivatives whose fair value cannot be measured reliably by the Group according to the terms and conditions of the embedded derivatives, the fair value of such derivatives are measured at the difference between the fair value of the hybrid contracts and the fair value of the host contracts. By adopting the above method, if the embedded derivative cannot be measured on a stand-alone basis at the time when it is acquired or at subsequent balance sheet dates, the hybrid instrument is designated as financial instruments at FVTPL as a whole.

11.6 Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the statement of financial position. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the statement of financial position and shall not be offset.

12. Bills receivable

12.1 Categories of portfolios for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics and the basis for determination

Except for bills receivable for which the credit losses are assessed on an individual basis, the remaining bills receivable are categorized into different portfolios based on their credit risk characteristics:

Category of portfolio	Basis for determination
Portfolio I	Bills receivable accepted by banks with high credit ratings
Portfolio II	Bills receivable accepted by banks with low credit ratings
Portfolio III	Bills receivable accepted by domestic enterprises

12.2 Determination criteria of provision for bad debts on an individual basis

The Group assesses the credit risk on bills receivable from acceptors who clearly lack the ability to repay debts on an individual basis due to the fact that such bills receivable are expected to be irrecoverable.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

13. Accounts receivable

13.1 Categories of portfolios for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics and the basis for determination

The accounts receivable are categorized into following portfolios based on common credit risk characteristics. The common credit risk characteristics adopted by the Group include historical credit losses, nature of the customers, etc.

Category of portfolio	Basis for determination
Portfolio I	Receivables from government and related parties
Portfolio II	Receivables from customers in wind turbine generators sales industry
Portfolio III	Receivables from customers in kitchen waste disposal industry
Portfolio IV	Receivables from other third parties other than those in Portfolio I, II and III

13.2 Aging calculation method for portfolio of credit risk characteristics recognized based on aging

For Portfolio II, III and IV, the Group adopts the aging of accounts receivable as a credit risk characteristic to determine the ECL using an impairment matrix. The aging is calculated from the date of initial recognition. If the terms and conditions of accounts receivable are modified which do not result in the derecognition of accounts receivable, the aging is calculated consecutively. If the accounts receivable are converted from contract assets, the aging is calculated consecutively from the date of initial recognition of the corresponding contract assets. If the debtor settles accounts receivable with commercial acceptance bills or acceptance bills of finance company, the aging of bills receivable is added to that of the original accounts receivable for calculation.

13.3 Determination criteria of provision for bad debts on an individual basis

The Group assesses the credit risk on accounts receivable from customers who clearly lack the ability to repay debts on an individual basis due to the fact that such accounts receivable are expected to be irrecoverable.

14. Other receivables

14.1 Categories of portfolios for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics and the basis for determination

The Group categorizes other receivables into low-risk portfolio and normal-risk portfolio based on common credit risk characteristics. The common credit risk characteristics adopted by the Group include category of the debtors.

14.2 Aging calculation method for portfolio of credit risk characteristics recognized based on aging

The aging is calculated from the date of initial recognition. If the terms and conditions of other receivables are modified which do not result in the derecognition of other receivables, the aging is calculated consecutively.

14.3 Determination criteria of provision for bad debts on an individual basis

The Group assesses the credit risk on other receivables from customers who clearly lack the ability to repay debts on an individual basis due to the fact that such other receivables are expected to be irrecoverable.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

15. Inventories

15.1 Categories of inventories, valuation method of inventories upon delivery, inventory count system, and amortization method for low-value consumables and packaging materials

15.1.1 Categories of inventories

The Group's inventories mainly include real estate development properties, raw materials, work in progress, goods on hand, low-value consumables and others, etc.

Real estate properties comprise properties held for sale, properties under development and properties held for development. Properties held for sale are those completed and for sale, while properties under development are those still under construction and for sale purposes, and properties held for development are lands purchased and planned to have properties developed on.

Inventories are initially measured at cost. Cost of real estate development comprises land cost, construction cost and other costs. Cost of raw materials, work in progress and goods on hand comprises costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

15.1.2 Valuation method of inventories upon delivery

The cost of completed properties held for sale is determined using the specific identification method. The actual cost of raw materials, work in progress, and goods on hand upon delivery is calculated using the FIFO method. The cost of maintenance and repair parts upon delivery is calculated using the weighted average method.

15.1.3 Inventory count system

The perpetual inventory system is maintained for stock system.

15.1.4 Amortization method for low-value consumables and packaging materials

Low value consumables and packaging materials are amortized using the immediate write-off method.

15.2 Recognition criteria and provision method for decline in value of inventories

At the balance sheet date, the inventories are measured at the lower of the cost and the net realizable value. If the net realizable value is lower than the cost, the provision for decline in value of inventories should be made.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realizable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet events.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**15. Inventories - continued***15.3 Categories of portfolios for which provision for decline in value of inventories is made on a portfolio basis and the basis for determination, and the basis for determining the net realizable value of different categories of inventories*

For large quantity and low value items of inventories, provision for decline in value is made based on categories of inventories, i.e., wind turbine equipment, kitchen waste disposal equipment, power batteries, real estate inventories and others, respectively. The net realizable value of each category of inventories is determined based on the contract prices or market prices for similar goods.

16. Contract assets*16.1 Determination method and criteria for contract assets*

Contract asset refers to the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time. The Group's unconditional (i.e., depending on the passage of time only) right to receive consideration from the customer is separately presented as receivables.

16.2 Categories of portfolios for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics and the basis for determination

The contract assets are categorized into following portfolios based on common credit risk characteristics. The common credit risk characteristics adopted by the Group include: historical credit losses, nature of the customers, etc.

Category of portfolio	Basis for determination
Portfolio I	Government and related parties
Portfolio II	Customers in wind turbine generators sales industry (warranty deposits receivable)
Portfolio III	Customers in kitchen waste disposal industry
Portfolio IV	Other third parties other than those in Portfolio I, II and III

16.3 Aging calculation method for portfolio of credit risk characteristics recognized based on aging

For Portfolio III and IV, the Group adopts the aging of contract assets as a credit risk characteristic to determine the credit losses using an impairment matrix. The aging is calculated from the date of initial recognition.

16.4 Determination criteria of provision for bad debts on an individual basis

The Group assesses the credit risk on contract assets for which the customers clearly lack the ability to repay debts on an individual basis due to the fact that such contract assets are expected to be irrecoverable.

17. Non-current assets or disposal groups classified as held-for-sale*17.1 Recognition criteria and accounting methods for non-current assets or disposal groups classified as held-for-sale*

Non-current assets and disposal groups are classified as held for sale category when the Group recovers the carrying amount through a sale (including an exchange of non-monetary assets that have commercial substance) rather than continuing use.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

17. Non-current assets or disposal groups classified as held-for-sale - continued

17.1 Recognition criteria and accounting methods for non-current assets or disposal groups classified as held-for-sale - continued

Non-current assets or disposal groups classified as held for sale are required to satisfy the following conditions: (1) the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group; (2) the sale is highly probable, i.e. the Group has made a resolution about selling plan and obtained a confirmed purchase commitment and the sale is expected to be completed within one year.

The Group measures the no-current assets or disposal groups classified as held for sale at the lower of their carrying amount and fair value less costs to sell. Where the carrying amount is higher than the net amount of fair value less costs to sell, the carrying amount should be reduced to the net amount of fair value less costs to sell, and such reduction is recognized in impairment losses of assets and included in profit or loss for the period. Meanwhile, provision for impairment of held-for-sale assets is made. When there is increase in the net amount of fair value of non-current assets held-for-sale less costs to sell at the balance sheet date, the original deduction should be reversed in impairment losses of assets recognized after the classification of held-for-sale category, and the reverse amount is included in profit or loss for the period. Impairment losses of assets recognized before they are classified as held for sale will not be reversed.

Non-current assets classified as held-for-sale or disposal groups are not depreciated or amortized, interest and other costs of liabilities of disposal group classified as held for sale continue to be recognized.

All or part of equity investments in an associate or joint venture are classified as held-for-sale assets. For the part that is classified as held-for-sale, it is no longer accounted for using the equity method since the date of the classification.

17.2 Recognition criteria and presentation method for discontinued operations

A discontinued operation is a component of the Group that can be clearly distinguished and satisfies one of the following conditions, and such component has been disposed of or is classified as held-for-sale:

- Such component represents a separate major line of business or geographical area of operations;
- Such component is part of the separate major line of business or geographical area of operations to be disposed of based on the associated plan;
- Such component is a subsidiary acquired exclusively for the purpose of resale.

Gains or losses from discontinued operations are presented separately from those from continuing operations in the statement of profit or loss and other comprehensive income. Operating gains or losses such as impairment losses from discontinued operations and the amount of reversals, and the gains or losses from disposals are presented as discontinued operations. For discontinued operations presented in the current period, the Group restates the information previously presented as gains or losses from continuing operations in the financial statements for the period as discontinued operations in the comparable accounting period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

18. Long-term equity investments

18.1 Determination criteria of joint control and significant influence

Control is achieved when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. Joint control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effects of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible have been considered.

18.2 Determination of initial investment costs

For a long-term equity investment acquired through a business combination involving entities under common control, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of owners' equity of the acquiree at the date of combination in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost and the aggregate of cash paid, non-cash assets transferred and carrying amount of liabilities assumed, is adjusted to capital reserve. If the balance of capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings. If the consideration of the combination is satisfied by the issue of equity securities, the initial investment cost of the long-term equity investment is determined in accordance with the shares of the carrying amount of the owners' equity of the acquiree in the consolidated financial statements of the ultimate controlling party at the date of combination, with the aggregate face value of the shares issued accounted for as equity, and the difference between the initial investment cost and the aggregate face value of the shares issued is adjusted to capital reserve. If the balance of capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings. Where equity interests in an acquiree are acquired in stages through multiple transactions and ultimately constitute a business combination involving entities under common control, the acquirer shall determine if these transactions are considered to be a "package deal". If yes, these transactions are accounted for as a single transaction where control is obtained. If no, the initial investment cost of the long-term equity investment is the share of the carrying amount of owners' equity of the acquiree in the ultimate controlling party's consolidated financial statements at the date of combination. The difference between the initial investment cost and the sum of the carrying amount of long-term equity investments prior to the combination and the carrying amount of the additional consideration paid for shares acquired at the date of combination is adjusted to capital reserve. If the balance of capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings. Other comprehensive income recognized for the equity investments prior to the combination that are accounted for using the equity method or investments in non-trading equity instruments designated as at FVTOCI is not subject to accounting treatment temporarily.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

18. Long-term equity investments - continued

18.2 Determination of initial investment costs - continued

For a long-term equity investment acquired through business combination not involving entities under common control, the initial investment cost of the long-term equity investment is the cost of acquisition at the date of combination. Where equity interests in an acquiree are acquired in stages through multiple transactions ultimately constituting a business combination not involving entities under common control, the acquirer shall determine if these transactions are considered to be a "package deal". If yes, these transactions are accounted for as a single transaction where control is obtained. If no, the sum of carrying amount of equity investments previously held in the acquiree and the new investment cost is deemed as the initial investment cost of long-term equity investments that was changed to be accounted for using cost method. If the equity previously held is accounted for using the equity method, the corresponding other comprehensive income is not subject to accounting treatment temporarily. If the equity investment previously held is classified as investments in non-trading equity instruments designated as at FVTOCI, the difference between the fair value and carrying amount, together with the accumulated changes in fair value previously included in other comprehensive income are transferred to retained earnings.

The intermediary fees incurred by the absorbing party or acquirer in respect of auditing legal services, valuation and consultancy services, etc. and other related administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

Long-term equity investment acquired otherwise than through a business combination is initially measured at its cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously held equity investments determined in accordance with the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments and the additional investment cost.

18.3 Subsequent measurement and recognition of profit or loss

18.3.1 Long-term equity investment accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

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

18.3.2 Long-term equity investments accounted for using the equity method

Investments in associates and joint ventures are accounted for using the equity method, except for investments in associates and joint ventures that are classified in whole or in part as financial assets held for sale. An associate is an entity over which the Group has significant influence; a joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

18. Long-term equity investments - continued

18.3 Subsequent measurement and recognition of profit or loss - continued

18.3.2 Long-term equity investments accounted for using the equity method - continued

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

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income made by the investee as investment income and other comprehensive income respectively, and adjusts the carrying amount of the long-term equity investment accordingly; the carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is distributed to the Group; the share of changes in owners' equity of the investee other than those arising from net profit or loss, other comprehensive income and profit distribution are recognized in the capital reserve, and the carrying amount of the long-term equity investment is adjusted accordingly. The Group recognizes its share of the investee's net profit or loss after making appropriate adjustments based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date. Where the accounting policies and accounting period adopted by the investee are not consistent with those of the Group, the Group shall adjust the financial statements of the investee to conform to its own accounting policies and accounting period, and recognize investment income and other comprehensive income based on the adjusted financial statements. For the Group's transactions with its associates and joint ventures where assets contributed or sold do not constitute a business, unrealized intra-group profits or losses are recognized as investment income or loss to the extent that those attributable to the Group's proportionate share of interest are eliminated. However, unrealized losses resulting from the Group's transactions with the investee which represent impairment losses on the transferred assets are not eliminated. Where the assets contributed by the Group constitute a business, and the investor receives long-term equity investment without the acquisition of controlling rights, the fair value of the investment business should be considered as the initial investment cost of the new long-term equity investment. The difference between the initial investment cost and the carrying amount of the investment business will be entirely included in profit or loss for the period. Where the assets sold by the Group constitute a business, the difference between the consideration obtained and the carrying amount of the business will be entirely included in profit or loss for the period. The assets purchased by the Group from associates and joint ventures that constitute a business will be dealt with on the basis of *Accounting Standards for Business Enterprises No. 20 - Business Combinations* and be entirely accounted for as trading profits or losses.

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

18. Long-term equity investments - continued

18.4 Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between the proceeds actually received and the carrying amount is recognized in profit or loss for the period. For long-term equity investments accounted for using the equity method, if the remaining interest after disposal is still accounted for using the equity method, other comprehensive income previously recognized using the equity method is accounted for on the same basis as if the investee had directly disposed of related assets or liabilities, and transferred to profit or loss for the period on a pro rata basis; owners' equity recognized due to changes in other owners' equity of the investee (other than net profit or loss, other comprehensive income and profit distribution) is transferred to profit or loss for the period on a pro rata basis. For long-term equity investments accounted for using the cost method, if the remaining interest after disposal is still accounted for using the cost method, other comprehensive income previously recognized using the equity method or in accordance with the standards for the recognition and measurement of financial instruments before obtaining the control over the investee, is accounted for on the same basis as if the investee had directly disposed of related assets or liabilities, and transferred to profit or loss for the period on a pro rata basis; changes in other owners' equity in the investee's net assets recognized under the equity method (other than net profit or loss, other comprehensive income and profit distribution) is transferred to profit or loss for the period on a pro rata basis.

Where the Group loses control over the investee due to disposal of part of equity investment, during preparing separate financial statement, remaining interest after disposal which can make joint control or significant influence over the investee is accounted for using the equity method, and adjusted as if it is accounted for using the equity method since the acquisition date. If remaining interest after disposal cannot make joint control or significant influence over the investee, it is accounted for in accordance with the standards for the recognition and measurement of financial instruments, and the difference between the fair value on the date of losing control and the carrying amount is recognized in profit or loss for the period. Other comprehensive income previously recognized using the equity method or in accordance with the standards for the recognition and measurement of financial instruments before obtaining the control over the investee is accounted for on the same basis as if the investee had directly disposed of related assets or liabilities; changes in other owners' equity in the investee's net assets recognized under the equity method (other than net profit or loss, other comprehensive income and profit distribution) is transferred to profit or loss for the period. If remaining interest after disposal is accounted for using the equity method, other comprehensive income and other owners' equity are transferred on a pro rata basis. If remaining interest after disposal is accounted for in accordance with the standards for the recognition and measurement of financial instruments, other comprehensive income and other owners' equity are transferred in their entirety.

Where the Group loses joint control or significant influence over the investee due to disposal of part of equity investment, remaining interest after disposal is accounted for in accordance with the standards for the recognition and measurement of financial instruments, and the difference between fair value on date of losing joint control or significant influence and carrying amount is recognized in profit or loss for the period. Other comprehensive income previously recognized using the equity method is accounted for on the same basis as if the investee had directly disposed of related assets or liabilities when stopping using the equity method, and owners' equity recognized due to changes in other owners' equity (other than net profit or loss, other comprehensive income and profit distribution) is transferred to profit or loss for the period in its entirety when stopping using the equity method.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

18. Long-term equity investments - continued

18.4 Disposal of long-term equity investments - continued

The Group loses control over the subsidiaries through step-by-step transactions of disposal of its equity investment in the subsidiaries. Where such transactions are a "package deal", they are accounted for as a transaction of disposal of subsidiary to lose control. The difference between the proceeds from each disposal before losing control and the carrying amount of long-term equity investment corresponding to the disposed investment is first recognized as other comprehensive income and then transferred to profit or loss for the period in which the control is lost.

19. Investment properties

Investment property is property held to earn rents or for capital appreciation or both. It includes car parking spaces that are leased out and buildings.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognized in profit or loss for the period in which they are incurred.

The Group adopts the cost model for the subsequent measurement of investment properties. Investment properties are depreciated over their useful lives using the straight-line method. The depreciation method, depreciation life, estimated residual value rate and annual depreciation rate of each category of investment properties are as follows:

Category	Depreciation method	Depreciation life (year)	Estimated residual value rate (%)	Annual depreciation rate (%)
Car parking spaces	Straight-line method	30	5.00	3.17
Buildings	Straight-line method	20	5.00	4.75

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

When an investment property is sold, transferred, retired or damaged, the Group recognizes the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

20. Fixed assets

20.1 Recognition criteria

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rents to others, or for administrative purposes, and have useful lives of over 1 accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the asset at the end of its use is considered.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognized. All the other subsequent expenditures are recognized in profit or loss for the period in which they are incurred.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**20. Fixed assets - continued***20.2 Depreciation methods*

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The depreciation method, depreciation life, estimated residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation method	Depreciation life (year)	Estimated residual value rate (%)	Annual depreciation rate (%)
Buildings	Straight-line	20-30	5.00	3.17-4.75
Traffic equipment	Straight-line	5-11	0.00-10.00	8.18-20.00
Machinery and equipment	Straight-line	5-20	4.00-5.00	4.75-19.20
Motor vehicles	Straight-line	5-6	5.00	15.83-19.00
Office and other equipment	Straight-line	3-5	0.00-5.00	19.00-33.33

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

20.3 Other particulars

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

The Group reviews the depreciation life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and accounts for any change as a change in accounting estimates.

21. Construction in progress

Construction in progress is measured at its actual construction expenditures, including various construction expenditures during the construction period, borrowing costs capitalized before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use. The criteria and point in time for carrying forward each category of construction in progress to fixed assets are as follows:

Category	Criteria for carrying forward to fixed assets	Point in time for carrying forward to fixed assets
Expressway electromechanical engineering	When it is ready for intended use	When it is handed over and accepted as qualified
Expressway building construction engineering	When it is ready for intended use	When it is handed over and accepted as qualified
Expressway subgrade, pavement, bridge and culvert engineering	When it is ready for intended use	When it is handed over and accepted as qualified
Others	When it is ready for intended use	When it is handed over and accepted as qualified

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

22. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than three months. Capitalization is suspended until the acquisition, construction or production of the asset is resumed. Other borrowing costs are recognized as expenses in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income from the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

23. Intangible assets

23.1 Useful life and the basis for determination, estimates, amortization method or review procedures

Intangible assets include franchise rights (toll road and kitchen waste disposal project), billboard land use right, patent use right, land use right, contract rights, office software and others, etc.

An intangible asset is measured initially at cost. Subsequent expenditures incurred for the intangible asset are included in the cost of the intangible asset when it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognized in profit or loss for the period in which they are incurred.

If the fees charged by the Group to those who receive public products and services during the period of operation of PPP project such as kitchen waste disposal and toll road do not constitute an unconditional right to receive cash, the consideration amount of the relevant PPP project assets or the amount of construction income recognized shall be recognized as intangible asset of franchise rights when the PPP project assets are ready for intended use.

The franchise rights of the toll roads invested by the state-owned shareholders on 1 January 1997 were stated at valuation performed by the asset valuation firms and the values were certified by the State-owned Assets Supervision and Administration Bureau ("SASAB") in accordance with Guo Zi Ping (1996) No. 911. The land use right relating to Shenzhen Airport-Heao Expressway (Western Section) invested to the Company by the promoter of the Company during the restructuring period of the Group was stated at the then revaluation amount admitted by the SASAB on 30 June 1996. The land use right relating to Meiguan Expressway and Shenzhen Airport-Heao Eastern Company Expressway (Eastern Section) owned by Shenzhen Meiguan Expressway Company Limited ("Meiguan Company") and Shenzhen Airport-Heao Expressway (Eastern Section) Company Limited (Airport-Heao Eastern Company), the subsidiary, were invested by Xin Tong Chan Development (Shenzhen) Company Limited ("Xin Tong Chan Company"), one of the promoters of the Company, at the value determined by the cooperating parties.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**23. Intangible assets - continued***23.1 Useful life and the basis for determination, estimates, amortization method or review procedures - continued***(1) Franchise rights****(a) Toll road**

Franchise rights associated with the toll roads refer to the rights granted by the respective grantors, which entitle the Group to receive the toll fees from users and the land use right obtained in conjunction with the franchise contracts.

When toll roads are ready for their intended use, amortization of franchise rights is calculated to write off their costs on the traffic volume method. As to amortization of franchise rights, the amortization amount per standard traffic volume ("unit amortization amount") is calculated based on total standard traffic volume predicted during the operating period of each toll road and the cost/carrying amount of the franchise rights associated with toll roads, then the franchise rights are amortized based on the actual traffic volume during each accounting period and the unit amortization amount.

The Group has set policies to execute internal review on the total projected traffic volume during the operating period annually. The Group also appoints an independent professional traffic consultant to perform independent professional traffic studies when large differences between actual traffic volume and projected traffic volume exist, or every 3 to 5 years and then adjust the unit amortization amount according to the revised total projected traffic volume, to ensure that the respective franchise rights would be fully amortized in the operating period.

The unit amortization amounts of toll roads are set out as follows:

Item	Unit amortization amount (RMB)
Meiguan Expressway	0.53
Shenzhen Airport-Heao Expressway (Western Section)	0.35
Shenzhen Airport-Heao Expressway (Eastern Section)	1.73
Qinglian Expressway (Note 1)	49.38
Shuiguan Expressway	5.66
Changsha Ring Road (North-western Section) ("Changsha Ring Road")	2.91
Coastal Expressway	9.32
Outer Ring Expressway Phase I (Note 2&3)	4.20
Outer Ring Expressway Phase II (Note 3)	1.11
Longda Expressway	0.25

Note 1: The cost of franchise rights for Qinglian Expressway increased in the current year, with the unit amortization amount adjusted from RMB 47.82 to RMB 49.38.

Note 2: The cost of franchise rights for Outer Ring Expressway Phase I increased in the current year, with the unit amortization amount adjusted from RMB 3.95 to RMB 4.20.

Note 3: The operating period of Outer Ring Expressway has not yet been approved and the unit amortization amount is calculated based on the tentatively estimated operating period of 25 years.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**23. Intangible assets - continued***23.1 Useful life and the basis for determination, estimates, amortization method or review procedures - continued***(1) Franchise rights - continued****(b) Kitchen waste disposal project**

Franchise rights related to kitchen waste disposal are amortized on a straight-line basis during the period of franchise operation.

(2) Other intangible assets

The amortization method, useful life and residual value rate of other intangible assets are as follows:

Category	Amortization method	Useful life (year)	Basis to determine the useful life	Residual value rate
Billboard land use right	Straight-line	5	Year(s) as agreed in the contract	-
Patent use right	Straight-line	5-10	Year(s) as agreed in the contract / Useful life as stipulated by law	-
Land use rights	Straight-line	20-50	Useful life as stipulated in the land use certificate	-
Contract rights	Straight-line	10	Year(s) as agreed in the contract	-
Software and others	Straight-line	2-10	Expected updated cycle	-

For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at the end of the year, and makes adjustments when necessary.

For details of the impairment test of intangible assets, see Note III, 24 "Impairment of long-term assets".

23.2 Scope of R&D expenditures and accounting treatment

Expenditure during the research phase is recognized as an expense in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognized as intangible asset. Expenditure during development phase that does not meet the following conditions is recognized in profit or loss for the period:

- (1) It is technically feasible to complete the intangible asset so that it will be available for use or sale,
- (2) The Group has the intention to complete the intangible asset and use or sell it,
- (3) The Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset,
- (4) The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset,
- (5) The expenditure attributable to the intangible asset during its development phase can be reliably measured.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

23. Intangible assets - continued

23.2 Scope of R&D expenditures and accounting treatment - continued

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognizes all of them in profit or loss for the period. Costs of intangible assets generated from internal development activities only include total expenditures incurred from the point of time that qualify for capitalization till the intangible asset is ready for intended use. Expenditures which have been recognized as expenses into profit or loss before the same intangible asset that qualify for capitalization during the development course will not be adjusted any longer.

The scope of R&D expenditures includes wages, salaries, and welfare expenses of personnel directly engaged in R&D activities, materials, fuel, and power expenses directly consumed in R&D activities, depreciation expenses for instruments and equipment used in R&D activities, rental and maintenance expenses for R&D sites, travel, transportation, and communication expenses required for research and experimental development, etc. Technical feasibility and economic viability studies are adopted as specific criteria for classifying the research and development phases.

24. Impairment of long-term assets

The Group reviews the long-term equity investments, investment properties measured using cost model, fixed assets, construction in progress, right-of-use assets and intangible assets with finite useful life at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. Intangible assets with indefinite useful life or not yet ready for use are tested for impairment every year no matter whether there is any indication the assets may be impaired.

Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group.

If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognized in profit or loss for the period.

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the related asset group(s), i.e., goodwill is reasonably allocated to the related asset group(s) or each of asset group(s) expected to benefit from the synergies of the combination. An impairment loss is recognized if the recoverable amount of the asset group or sets of asset groups (including goodwill) is less than its carrying amount. The impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to such asset group or sets of asset groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

Once the impairment loss of such assets is recognized, it will not be reversed in any subsequent period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

25. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortized over the current and subsequent years (together of over one year). Long-term prepaid expenses are averagely amortized over the expected benefit period.

26. Contract liabilities

Contract liabilities refer to the Group's obligation to transfer goods or services to a customer for which the Group has received or is expected to receive a consideration from the customer. Contract assets and contract liabilities under the same contract are listed on a net basis.

27. Employee benefits

27.1 Accounting treatment of short-term employee benefits

Actually occurred short-term employee benefits are recognized as liabilities, with a corresponding charge to profit or loss for the period or in the costs of relevant assets in the accounting period in which employees provide services to the Group. Staff welfare expenses incurred by the Group are recognized in profit or loss for the period or the costs of relevant assets based on the actually occurred amounts when they actually occurred. Non-monetary staff welfare expenses are measured at fair value.

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as union running costs and employee education costs provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognized as relevant liabilities, with a corresponding charge to profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

27.2 Accounting treatment of post-employment benefits

Post-employment benefits are all defined contribution plans.

During the accounting period in which employees provide services to the Group, the amount which should be paid according to defined contribution plans is recognized as liabilities, and included in profit or loss or related costs of assets.

27.3 Accounting treatment of termination welfare

The Group provides termination welfare to employees, and employee benefits liabilities generated from termination welfare are recognized at the earlier of the following two dates, and recognized in profit or loss for the period: When the Group cannot withdraw provided termination welfare because of severing labor relationship or reduction of suggested amount; when the Group recognizes costs or expenses related to termination welfare payment.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

27. Employee benefits - continued

27.4 Accounting treatment of other long-term employee benefits

For other long-term employee benefit, where the definition of defined contribution plans is met, it is accounted for according to related requirements of defined contribution plans. Otherwise, net liabilities or net assets of such other long-term employee benefit are recognized and measured according to related requirements of defined benefit plans. At the end of the reporting period, cost of employee benefit generated from other long-term employee benefit comprises service cost, net interest of net liabilities or net assets of other long-term employee benefit and changes arising from re-measurement of net liabilities or net assets of other long-term employee benefit. Net value of these items is recognized in profit or loss or cost of related assets.

28. Provisions

Provisions are recognized when the Group has a present obligation related to a contingency such as product warranty, onerous contract or restructuring, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows. Each category of provisions is measured as below:

Item	Method for measurement
Cost of services in the future	Present value of expected cost of services in the future
Subsequent expenditure on kitchen waste disposal project	Present value of expected subsequent expenditure on the project
Product warranty deposits	Expected subsequent expenditure calculated based on historical warranty expenditure ratio
Pending litigation or arbitration	Expected compensation expenditure

29. Preferred stock, perpetual bonds and other financial instruments

Other financial instruments including preferred stocks and perpetual bonds issued by the Group are measured as equity instruments when they satisfy all the following criteria:

- (1) The financial instruments do not include cash or other financial assets delivered to other parties, or contractual obligations to exchange financial assets or liabilities with other parties under potential disadvantages;
- (2) When the Company's own equity instrument is required to or available to be used for settlement of the financial instrument, it does not include the contractual obligations to settle the Company's own variable equity instruments if it is a non-derivative instrument; if it is a derivative instrument, the Group can only settle the instrument by exchanging certain amount of its own equity instruments with fixed amount of cash or other financial assets.

Except for other financial instruments that can be classified as equity instruments described above, other financial instruments issued by the Group are classified as financial liabilities.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

29. Preferred stock, perpetual bonds and other financial instruments - continued

For other financial instruments including preferred stocks and perpetual bonds classified as financial liabilities, interest expenses or dividend distributions are treated as borrowing costs, and the gains or losses arising from the re-purchase or redemption are recognized in profit or loss for the period. When the financial liability is measured at amortized cost, related transaction costs are included in initial measurement.

For other financial instruments including preferred stocks and perpetual bonds classified as equity instruments, interest expenses or dividend distributions are recorded as the profit distribution of the Group; the repurchase, cancellation etc. are accounted for as changes in equity, and related transaction costs are deducted from the equity.

30. Revenue

30.1 Disclosure of accounting policies adopted for revenue recognition and measurement by type of business

The Group's revenue is mainly derived from toll roads and environmental protection.

The Group recognizes revenue based on the transaction price allocated to the performance obligation when the Group satisfies a performance obligation in the contract, namely, when the customer obtains control over relevant goods or services. A performance obligation is a commitment that the Group transfers distinct goods or services to a customer in the contract.

The Group assesses a contract at contract inception, identifies each individual performance obligation included in the contract, and determines whether the performance obligation is satisfied during a period of time or at a point in time. It is a performance obligation satisfied during a period of time and the Group recognizes revenue during a period of time according to the progress of performance if one of the following conditions is met: (i) the customer obtains and consumes economic benefits at the same time of the Group's performance; (ii) the customer is able to control goods or services in progress during the Group's performance; (iii) the goods generated during the Group's performance have irreplaceable utilization, and the Group is entitled to collect amounts of cumulative performance part which has been done up to now. Otherwise, revenue is recognized at a point in time when the customer obtains control over the relevant goods or services.

The Group adopts input method, i.e. the input by the Group for purpose of fulfilment of performance obligation to determine the appropriate progress of performance. Where the progress cannot be determined reasonably, the revenue is recognized based on the amount of cost that is expected to be compensated for the cost already incurred, until the progress of performance is reasonably determined.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to a customer. In determining the transaction price, the Group should consider the effects of variable consideration, significant financing components in the contract, non-cash consideration and consideration payable to customers.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

30. Revenue - continued

30.1 Disclosure of accounting policies adopted for revenue recognition and measurement by type of business - continued

If there are two or more performance obligations included in the contract, at the contract inception, the Group allocates the transaction price to each single performance obligation based on the proportion of stand-alone selling price of goods or services promised in each stand-alone performance obligation. However, if there is conclusive evidence indicating that the contract discount or variable consideration is only relative with one or more (not the whole) performance obligations in the contract, the Group will allocate the contract discount or variable consideration to relative one or more performance obligations. Stand-alone selling price refers to the price of a single sale of goods or services. If the stand-alone selling price cannot be observed directly, the Group estimates the stand-alone selling price through comprehensive consideration of all relative information that can be reasonably acquired and maximum use of observable inputs.

In case of the existence of variable consideration in the contract, the Group shall determine the best estimate of variable consideration based on the expected value or the most probably occurred amount. The transaction price including variable consideration shall not exceed the amount of the cumulatively recognized revenue which is unlikely to be significantly reversed when relevant uncertainty is eliminated. At each balance sheet date, the Group re-estimates the amount of variable consideration which should be included in transaction price.

If the customer pays non-cash consideration, the Group determines the transaction price based on the fair value of the non-cash consideration. If the fair value of non-cash consideration cannot be reasonably estimated, the Group shall determine the transaction price indirectly by reference to the stand-alone selling price of the goods or services promised to transfer to the customer.

For sales that are affixed with terms of sales return, as the customer obtains control of related goods, the Group recognizes revenue based on the consideration (excluding expected refund amounts due to sales returns) that the Group is expected to charge due to the transfer of goods to the customer, and recognizes liabilities based on the expected refund amounts due to sales returns. Meanwhile, the carrying amount at the time of transfer of goods expected to be returned, subsequent to deduction of expected costs from collecting the goods (including the decrease in value of the returned goods), is recognized as an asset and carried forward to cost at the carrying amount at which goods are transferred, net of the cost of asset.

For sales with warranty terms, if the warranty provides a separate service to the customer other than ensuring that the goods or services sold meet the established standards, the warranty constitutes a single performance obligation. Otherwise, the Group will account for the warranty responsibility in accordance with the Accounting Standards for Business Enterprises No. 13 - Contingencies.

In case of the existence of a significant financing component in the contract, the Group shall determine the transaction price on the assumption that the customer has paid the amount payable by cash when obtaining the control over the goods or services. Differences between transaction price and contract consideration are amortized using effective interest method during the contract life. At contract inception, if the period between when the Group transfers promised goods or services to a customer and when the customer pays for the goods or services will be one year or less, the Group will not consider the significant component in the contract.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

30. Revenue - continued

30.1 Disclosure of accounting policies used for revenue recognition and measurement by type of business - continued

The Group assesses whether it controls specified goods or services before the goods or services are transferred to the customer to determine whether the Group is a principal or an agent. If the Group controls the specified goods or services before the goods or services are transferred to a customer, the Group is a principal and recognizes revenue in the gross amount of consideration received or receivable. Otherwise, the Group is an agent and recognizes revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party, or is determined in accordance with the established commission amount or percentage, etc.

Where the Group receives receipts in advance from a customer for sales of goods or rendering of services, the amount is first recognized as a liability and then transferred to revenue when the related performance obligation has been satisfied. When the Group's receipts in advance are not required to be refunded and it is probable that the customer will waive all or part of its contractual rights, the Group recognizes the said amounts as revenue on a pro-rata basis in accordance with the pattern of exercise of the customer's contractual rights, if the Group expects to be entitled to the amounts relating to the contractual rights waived by the customer; otherwise, the Group reverses the related balance of the said liabilities to revenue only when it is highly unlikely that the customer will require performance of the remaining performance obligations.

The specific revenue recognition criteria of the Group are as follows:

- (1) The Group's revenue from operation of toll roads is recognized when the related services have been provided and economic benefits associated with the services are likely to flow into the Group.
- (2) The Group's revenue from sales of wind turbine equipment, kitchen waste disposal equipment and other commodities are recognized when the customer obtains the control over the goods.
- (3) For engineering construction services provided, the Group determines the performance progress and recognizes revenue according to the proportion of the cost incurred to the estimated total cost.
- (4) The Group's revenue from real estate sales is recognized when (1) the real estate is completed and accepted as qualified, (2) the real estate meets the delivery conditions as agreed in the sales contract, and (3) the customer obtains the control over relevant goods or services.
- (5) The Group's revenue from entrusted highway operation and management and maintenance services is recognized on a straight-line basis over the contract period.
- (6) The Group has signed cooperation agreements with government departments to participate in the construction of toll roads and kitchen waste disposal projects. During the construction period, the construction service provided by the Group shall be regarded as the performance obligations performed within a certain period and the construction revenue shall be recognized by the completion percentage method in accordance with the proportion of the incurred costs to estimated total costs. During the commercial operating period, the revenue from kitchen waste disposal shall be recognized according to the actual amount of waste disposal and the unit price agreed in the waste disposal agreement. Revenue from sales of electric power shall be recognized according to the on-grid electric quantity and the unit price agreed in the electricity purchase and sale contract when the electric power has been produced and connected to the grid. Revenue from sales of grease shall be recognized according to the actual grease sales volume and the unit price agreed in the agreement when the customer obtains the control over relevant goods.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

30. Revenue - continued

30.2 Similar operations under different business models which involve different revenue recognition and measurement methods

The Group has no similar operations under different business models which involve different revenue recognition and measurement methods.

31. Contract costs

31.1 Costs of obtaining contracts

If the incremental cost (cost that will not occur if no contract obtained) incurred for obtaining the contract is expected to be recovered, the Company recognizes it as an asset and the asset shall be amortized on a basis that is consistent with the transfer to the customer of the goods or services to which the asset relates and recognized in profit or loss for the period. If the amortization period of the asset does not exceed one year, it is recognized in profit or loss for the period when incurred. Other expenses incurred by the Company for obtaining the contract are recognized in profit or loss for the period when incurred, except for those explicitly assumed by the customer.

31.2 Costs to fulfill contracts

If the costs incurred in fulfilling a contract are not within the scope of any standards other than Revenue Standards, the Group recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria: 1) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify; 2) the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and 3) the costs are expected to be recovered. The asset mentioned above shall be amortized on a basis that is consistent with the revenue recognition of the goods or services to which the asset relates and recognized in profit or loss for the period.

31.3 Impairment losses of assets related to contract costs

In determining the impairment losses of assets related to contract costs, the Group first determines the impairment losses of other assets related to contracts recognized in accordance with other ASBEs; then, for assets related to contract costs, if the carrying amount of the assets is higher than the difference between: (1) the remaining consideration that the Group expects to obtain for the transfer of the goods or services related to the asset; and (2) the estimated costs to be incurred for the transfer of the related goods or services, any excess is provided for impairment and recognized as impairment losses of assets.

After the provision for impairment of assets related to contract costs is made, if the factors of impairment in previous periods change so that the difference between the above two is higher than the carrying amount of the asset, the original provision for impairment of the asset is reversed and recognized in profit or loss for the period, provided that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset at the date of reversal assuming no provision for impairment was made.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

32. Categories of government grants and accounting treatment methods

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognized only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

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

32.1 Determination basis and accounting treatment of government grants related to assets

Government grants of the Group mainly include equipment subsidies, which are government grants related to assets.

A government grant related to an asset is recognized as deferred revenue and will be included in profit or loss over the useful life of the related asset with the straight-line method.

32.2 Determination basis and accounting treatment of government grants related to income

Government grants of the Group include tax refunds, government incentive funds and special funds for treasury bonds allocated to major national construction projects, which are government grants related to income.

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

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

For repayment of a government grant already recognized, if there is related deferred revenue, the repayment is offset against the gross carrying amount of the deferred revenue, and any excess is recognized in profit or loss for the period.

33. Leases

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

The Group assesses whether a contract is or contains a lease at inception date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

33. Leases - continued

33.1 The Group as a lessee

33.1.1 Separating components of a lease

If the contract contains one or more lease and non-lease components, the Group will separate the individual lease and non-lease components and allocate contract consideration according to the relative proportion of the sum of the stand-alone prices of the lease components and the stand-alone prices of the non-lease components.

33.1.2 Right-of-use assets

Except for short-term leases and leases of low value assets, at the commencement date of the lease, the Group recognizes a right-of-use asset. The Group's right-of-use assets mainly consist of buildings.

The commencement date of the lease is the date on which a lessor makes an underlying asset available for use by the Group. The Group measures the right-of-use assets at cost. The cost of the right-of-use assets comprises:

- the amount of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group;
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs incurred to produce inventories.

The Group depreciates right-of-use assets by reference to the relevant depreciation provisions of *Accounting Standards for Business Enterprises No. 4 - Fixed Assets*. The right-of-use assets are depreciated over the remaining useful lives of the leased assets where the Group is reasonably certain to obtain ownership of the underlying assets at the end of the lease term. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and the remaining useful lives of the leased assets.

The Group applies *Accounting Standards for Business Enterprises No. 8 - Impairment of Assets*, to determine whether the right-of-use assets are impaired and to account for any impairment loss identified.

33.1.3 Lease liabilities

Except for short-term leases and leases of low value assets, at the commencement date of the lease, the Group measures the lease liabilities at the present value of the lease payments that are not paid at that date. In calculating the present value of lease payments, the Group uses the interest rate implicit in the lease as the discount rate. The Group uses the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

33. Leases - continued

33.1 The Group as a lessee - continued

33.1.3 Lease liabilities - continued

Lease payments refer to payments relating to the right to use leased assets during the lease term which are made by the Group to the lessor, including:

- fixed payments and in-substance fixed payments, less any lease incentives receivable (if any);
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option reasonably certain to be exercised by the Group;
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease; and
- amounts expected to be paid under residual value guarantees provided by the Group.

After the commencement date of the lease, the Group calculates interest expenses of lease liabilities for each period of the lease term based on fixed periodic rate, and recognizes such expenses in profit or loss or cost of related assets.

After the commencement date of the lease, the Group re-measures the lease liabilities and adjusts the right-of-use assets accordingly in the following cases. If the carrying amount of the right-of-use asset has been reduced to zero, but the lease liability needs to be reduced further, the Group will recognize the difference in profit or loss for the period:

- there is a change in the lease term, or in the assessment of an option to purchase the underlying asset, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;
- there is a change in the amounts expected to be payable under a residual value guarantee, or in future lease payments resulting from a change in an index or a rate used to determine those payments, in which case the related lease liability is remeasured by discounting the revised lease payments using the unchanged discount rate. If the change of lease payment comes from the change of floating interest rate, the revised discount rate shall be used to calculate the present value.

33.1.4 Determination basis and accounting treatment for short-term leases and leases of low value assets under simplified approach as a lessee

The Group chooses not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. A short-term lease is a lease that at the commencement date, has a lease term of 12 months or less and does not contain a call option. A lease of low-value assets, is a lease that the single underlying asset, when is new, is no more than RMB 50,000.00. The Group shall recognize the lease payments associated with short-term leases and leases of low-value assets in profit or loss or cost of related assets on a straight-line basis over the lease term.

33.1.5 Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the lease modification expanded the scope of the lease by adding the right-of-use of one or more leased assets; and
- the increased consideration is equivalent to the amount of stand-alone price of the expanded lease scope adjusted according to the contract.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

33. Leases - continued

33.1 The Group as a lessee - continued

33.1.5 Lease modifications - continued

If the lease modification is not accounted for as an individual lease, on the effective date of the lease modification, the Group reallocates the consideration of the contract after the change, re-determines the lease term, and re-measures lease liabilities based on the changed lease payments and the present value calculated by the revised discount rate.

If the lease modification results in a reduction in the lease scope or lease term, the carrying amount of the right-of-use assets will be reduced, and the gains or losses relevant to the lease partially or fully terminated will be included in profit or loss for the period; for other lease modifications resulting in the remeasurement of lease liabilities, the carrying amount of right-of-use assets is adjusted accordingly.

33.1.6 Sale and leaseback transactions

The Group as seller-lessee

The Group applies the requirements of the ASBE No. 14 Revenue to determine whether the transfer of an asset is accounted for as a sale of that asset. If the transfer of an asset does not constitute a sale, the Group shall continue to recognize the transferred assets and recognize a financial liability equal to the transfer proceeds in accordance with the *Accounting Standards for Business Enterprises No. 22 - Financial Instruments: Recognition and Measurement*. If the transfer of an asset is a sale, the Group shall measure the right-of-use assets arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use, and recognize only the amount of any gain or loss that relates to the rights transferred to the lessor.

33.2 The Group as a lessor

33.2.1 Separating components of a lease

For a contract that contains lease components and non-lease components, the Group allocates the contract consideration in accordance with the Revenue Standards on allocation of transaction prices, based on the respective stand-alone prices of the lease components and the non-lease components.

33.2.2 Classification criteria and accounting treatment of leases as a lessor

Leases are classified as finance leases whenever the terms of the leased assets transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

33.2.2.1 The Group as a lessor under operating leases

Receipts of lease under operating leases are recognized as rental income on a straight-line basis over the term of the relevant lease. Initial direct costs related to operating leases incurred by the Group are capitalized when incurred, and are recognized in profit or loss for the period on the same basis as recognition of rental income over the lease term.

Variable lease receipts acquired by the Group in connection with operating leases that are not included in the lease receipts are recognized in profit or loss when incurred.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

33. Leases - continued

33.2 The Group as a lessor - continued

33.2.2 Classification criteria and accounting treatment of leases as a lessor - continued

33.2.2.2 The Group as a lessor under finance leases

At the commencement date, the Group recognizes a finance lease receivable at the amount equal to the net investment in the lease with finance lease assets derecognized. The net investment in the lease is the sum of any unguaranteed residual value and lease receipts from the commencement date, discounted at the interest rate implicit in the lease.

The receipts of the lease refer to the amount that the Group should collect from the lessee for the purpose of transferring the leased assets during the lease term, including:

- fixed payments (including in-substance fixed payments) paid by the lessee, less any lease incentives;
- variable lease payments that depend on an index or a rate;
- the exercise price of a purchase option, provided that it is reasonably determined that the lessee will exercise the option;
- the amount to be paid by the lessee to exercise the option to terminate the lease, provided that the lease term reflects the lessee's exercise of the option to terminate the lease;
- the residual value of the guarantee provided by the lessee, the party concerned with the lessee and the independent third party with the financial ability to perform the guarantee obligation.

The variable lease receipts that are not included in the measurement of net lease investment are recognized in profit or loss when incurred.

The Group calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate.

33.2.3 Subleases

As the lessor of a sublease, the Group accounts for the original lease contract and the sublease contract as two separate contracts. The Group classifies the subleases based on the right-of-use assets generating from the original lease rather than the underlying assets of the original lease.

33.2.4 Lease modifications

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any advances from customers or lease receivable relating to the original lease as part of the lease receivable for the new lease.

The Group will account for the lease modification to a finance lease as an individual lease, when it satisfies all the following criteria:

- The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- The increased consideration is equivalent to the amount of stand-alone price of the expanded lease scope adjusted according to the contract.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

33. Leases - continued

33.2 The Group as a lessor - continued

33.2.4 Lease modifications - continued

For a modification to a finance lease that is not accounted for as a separate lease, the Group shall account for the modification as follows:

- If the lease would have been classified as an operating lease had the modification been in effect at the inception date, the Group shall account for the lease modification as a new lease from the effective date of the modification, and measure the carrying amount of the underlying asset as the net investment in the lease before the effective date of the lease modification.
- If the lease would have been classified as a finance lease had the modification been in effect at the inception date, the Group shall apply the requirements of contract modification and renegotiation under the *Accounting Standards for Business Enterprises No. 22 - Financial Instruments: Recognition and Measurement*.

33.2.5 Sale and leaseback transactions

The Group as buyer-lessor

If the transfer of an asset in a sale and leaseback transaction does not constitute a sale, the Group does not recognize the transferred asset but a financial asset equal to the transfer proceeds in amount, and accounts for such financial asset under the *Accounting Standards for Business Enterprises No. 22 - Financial Instruments: Recognition and Measurement*. If the transfer of an asset constitutes a sale, the Group accounts for the purchase of the asset in accordance with other applicable Accounting Standards for Business Enterprises and accounts for the lease of the asset.

34. Deferred tax assets / deferred tax liabilities

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

34.1 Current income tax

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

34.2 Deferred tax assets and deferred tax liabilities

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

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

34. Deferred tax assets / deferred tax liabilities - continued

34.2 Deferred tax assets and deferred tax liabilities - continued

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized and are expected to be reversed in the foreseeable future.

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

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

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

34.3 Offsetting of income tax

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

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

35. Other significant accounting policies and accounting estimates

Segment information

The Group identifies operating segments based on the internal organization structure, management requirements and internal reporting system, and discloses segment information of reportable segments which are determined on the basis of operating segments.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

35. Other significant accounting policies and accounting estimates - continued

Segment information - continued

An operating segment is a component of the Group that satisfies all of the following conditions: (1) the component is able to earn revenue and incur expenses from its ordinary activities; (2) the component's operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance; (3) the information on the financial position, operating results and cash flows of the segment is available to the Group. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

36. Changes in significant accounting estimates

Change in accounting estimates of unit amortization amount of Coastal Expressway

RMB

Content of and reasons for changes in accounting estimates	Time point at which the application begins	Name of items in the financial statements subject to significant impact	Amount of impact
Change in accounting estimates of unit amortization amount of franchise rights - Coastal Expressway	1 July 2025	Intangible assets and cost of services	41,943,336.55

Due to factors such as the lower-than-expected positive impact from the operation of Coastal Expressway Phase II and Shenzhen-Zhongshan Link, the actual traffic volume of Coastal Expressway differs from total projected traffic volume and such difference is expected to persist for some time. The Group re-predicts the total projected traffic volume of Coastal Expressway in the remaining operating period and adjusts the unit amortization amount of Coastal Expressway from RMB 7.09/vehicle to RMB 9.32/vehicle based on the updated total projected traffic volume. This change in accounting estimates is effective from 1 July 2025, and the impact of which on the Group's consolidated financial statements for the year 2025 is as follows:

RMB

Items in the consolidated statement of financial position	Amount of impact
Decrease in intangible assets	41,943,336.55
Increase in deferred tax assets	10,485,834.14
Decrease in equity attributable to shareholders of the Company	26,938,097.41
Decrease in minority interests	4,519,405.00
Items in the consolidated statement of profit or loss and other comprehensive income	Amount of impact
Increase in cost of services	41,943,336.55
Decrease in income tax expenses	10,485,834.14
Decrease in net profit	31,457,502.41
Decrease in net profit attributable to shareholders of the Company	26,938,097.41
Decrease in profit or loss attributable to minority shareholders	4,519,405.00

The change in accounting estimates mentioned above will have a certain impact on the amortization of the franchise rights of Coastal Expressway in the future accounting period.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

37. Critical judgements in applying accounting policies and key assumptions and uncertainties in accounting estimates

In the application of accounting policies as set out in Note III, the Group is required to make judgements, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainties of the operating activities. These judgements, estimates and assumptions are based on historical experience of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates. The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognized in the period of the change, if the change affects that period only; or recognized in the period of the change and future periods, if the change affects both.

Key assumptions and uncertainties in accounting estimates

The followings are the key assumptions and uncertainties in accounting estimates at the balance sheet date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods:

(1) Amortization of franchise rights associated with toll roads

As stated in Note III, 23.1(1)(a), amortization of franchise rights associated with toll roads is provided under the traffic volume method. Appropriate adjustments to the amortization of franchise rights associated with toll roads will be made when there is a large difference between total projected traffic volume and the actual results.

The management of the Company performs periodic assessment of the total projected traffic volume. The Group will appoint an independent professional traffic consultant to perform independent professional traffic studies in order to make an appropriate adjustment if there is a large and continuous difference between projected and actual traffic volume.

(2) Impairment of franchise rights

In performing impairment testing for franchise rights associated with kitchen waste disposal, the management of the Company calculates the present value of future cash flows to determine the recoverable amount. The assumptions of calculating the franchise rights associated with kitchen waste disposal project include the per unit waste disposal fee, production/processing capacity, operation duration, operating expenses and costs, and necessary return rate.

Under the above assumptions, if the carrying amount of the franchise rights is higher than the recoverable amount, the management of the Group will make a provision for the impairment of such franchise rights. The Group is going to review the relevant items closely and continually. Adjustments will be made during the corresponding period once there is any indication for adjustment of the accounting estimates.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

37. Critical judgements in applying accounting policies and key assumptions and uncertainties in accounting estimates - continued

Key assumptions and uncertainties in accounting estimates - continued

(3) Measurement of ECL on receivables

The Group classifies receivables into several portfolios based on their credit risk characteristics. On the basis of these portfolios, the Group calculates the ECL and recognizes bad debt provision by considering the exposure at default and the ECL rate. The management makes comprehensive judgments and estimates primarily based on customers' credit status, contract performance capability, and their current operating conditions. The Group regularly monitors and reviews the assumptions related to the calculation of ECL. When considering forward-looking information, the indicators adopted by the Group include risks of economic downturn, external market conditions, technological environment, changes in customer circumstances, etc.

If the actual credit losses differ from the original estimates, the difference will affect the carrying amount of the Group's financial assets in future periods.

IV. TAXATION

1. Main categories and rates of taxes:

Category	Tax base	Tax rate
Value added tax ("VAT")	Income from sale of goods and rendering of services (Note 1)	13%
	Income from real estate development	9%
	Taxable advertisement income	6%
	Income from entrusted management service and other businesses	6%
	Income from expressway toll road business	3% (Simple Method)
	Income from leases of tangible movable property	13%
	Income from sale and lease back business of tangible movable property	6%
	Construction income	9%
	Income from sale of electricity	13%
	Operating income from waste disposal (Note 1)	6%
	Property operating lease income	5% (Simple Method)
City maintenance and construction tax	Amount of commodity turnover tax payable	7%, 5%
Educational surcharge	Amount of commodity turnover tax payable	3%
Local educational surcharge	Amount of commodity turnover tax payable	2%
Construction fee for culture undertakings	Amount of advertising turnover	3%
Enterprise income tax ("EIT")	Taxable income	Except subsidiaries in the following table, 25%
Land appreciation tax	Gain on the transfer of real estate	Four-level progressive rates, 30%-60%

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

IV. TAXATION - continued

1. Main categories and rates of taxes: - continued

The entities with different EIT rates are disclosed as follows:

Name of the entity	Income tax rate
Shenzhen Investment Holdings Bay Area Development Co., Ltd. ("Bay Area Development") (Note 2)	16.5%
WilberforceInternationalLtd. ("Wilberforce") (Note 2)	
Jiehao (British Virgin Islands) Co., Ltd. ("Jiehao") (Note 2)	
Shenzhen Investment Holdings Bay Area Management Company Limited ("Bay Area Management")	
Shenzhen Investment Holdings Bay Area Service Company Limited ("Bay Area Service")	
Shenzhen Investment Holdings Bay Area Financing Company Limited ("Bay Area Financing")	
Hopewell Guangzhu Expressway Development Co., Ltd. ("Hopewell Guangzhu Expressway")	
KINGNICE (BVI) LIMITED ("KINGNICE") (Note 2)	
Hopewell China Development (Superhighway) Limited ("Hopewell China Development")	

Note 1: According to the provisions of the *Announcement of the State Taxation Administration on Clarifying Several Issues Concerning the Administration of Collection of Value-Added Tax on the Dealing of Used Vehicles and Other Items* (Announcement No. 9 [2020] of the State Taxation Administration), taxpayers entrusted to conduct professional treatment of waste such as garbage, sludge, wastewater, and exhaust gases shall apply VAT rates in accordance with the following rules. Specifically, where goods are generated after the professional disposal and the goods belong to the entrusting party, it shall be deemed that the entrusted party provides the "processing services", and the VAT rate of 13% shall apply to the disposal expenses it collects; where goods are generated after the professional disposal and the goods belong to the entrusted party, it shall be deemed that the entrusted party provides the "professional technical services", and the VAT rate of 6% shall apply to the disposal expenses it collects; where the entrusted party sells the goods, it is subject to the VAT rate for goods.

Note 2: The company was incorporated outside Hong Kong and registered in Hong Kong as a non-Hong Kong company, subject to Hong Kong income tax at a rate of 16.5%.

2. Tax preference

(a) Preferential policies on immediate refund of VAT for the portion of actual VAT burden exceeding 3%

According to the provisions of the *Notice of the Ministry of Finance and the State Taxation Administration on Implementing the Pilot Program of Replacing Business Tax with Value-Added Tax in an All-round Manner* (Cai Shui No. 36 [2016]), general taxpayers providing pipeline transportation services, financing lease services for tangible movable property, and financing sale-and-leaseback services for tangible movable property will enjoy immediate refund of VAT for the portion of actual VAT burden exceeding 3%. Shenzhen Expressway Financial Leasing Co., Ltd. ("Financial Leasing Company") provides sale-and-leaseback services for tangible movable property and thus enjoys the above tax preferences.

IV. TAXATION - continued

2. Tax preference - continued

(b) VAT refund upon payment for products and labor services involving the comprehensive utilization of resources

According to the provisions of the *Notice of the Ministry of Finance and the State Taxation Administration on Issuing the Catalogue of Value-Added Tax Preferences for Products and Labor Services Involving the Comprehensive Utilization of Resources* (Cai Shui No. 78 [2015]), general taxpayers engaged in the sale of products made by themselves through comprehensive utilization of resources and the provision of services involving the comprehensive utilization of resources may enjoy the VAT policy of immediate refund upon payment. The specific names of the comprehensively-utilized resources, the names of the products and services involving comprehensive utilization, the technical standards, related requirements, and the rate of tax refunds, etc., shall be governed by the relevant provisions of the *Catalogue of the Value-added Tax Preferences for Products and Labor Services Involving the Comprehensive Utilization of Resources* (the "Catalogue") as annexed to the Notice. Guiyang Beier Bioland Environmental Technologies Co., Ltd. ("Guiyang Beier Bioland"), Shaoyang Shengao Environmental Technology Co., Ltd. ("Shaoyang Shengao Environmental") and Shenzhen Lisai Environmental Protection Technology Co., Ltd. ("Lisai Environmental Protection") satisfy items 4.1 and 5.1 under the *Catalogue* and are entitled to the above tax preferences for income from sale of bio-oil and biomass crushing materials, biogas power generation, waste treatment subsidy and sludge disposal services, which are generated from kitchen waste disposal. Fuzhou Bioland Environmental Protection Co., Ltd. ("Fuzhou Bioland") satisfies items 2.9, 4.3 and 5.1 under the *Catalogue* and is entitled to the above tax preferences for income from biogas power generation, waste treatment and sludge disposal services, which are generated from kitchen waste disposal. Sichuan Lansheng Environmental Protection Technology Co., Ltd. ("Sichuan Lansheng") satisfies items 4.1 and 5.1 under the *Catalogue* and is entitled to the above tax preferences for income from sale of bio-oil and biomass crushing materials, biogas power generation, and waste treatment subsidy. Inner Mongolia Chenghuan Bioland Renewable Resources Co., Ltd. ("Inner Mongolia Chenghuan Bioland") satisfies items 4.1 and 4.3 under the *Catalogue* and is entitled to the above tax preferences as over 80% of its product raw materials or fuels are derived from the kitchen waste listed above.

(c) VAT exemption for elderly care services and child care services provided by elderly care institutions and child care institutions

According to the provisions of the *Announcement of the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission, the Ministry of Civil Affairs, the Ministry of Commerce and the National Health Commission on the Preferential Tax and Fee Policies Concerning Elderly Care, Child Care, Housekeeping and Other Community Family Services* (Announcement No. 76 [2019] of the Ministry of Finance), the income obtained from providing community elderly care, child care and housekeeping services shall be exempt from VAT. Shenzhen Expressway Shengao Lekang Health Service (Shenzhen) Co., Ltd. ("Shengao Lekang") provides community elderly care services and thus enjoys the above preferential policies. Shenzhen Guangming Fengrunjiu Health Service Co., Ltd. ("Guangming Fengrunjiu") provides community elderly care services and child care services and thus enjoys the above preferential policies.

IV. TAXATION - continued

2. Tax preference - continued

(d) Preferential policies on three-year exemption and three-year half reduction of enterprise income tax

According to the provisions of the *Enterprise Income Tax Law of the People's Republic of China*, for income derived from the investment and operation of public infrastructure projects supported by the state, enterprises are exempt from enterprise income tax for the first three years, starting from the tax year in which the first production and business income is obtained from the project, and the enterprise income tax will be levied by half from the fourth to sixth year. Mulei Qianzhi Energy Development Co., Ltd. ("Qianzhi Company"), Mulei Qianhui Energy Development Co., Ltd. ("Qianhui Company"), Ningxia Zhongwei Xintang New Energy Co., Ltd. ("Ningxia Zhongwei"), Yongcheng Zhuneng New Energy Technology Co., Ltd. ("Yongcheng Zhuneng"), Shenzhen Expressway Shengneng Technology Co., Ltd. ("Shengneng Technology") and Shenzhen Outer Ring Expressway Investment Company Limited ("Outer Ring Company") engage in operation projects that meet the tax preferences policies for public infrastructure projects supported by the state.

Qianzhi Company, Qianhui Company, Ningxia Zhongwei and Yongcheng Zhuneng started grid-connected power generation in 2020 and obtained income from production and operation for the first time, and the enterprise income tax is exempted from 2020 to 2022 and levied by half from 2023 to 2025.

Outer Ring Company started the operation of Outer Ring Expressway on 29 December 2020 and obtained income from operation for the first time, and the enterprise income tax is exempted from 2020 to 2022 and levied by half from 2023 to 2025.

Shengneng Technology started grid-connected power generation in July 2024 and obtained income from production and operation for the first time, and the enterprise income tax is exempted from 2024 to 2026 and levied by half from 2027 to 2029.

Handan Bioland Renewable Resources Co., Ltd. ("Handan Bioland"), Zhuji Bioland Renewable Resources Co., Ltd. ("Zhuji Bioland"), Shangrao Bioland Environmental Protection Technology Co., Ltd. ("Shangrao Bioland"), Xinyu Bioland Renewable Resources Co., Ltd. ("Xinyu Bioland"), Fuzhou Bioland and Sichuan Lansheng engage in operation projects that meet the preferential policies on enterprise income tax for environmental protection and energy-saving water conservation project, and the enterprise income tax is exempted from 2021 to 2023 and levied by half from 2024 to 2026.

Guilin Bioland Renewable Energy Co., Ltd. ("Guilin Bioland") and Inner Mongolia Chenghuan Bioland engage in operation projects that meet the preferential policies on enterprise income tax for environmental protection and energy-saving water conservation project, and the enterprise income tax is exempted from 2022 to 2024 and levied by half from 2025 to 2027.

Shaoyang Shengao Environmental, Chuzhou Bioland Environmental Protection Technology Co., Ltd. ("Chuzhou Bioland") and Beihai Zhonglan Environment Technology Co., Ltd. ("Beihai Zhonglan") engage in operation projects that meet the preferential policies on enterprise income tax for environmental protection and energy-saving water conservation project, and the enterprise income tax is exempted from 2023 to 2025 and levied by half from 2026 to 2028.

Shenzhen Guangming Shenzhen Expressway Environment Technology Co., Ltd. ("Guangming Environment Technology") engages in operation projects that meet the preferential policies on enterprise income tax for municipal solid waste sorting and harmless treatment & disposal project, and the enterprise income tax is exempted from 2024 to 2026 and levied by half from 2027 to 2029.

IV. TAXATION - continued

2. Tax preference - continued

(e) Preferential policies on reduction and exemption of enterprise income tax for ethnic minority regions

According to the provisions of the *Notice of Joint Implementation of Preferential Enterprise Income Tax Policies for Ethnic Minority Autonomous Regions* by Guangdong Department of Finance, Guangdong Local Taxation Bureau and Guangdong State Taxation Bureau (Yue Cai Fa No. 11 [2017]), enterprises in Lianshan Zhuang and Yao Autonomous Counties, Liannan Yao Autonomous County and other minority areas will be exempted from the local sharing part of enterprise income tax payable (including provincial and municipal and county levels), i.e., enterprise income tax is reduced and exempted by 40%. This policy is implemented from 1 January 2018 to 31 December 2025. Shenzhen Expressway (Guangdong) New Energy Investment Co., Ltd ("Guangdong New Energy") is registered in Liannan Yao Autonomous County, and enjoys a 40% reduction of enterprise income tax.

(f) Preferential policies on enterprise income tax for the large-scale development of western China

According to the provisions of the *Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China* (Announcement No. 23 [2020] of the Ministry of Finance), the enterprise income tax is levied at a reduced rate of 15% for enterprises in encouraging industries located in Western China from 1 January 2021 to 31 December 2030. Subsidiaries of Baotou Nanfeng Wind Power Technology Co., Ltd. ("Baotou Nanfeng"), including Baotou Lingxiang New Energy Co. Ltd. ("Baotou Lingxiang"), Damaoqi Nanchuan Wind Power Co., Ltd. ("Nanchuan Wind Power"), Damaoqi Ningyuan Wind Power Co., Ltd. ("Ningyuan Wind Power"), Damaoqi Ningxiang Wind Power Co., Ltd. ("Ningxiang Wind Power") and Damaoqi Ningfeng Wind Power Co., Ltd. ("Ningfeng Wind Power") (collectively referred to as the "wind power enterprises under Baotou Nanfeng"), Mulei Qianxin Energy Development Co., Ltd. ("Qianxin Company"), Qianzhi Company, Qianhui Company, Ningxia Zhongwei, Guangxi Bioland Renewable Energy Co., Ltd. ("Guangxi Bioland"), Guilin Bioland, Sichuan Lansheng, Beihai Zhonglan, Inner Mongolia Chenghuan Bioland and Guiyang Beier Bioland are enterprises in encouraging industries located in the western region and enjoy the tax preference of calculating and paying enterprise income tax at the reduced tax rate of 15%.

(g) Preferential policies on enterprise income tax for elderly care services and child care services provided by elderly care institutions and child care institutions

According to the provisions of the *Announcement of the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission, the Ministry of Civil Affairs, the Ministry of Commerce and the National Health Commission on the Preferential Tax and Fee Policies Concerning Elderly Care, Child Care, Housekeeping and Other Community Family Services* (Announcement No. 76 [2019] of the Ministry of Finance), the income obtained from providing community elderly care, child care and housekeeping services shall be included in the total income at a reduced rate of 90% in the calculation of taxable income. Shengao Lekang provides community elderly care services and thus enjoys the above preferential policies. Guangming Fengrunjiu provides community elderly care services and child care services and thus enjoys the above preferential policies.

IV. TAXATION - continued

2. Tax preference - continued

(h) Preferential policies on enterprise income tax for high-tech enterprises

Shenzhen-Shanwei Special Cooperation Zone Qiantai Technology Co., Ltd. ("Qiantai Company") obtained the High-tech Enterprise Certificate (Certificate No. GR202344206897) on 12 December 2023, which is valid for three years. According to the *Enterprise Income Tax Law of the People's Republic of China* and related regulations, Qiantai Company pays enterprise income tax at a tax rate of 15% for the years 2023, 2024 and 2025.

Shenzhen Expressway Group Digital Technology Co., Ltd. ("Expressway Digital Technology") obtained the High-tech Enterprise Certificate (Certificate No. GR202444207020) on 26 December 2024, which is valid for three years. According to the *Enterprise Income Tax Law of the People's Republic of China* and related regulations, Expressway Digital Technology pays enterprise income tax at a tax rate of 15% for the years 2024, 2025 and 2026.

Lisai Environmental Protection obtained the High-tech Enterprise Certificate (Certificate No. GR202544206341) on 25 December 2025, which is valid for three years. According to the *Enterprise Income Tax Law of the People's Republic of China* and related regulations, Lisai Environmental Protection pays enterprise income tax at a tax rate of 15% for the years 2025, 2026 and 2027.

(i) Preferential policies on enterprise income tax for small and micro enterprises

According to the provisions of the *Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementation of Income Tax Preferential Policies for Small and Micro Enterprises* (Announcement No. 13 [2022] of the Ministry of Finance and the State Taxation Administration) and the *Announcement on Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households* (Announcement No. 12 [2023] of the Ministry of Finance and the State Taxation Administration), the annual taxable income of small and micro enterprises that is more than RMB 1 million but less than RMB 3 million is included in taxable income at a reduced rate of 25% and is subject to the enterprise income tax rate of 20% from 1 January 2022 to 31 December 2027.

According to the provisions of the *Announcement of the Ministry of Finance and the State Taxation Administration on Income Tax Preferential Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households* (Announcement No. 6 [2023] of the Ministry of Finance and the State Taxation Administration) and the *Announcement on Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households* (Announcement No. 12 [2023] of the Ministry of Finance and the State Taxation Administration), the annual taxable income of small and micro enterprises that is less than RMB 1 million is included in taxable income at a reduced rate of 25% and is subject to the enterprise income tax rate of 20% from 1 January 2023 to 31 December 2027.

Kunshan Beier Bioland Environmental Protection Technology Co., Ltd. ("Kunshan Environmental Protection"), Nanjing Shenlu Environmental Protection Technology Co., Ltd. ("Shenlu Environmental Protection"), Ya'an Shenlan Environmental Protection Technology Co., Ltd. ("Ya'an Bioland"), Dezhou Zhonghe Environmental Protection Equipment Manufacturing Co., Ltd. ("Dezhou Zhonghe"), Longyou Bioland Environmental Technology Co., Ltd. ("Longyou Bioland"), Shenzhen Expressway Bioland Environmental Protection Technology Research and Design Institute Co., Ltd. ("Bioland Environmental Protection Technology") and Shenzhen Expressway Property Management Company Limited ("Property Management Company") are small and micro enterprises and thus enjoy the above preferential policies.

IV. TAXATION - continued

2. Tax preference - continued

(j) Preferential policies on reduction and exemption of "Six Taxes and Two Fees" for micro and small enterprises

According to the provisions of the *Announcement of the Ministry of Finance and the State Taxation Administration on Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households* (Announcement No. 12 [2023] of the Ministry of Finance and the State Taxation Administration), from 1 January 2023 to 31 December 2027, small-scale VAT taxpayers, small and micro enterprises and individual industrial and commercial households are subject to a 50% reduction in the payment of resource tax (excluding water resource tax), city maintenance and construction tax, property tax, urban land-use tax, stamp duty (excluding stamp duty on securities transactions), cultivated land occupancy tax, educational surcharge and local educational surcharge.

Shengneng Technology, Kunshan Environmental Protection, Shenlu Environmental Protection, Longyou Bioland, Ya'an Bioland, Dezhou Zhonghe, Bioland Environmental Protection Technology and Property Management Company are small and micro enterprises and thus enjoy the above preferential policies. Shenzhen Jinshen New Energy Co., Ltd. ("Jinshen New Energy") and Shengao Lekang are small-scale VAT taxpayers and thus enjoy the above preferential policies.

Shengao Lekang became a general taxpayer starting from October 2025 and will no longer be eligible for the aforementioned preferential policies.

(k) Preferential policies on exemption from property tax for three years

According to Article 9 of the *Measures for the Implementation of Property Tax in Shenzhen Special Economic Zone* (Shen Fu No. 164 [1987]), taxpayers are exempt from property tax on newly-built houses (excluding those built in violation of regulations) which are newly constructed or purchased for three years from the month following the one in which such houses are constructed or purchased.

The Company, Shenzhen Guangshen Coastal Expressway Investment Company Limited ("Coastal Expressway"), Outer Ring Company and Meiguan Company enjoy the above preferential policies.

According to the provisions of the *Announcement of the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission, the Ministry of Civil Affairs, the Ministry of Commerce and the National Health Commission on the Preferential Tax and Fee Policies Concerning Elderly Care, Child Care, Housekeeping and Other Community Family Services* (Announcement No. 76 [2019] of the Ministry of Finance), institutions providing services such as elderly care, child care, and housekeeping services to the community, which own or acquire properties and lands through leasing or gratuitous use used for offering community elderly care, child care, and housekeeping services, are exempt from property tax and urban land use tax. Shengao Lekang provides community elderly care services and thus enjoys the above preferential policies. Guangming Fengrunjiu provides community elderly care services and child care services and thus enjoys the above preferential policies.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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IV. TAXATION - continued

3. Others

According to the *Reply from the State Taxation Administration Concerning the Recognition as Resident Enterprises of Related Overseas Enterprises of Shenzhen Expressway Corporation Limited* (Guo Shui Han No. 651 [2010]) issued by the State Taxation Administration on 30 December 2010, Mei Wah (Hong Kong) Company ("Mei Wah Company"), Maxprofit Company and JadeEmperor Limited ("JEL Company") are recognized as resident enterprises of China and subject to the relevant taxation administration, which came into effect in 2008.

According to the *Certificate of Resident Status of Overseas Registered Chinese Holding Enterprises* issued by Shenzhen Taxation Bureau of the State Taxation Administration (Shen Shui Shui Ju Gao No. 4 [2020], Shen Shui Shui Ju Gao No. 1 [2022]), Fameluxe Investment Limited and China Logistics Finance Services Co., Ltd. ("Logistics Finance Company") are recognized as resident enterprises of China and subject to the relevant taxation administration. This came into effect for Fameluxe Investment Limited in 2020, and came into effect for Logistics Finance Company in 2022.

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at banks and on hand

	RMB	
Item	31 December 2025	31 December 2024
Cash on hand:	5,755,304.72	6,291,155.12
RMB	5,737,831.62	6,271,063.52
HKD	17,232.81	19,869.28
Others	240.29	222.32
Bank deposits:	5,065,221,750.19	2,843,044,967.28
RMB	4,603,687,681.45	2,637,251,943.13
HKD	460,593,774.36	204,831,032.40
USD	940,294.38	961,991.75
Other cash at banks and on hand (Note):	81,179,226.56	59,245,888.03
RMB	81,156,608.25	59,230,250.90
HKD	22,618.31	15,637.13
Interest receivable	766,955.68	-
Total	5,152,923,237.15	2,908,582,010.43
Including: Total amount deposited abroad	650,572,051.74	229,348,598.23

Note: It primarily consists of the performance bonds, mortgage deposits, and investment funds deposited in securities accounts.

As at 31 December 2025, the Group's restricted funds are presented as follows:

	RMB	
Item	31 December 2025	31 December 2024
Funds in jointly-managed account (Note V, 32.3(1) - Note)	250,393,047.48	-
Special account for project management (Note)	35,810,574.12	64,697,174.94
Security deposits	27,324,678.93	40,938,550.80
Frozen funds due to litigation	93,544,075.39	132,452,631.73
Total	407,072,375.92	238,088,357.47

Note: It primarily represents the special funds for management of the Coastal Expressway Phase II project.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

- continued

2. Transactional financial assets

RMB

Category	31 December 2025	31 December 2024
Financial assets at FVTPL	2,557,452,332.60	129,822,937.64
Including:		
Structured deposits	2,439,548,117.83	-
Compensation for valuation adjustment mechanism receivable	117,904,214.77	129,822,937.64
Total	2,557,452,332.60	129,822,937.64

3. Bills receivable

(1) Categories of bills receivable

RMB

Category	31 December 2025	31 December 2024
Commercial acceptance bills	3,244,984.06	1,390,389.45
Bank acceptance bills	-	-
Total	3,244,984.06	1,390,389.45

(2) The Group had no bills receivable pledged at the end of the year.

(3) The Group's bills receivable that had been endorsed or discounted at the end of the year but were not due as at the balance sheet date.

RMB

	31 December 2025		31 December 2024	
	Amount derecognized	Amount not derecognized	Amount derecognized	Amount not derecognized
Bank acceptance bills	2,000,000.00	-	-	-
Commercial acceptance bills	-	750,000.00	-	-
Total	2,000,000.00	750,000.00	-	-

(4) As at 31 December 2025, the Group had no bills that were converted into accounts receivable due to the drawer's failure to fulfill payment obligations.

4. Accounts receivable

(1) Accounts receivable disclosed by aging

RMB

Aging (Note)	31 December 2025	31 December 2024
Within 1 year	486,601,226.91	639,854,184.00
1 to 2 years	300,456,282.13	62,312,442.63
2 to 3 years	46,645,334.92	104,869,539.05
Over 3 years	500,625,956.34	416,388,273.94
Total	1,334,328,800.30	1,223,424,439.62

*Note: The aging of accounts receivable is determined based on the date of recognition.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
- continued

4. Accounts receivable - continued

(2) Accounts receivable disclosed by method of bad debt provision

RMB

Category	31 December 2025					31 December 2024				
	Gross carrying amount		Bad debt provision		Carrying amount	Gross carrying amount		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed on an individual basis										
Provision assessed on an individual basis	390,292,988.83	29.25	207,708,699.64	53.22	182,584,289.19	380,440,020.34	31.10	192,541,411.15	50.61	187,898,609.19
Bad debt provision assessed on a portfolio basis										
Portfolio I	626,191,621.43	46.93	51,198,924.75	8.18	574,992,696.68	375,368,849.23	30.68	43,671,317.57	11.63	331,697,531.66
Portfolio II	18,671,191.68	1.40	13,704,134.49	73.40	4,967,057.19	18,620,895.01	1.52	1,768,454.49	9.50	16,852,440.52
Portfolio III	41,825,726.58	3.13	24,034,747.14	57.46	17,790,979.44	54,643,273.37	4.47	24,161,922.45	44.22	30,481,350.92
Portfolio IV	257,347,271.78	19.29	12,846,871.53	4.99	244,500,400.25	394,351,401.67	32.23	3,812,534.21	0.97	390,538,867.46
Including: Customers in the automotive dismantling and power battery industry	61,182,569.14	4.59	11,382,767.77	18.60	49,799,801.37	67,796,036.85	5.54	3,449,480.14	5.09	64,346,556.71
Total	1,334,328,800.30	100.00	309,493,377.55		1,024,835,422.75	1,223,424,439.62	100.00	265,955,639.87		957,468,799.75

Bad debt provision assessed on an individual basis:

RMB

Name of entity	31 December 2025			Reason for provision
	Gross carrying amount	Bad debt provision	Proportion (%)	
SEPCO Electric Power Construction Corporation ("SEPCO")	141,998,000.00	17,646,400.00	12.43	Based on a comprehensive assessment of counterparty's financial condition and the payment arrangements agreed upon with relevant suppliers, it is expected that a portion of the receivables is hard to be recovered
China Sinogy Electric Engineering Co., Ltd. ("CSEEC")	126,049,250.00	69,546,071.52	55.17	Based on a comprehensive assessment of the counterparty's financial condition and the value of its wind turbine equipment retained by the Group, it is expected that a portion of the receivables is hard to be recovered
Shenzhen Zhongzhuang New Energy Technology Co., Ltd.	35,492,465.65	35,492,465.65	100.00	The counterparty is undergoing bankruptcy reorganization, and it is expected that the receivables are hard to be recovered
Sihong Gaochuan Wind Power Generation Co., Ltd.	28,364,000.00	28,364,000.00	100.00	The counterparty is undergoing bankruptcy reorganization, and it is expected that the receivables are hard to be recovered
Juye Changguang Wind Energy Co., Ltd.	26,250,000.00	26,250,000.00	100.00	Based on a comprehensive assessment of counterparty's financial condition, it is expected that the receivables are hard to be recovered
Taizhou Keyuan Oil Industry Co., Ltd.	9,852,968.49	9,852,968.49	100.00	Given the outcome of the current litigation proceedings with the counterparty, it is expected that the receivables are hard to be recovered
Guizhou Hongchangheng Environmental Protection Technology Co., Ltd.	8,840,500.00	8,840,500.00	100.00	It is expected that the receivables are hard to be recovered
Shenzhen SuTung New Energy Technology Co., Ltd.	6,611,795.32	6,611,795.32	100.00	It is expected that the receivables are hard to be recovered
Changsha Ruqin E-commerce Co., Ltd.	2,940,000.00	2,940,000.00	100.00	It is expected that the receivables are hard to be recovered
Hunan Kaixuan Changtan West Line Expressway Co., Ltd.	3,459,021.43	1,729,510.72	50.00	It is expected that a portion of the receivables is hard to be recovered
Tianjin Chuanzai Jingtong Financial Leasing Co., Ltd.	434,987.94	434,987.94	100.00	It is expected that the receivables are hard to be recovered
Total	390,292,988.83	207,708,699.64		

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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
- continued

4. Accounts receivable - continued

(2) Accounts receivable disclosed by method of bad debt provision - continued

Credit risk and bad debt provision of accounts receivable in portfolio I:

RMB

Portfolio I	31 December 2025			
	Expected average loss rate (%)	Accounts receivable	Bad debt provision	Carrying amount
Receivables from government and related parties	8.18	626,191,621.43	51,198,924.75	574,992,696.68
Total		626,191,621.43	51,198,924.75	574,992,696.68

Accounts receivable for which bad debt provision is assessed by aging analysis method in portfolio II, portfolio III and portfolio IV:

RMB

Portfolio II	31 December 2025		
	Accounts receivable	Bad debt provision	Proportion (%)
Within 1 year	90,393.86	-	-
Over 3 years	18,580,797.82	13,704,134.49	73.75
Total	18,671,191.68	13,704,134.49	

RMB

Portfolio III	31 December 2025		
	Accounts receivable	Bad debt provision	Proportion (%)
Within 1 year	6,319,894.13	125,426.97	1.98
1 to 2 years	886,839.15	70,671.38	7.97
2 to 3 years	912,670.07	299,967.34	32.87
Over 3 years	33,706,323.23	23,538,681.45	69.83
Total	41,825,726.58	24,034,747.14	

RMB

Portfolio IV	31 December 2025		
	Accounts receivable	Bad debt provision	Proportion (%)
Within 1 year	158,659,827.10	307,793.62	0.19
1 to 2 years	80,442,332.46	10,739,833.72	13.35
2 to 3 years	9,425,713.91	1,375,566.82	14.59
Over 3 years	8,819,398.31	423,677.37	4.80
Total	257,347,271.78	12,846,871.53	

Measurement of expected credit losses at an amount equivalent to the lifetime ECL

RMB

Bad debt provision	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
1 January 2025	73,414,228.72	192,541,411.15	265,955,639.87
- Transfer into those credit-impaired	-	-	-
Provision	32,648,581.23	15,167,288.49	47,815,869.72
Reversal	(4,278,132.04)	-	(4,278,132.04)
Other changes	-	-	-
31 December 2025	101,784,677.91	207,708,699.64	309,493,377.55

SHENZHEN EXPRESSWAY CORPORATION LIMITED

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FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
- continued

4. Accounts receivable - continued

(3) Details of bad debt provision

RMB

Category	1 January 2025	Changes for the year				31 December 2025
		Provision	Recovery or reversal	Charge-off or write-off	Other changes	
Accounts receivable for which bad debt provision is assessed on an individual basis	192,541,411.15	15,167,288.49	-	-	-	207,708,699.64
Accounts receivable for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics	73,414,228.72	32,648,581.23	(4,278,132.04)	-	-	101,784,677.91
Total	265,955,639.87	47,815,869.72	(4,278,132.04)	-	-	309,493,377.55

In 2025, the Group had no recovery or reversal of bad debt provision which was individually significant.

(4) In 2025, no accounts receivable have been written off.

(5) Top five accounts receivable and contract assets categorized by debtor

RMB

Name of entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion to total closing balance of accounts receivable and contract assets (%)	Closing balance of provision for bad debts of accounts receivable and provision for impairment of contract assets
Transport Bureau of Shenzhen Municipality	160,799,410.00	-	160,799,410.00	5.82	-
SEPCO	141,998,000.00	-	141,998,000.00	5.14	17,646,400.00
CSEEC	126,049,250.00	-	126,049,250.00	4.56	69,546,071.52
Longgang Administration of Transport Bureau of Shenzhen Municipality	-	120,884,158.90	120,884,158.90	4.37	-
Shenzhenset Const. & Dvpt Co., Ltd. ("Const. & Dvpt Company")	-	55,565,163.59	55,565,163.59	2.01	-
Total	428,846,660.00	176,449,322.49	605,295,982.49	21.90	87,192,471.52

5. Prepayments

(1) Prepayments presented by aging

RMB

Aging	31 December 2025		31 December 2024	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	84,534,311.46	70.68	84,392,898.54	34.38
1 to 2 years	10,575,785.37	8.84	154,987,870.65	63.13
2 to 3 years	19,434,382.97	16.25	2,421,899.10	0.99
Over 3 years	5,054,232.52	4.23	3,679,694.20	1.50
Total	119,598,712.32	100.00	245,482,362.49	100.00

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
- continued

5. Prepayments - continued

(2) Prepayments presented by nature

Item	RMB	
	31 December 2025	31 December 2024
Prepayments for materials	79,721,258.74	210,759,285.04
Others	39,877,453.58	34,723,077.45
Total	119,598,712.32	245,482,362.49

As at 31 December 2025, the prepayments aged over one year mainly represent the prepayments for materials. As the materials have not yet been delivered or signed for warehousing, the prepayments remain outstanding.

(3) Top five prepayments categorized by payee

Name of entity	Relationship with the Group	Gross carrying amount	Aging	RMB
				Proportion to total prepayments (%)
Anhui Yangchen New Energy Technology Co., Ltd.	Non-related party	16,530,000.00	1 to 2 years, 2 to 3 years	13.82
Guangdong Jiahe New Energy Co., Ltd.	Non-related party	12,879,621.20	Within 1 year	10.77
CCCC-SHEC Third Highway Engineering Co., Ltd.	Non-related party	9,541,760.20	Within 1 year	7.98
Tongyu Heavy Industry Co., Ltd.	Non-related party	9,206,259.81	Within 1 year	7.70
Guangdong Hui Chuang New Energy Co., Ltd.	Non-related party	7,847,481.06	Within 1 year	6.56
Total	Non-related party	56,005,122.27		46.83

6. Other receivables

6.1 Presentation of other receivables

Item	RMB	
	31 December 2025	31 December 2024
Dividends receivable	-	135,000,000.00
Other receivables	678,305,946.54	699,685,738.81
Total	678,305,946.54	834,685,738.81

6.2 Dividends receivable

Investee	RMB	
	31 December 2025	31 December 2024
Guangzhou-Shenzhen-Zhuhai Expressway Co., Ltd. ("Guangzhou-Shenzhen-Zhuhai Expressway")	-	135,000,000.00

6.3 Other receivables

(1) Other receivables disclosed by aging

Aging	RMB	
	31 December 2025	31 December 2024
Within 1 year	183,994,134.25	392,879,473.35
1 to 2 years	278,440,352.56	155,882,846.23
2 to 3 years	108,423,241.25	7,087,778.53
Over 3 years	225,483,968.55	259,100,027.74
Sub-total	796,341,696.61	814,950,125.85
Less: Bad debt provision for other receivables	118,035,750.07	115,264,387.04
Total	678,305,946.54	699,685,738.81

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
- continued

6. Other receivables - continued

6.3 Other receivables - continued

(2) Categories of other receivables by nature

RMB

Nature	31 December 2025	31 December 2024
Receivables from third parties	390,785,846.63	471,062,690.72
Advance distribution of profits to minority shareholders	163,500,000.00	128,500,000.00
Receivables from related parties (Note XI, 6(1))	90,274,305.49	91,465,827.87
Deposits and security deposits	55,046,647.49	57,695,063.33
Advances receivable	16,869,799.67	8,925,258.03
Employee advances	4,443,131.49	3,696,883.46
Administrative reserve	1,163,013.00	1,456,954.00
Others	74,258,952.84	52,147,448.44
Total	796,341,696.61	814,950,125.85

(3) Provision of bad debts

RMB

Bad debt provision	Stage I	Stage II	Stage III	Total
	12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	
1 January 2025	115,264,387.04	-	-	115,264,387.04
-- Transfer to Stage II	-	-	-	-
-- Transfer to Stage III	-	-	-	-
-- Reverse to Stage II	-	-	-	-
-- Reverse to Stage I	-	-	-	-
Provision	44,064,422.65	-	-	44,064,422.65
Reversal	(41,293,059.62)	-	-	(41,293,059.62)
Transfer out due to derecognition of financial assets (including direct write-down)	-	-	-	-
Other changes	-	-	-	-
31 December 2025	118,035,750.07	-	-	118,035,750.07

(4) Details of bad debt provision

RMB

Category	1 January 2025	Changes for the year			31 December 2025
		Provision	Recovery or reversal	Charge-off or write-off	
Other receivables for which bad debt provision is assessed on a portfolio basis	115,264,387.04	44,064,422.65	(41,293,059.62)	-	118,035,750.07

Bad debt provision recovered or reversed which is significant in amount for the year is as follows

RMB

Name of entity	Amount of recovery or reversal	Reason for reversal	Recovered through	Basis for determining the original provision rate and its rationale
PowerChina Jiangxi Electric Power Construction Co., Ltd. ("PowerChina Jiangxi")	(41,200,000.00)	Reversed based on the outcome of litigation proceedings	/	It is expected that such other receivables are hard to be recovered

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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
- continued

6. Other receivables - continued

6.3 Other receivables - continued

(5) Top five other receivables categorized by debtor

RMB

Name of entity	Closing balance	Proportion to total closing balance of other receivables (%)	Nature	Aging	Closing balance of provision for bad debts
Const. & Dvpt Company	327,537,630.64	41.13	Amounts due from third parties	1 to 2 years, 2 to 3 years	-
Shenzhen Huayu Investment Development (Group) Co., Ltd.	163,500,000.00	20.53	Advance distribution of profits to minority shareholders by subsidiaries	Within 1 year, 1 to 2 years	-
Huai'an Zhongheng New Energy Co., Ltd. ("Huai'an Zhongheng")	88,331,191.80	11.09	Amounts due from related parties	Over 3 years	70,664,953.44
PowerChina Jiangxi	41,200,000.00	5.17	Deposits and security deposits	Over 3 years	-
Mulei County Xinhua Energy No.1 Wind Power Generation Co., Ltd.	27,429,043.00	3.44	Others	Over 3 years	-
Total	647,997,865.44	81.36			70,664,953.44

7. Inventories

(1) Categories of inventories

RMB

Item	31 December 2025			31 December 2024		
	Gross carrying amount	Provision for decline in value	Carrying amount	Gross carrying amount	Provision for decline in value	Carrying amount
Properties held for development (Note 1)	258,790,747.84	-	258,790,747.84	257,148,356.32	-	257,148,356.32
Properties under development (Note 2)	102,290,084.59	-	102,290,084.59	116,351,386.31	-	116,351,386.31
Properties held for sale (Note 3)	578,943,985.29	133,549,155.79	445,394,829.50	597,974,602.88	50,513,916.31	547,460,686.57
Raw materials	192,788,887.50	131,292,811.04	61,496,076.46	226,220,613.48	139,287,249.66	86,933,363.82
Work in progress	171,544,646.78	132,537,671.53	39,006,975.25	173,424,057.57	130,274,199.84	43,149,857.73
Goods on hand	71,653,378.81	58,034,459.58	13,618,919.23	126,473,192.23	84,344,861.21	42,128,331.02
Low value consumables and others	2,564,135.48	-	2,564,135.48	2,201,585.90	-	2,201,585.90
Total	1,378,575,866.29	455,414,097.94	923,161,768.35	1,499,793,794.69	404,420,227.02	1,095,373,567.67

Note 1: Properties held for development represent the lands to be developed under Youshan Villa Phase II Stage III and Phase III Stage II projects of Guizhou Shenzhen Expressway Land Co., Ltd. ("Guizhou Land"), and the lands to be developed by Guizhou Shenzhen Expressway Investment Land Company ("Guishen Expressway Investment") and Guizhou Yefengrui Land Co., Ltd. ("Yefengrui Land"), all of which are subsidiaries of the Company.

Note 2: Properties under development

RMB

Name of project	31 December 2025	31 December 2024
Public area to be amortized	102,290,084.59	116,351,386.31
Total	102,290,084.59	116,351,386.31

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
- continued

7. Inventories - continued

(1) Categories of inventories - continued

Note 3: Properties held for sale

Name of project	Time of completion					RMB	
		1 January 2025	Additions	Reductions	31 December 2025	Closing balance of provision for decline in value	
Youshan Villa Phase I Stage I project	December 2016	11,176,877.24	-	-	11,176,877.24	-	
Youshan Villa Phase II Stage II project	April 2019	46,251,723.77	-	-	46,251,723.77	-	
Youshan Villa Phase III Stage I project	November 2020	3,987,702.61	-	-	3,987,702.61	-	
Youshan Villa Phase III Stage III project	September 2022	536,558,299.26	7,802,625.22	26,833,242.81	517,527,681.67	133,549,155.79	
Total		597,974,602.88	7,802,625.22	26,833,242.81	578,943,985.29	133,549,155.79	

(2) Provision for decline in value of inventories

Item						RMB	
	1 January 2025	Provision	Reversal	Write-off	31 December 2025		
Raw materials	139,287,249.66	4,706,945.20	-	(12,701,383.82)	131,292,811.04		
Work in progress	130,274,199.84	2,263,471.69	-	-	132,537,671.53		
Goods on hand	84,344,861.21	5,424,641.38	-	(31,735,043.01)	58,034,459.58		
Properties held for sale	50,513,916.31	83,035,239.48	-	-	133,549,155.79		
Total	404,420,227.02	95,430,297.75	-	(44,436,426.83)	455,414,097.94		

(3) Descriptions on capitalized borrowing costs included in the closing balance of inventories

In 2025, the amount of capitalized interest included in inventories was RMB nil (2024: RMB nil). As at 31 December 2025, the amount of capitalized interest included in the closing balance of inventories was RMB 2,752,439.71 (31 December 2024: RMB 2,884,598.12).

8. Contract assets

(1) Details of contract assets

Item	31 December 2025			31 December 2024		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Contract assets over one year (Note 1)	814,056,412.18	-	814,056,412.18	1,763,574,756.21	-	1,763,574,756.21
Receivables from agent-construction services	282,562,045.34	3,304,869.42	279,257,175.92	241,717,412.68	3,304,869.42	238,412,543.26
Receivables from construction services for kitchen waste projects	42,458,336.42	30,872,509.91	11,585,826.51	59,741,874.06	16,471,364.68	43,270,509.38
Warranty deposits receivable	69,156,423.88	46,884,343.88	22,272,080.00	69,156,423.88	343,019.88	68,813,404.00
Receivables from other business activities (Note 2)	220,534,800.88	164,110.00	220,370,690.88	20,131,385.79	-	20,131,385.79
Sub-total	1,428,768,018.70	81,225,833.21	1,347,542,185.49	2,154,321,852.62	20,119,253.98	2,134,202,598.64
Less: Contract assets over one year	814,056,412.18	-	814,056,412.18	1,763,574,756.21	-	1,763,574,756.21
Total	614,711,606.52	81,225,833.21	533,485,773.31	390,747,096.41	20,119,253.98	370,627,842.43

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

- continued

8. Contract assets - continued

(1) Details of contract assets - continued

Note 1: Refer to Note V, 22.

Note 2: It mainly represents the contract assets amounting to RMB 179,677,264.12 corresponding to the revenue from toll fee recognized by Shenzhen Qinglong Expressway Co., Ltd. ("Qinglong Company"), a subsidiary of the Company, based on relevant documents issued by the Department of Transport of Guangdong Province, which will be due within one year.

(2) Amount and reason for significant changes in carrying amount for the year

RMB

Item	Amount of changes	Reason for changes
Receivables for construction of Bimeng Project (Note V, 12.(1) - Note 3)	(798,245,134.61)	Carry forward to long-term receivables and non-current assets due within one year based on project settlement situation for the year

(3) Contract assets disclosed by method of bad debt provision

RMB

Category	31 December 2025					31 December 2024				
	Gross carrying amount		Bad debt provision		Carrying amount	Gross carrying amount		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed on an individual basis	77,640,273.02	5.43	66,339,557.53	85.44	11,300,715.49	3,304,869.42	0.15	3,304,869.42	100.00	-
Bad debt provision assessed on a portfolio basis	1,351,127,745.68	94.57	14,886,275.68	1.10	1,336,241,470.00	2,151,016,983.20	99.85	16,814,384.56	0.78	2,134,202,598.64
Including:										
Portfolio I	1,272,990,852.22	89.10	-	-	1,272,990,852.22	2,001,987,299.47	92.94	-	-	2,001,987,299.47
Portfolio II	22,381,223.88	1.57	109,143.88	0.49	22,272,080.00	69,156,423.88	3.21	343,019.88	0.50	68,813,404.00
Portfolio III	14,898,132.82	1.04	14,613,021.80	98.09	285,111.02	59,741,874.06	2.77	16,471,364.68	27.57	43,270,509.38
Portfolio IV	40,857,536.76	2.86	164,110.00	0.40	40,693,426.76	20,131,385.79	0.93	-	-	20,131,385.79
Total	1,428,768,018.70	100.00	81,225,833.21		1,347,542,185.49	2,154,321,852.62	100.00	20,119,253.98		2,134,202,598.64

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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
- continued

8. Contract assets - continued

(3) Contract assets disclosed by method of bad debt provision - continued

Bad debt provision assessed on an individual basis

RMB

Bad debt provision assessed on an individual basis	31 December 2025			Reason for provision
	Gross carrying amount	Bad debt provision	Proportion (%)	
Shenshan Houmen Project	3,304,869.42	3,304,869.42	100.00	It is expected that the agent-construction payments are hard to be recovered
Warranty deposits for sale of wind turbines	46,775,200.00	46,775,200.00	100.00	It is expected that the warranty deposits are hard to be recovered
Construction payments for Kitchen Waste Treatment Plant Project	27,560,203.60	16,259,488.11	59.00	It is expected that a portion of payments is hard to be recovered
Total	77,640,273.02	66,339,557.53		

Bad debt provision assessed on a portfolio basis

RMB

Portfolio I	31 December 2025		
	Gross carrying amount	Bad debt provision	Proportion (%)
Government and related parties	1,272,990,852.22	-	-
Total	1,272,990,852.22	-	-

RMB

Portfolio II	31 December 2025		
	Gross carrying amount	Bad debt provision	Proportion (%)
Over 3 years	22,381,223.88	109,143.88	0.49
Total	22,381,223.88	109,143.88	

Note: Portfolio II represents the warranty deposits receivable from customers in wind turbine sales industry.

RMB

Portfolio III	31 December 2025		
	Gross carrying amount	Bad debt provision	Proportion (%)
1 to 2 years	316,790.02	31,679.00	10.00
Over 5 years	14,581,342.80	14,581,342.80	100.00
Total	14,898,132.82	14,613,021.80	

RMB

Portfolio IV	31 December 2025		
	Gross carrying amount	Bad debt provision	Proportion (%)
Within 1 year	40,857,536.76	164,110.00	0.40
Total	40,857,536.76	164,110.00	

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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
- continued

8. Contract assets - continued

(3) Contract assets disclosed by method of bad debt provision - continued

Measurement of expected credit losses at an amount equivalent to the lifetime ECL

RMB

Bad debt provision	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
1 January 2025	16,814,384.56	3,304,869.42	20,119,253.98
Balance at 1 January 2025 that was:			
- Transferred to those credit-impaired	(233,876.00)	233,876.00	-
Provision	164,110.00	62,800,812.11	62,964,922.11
Reversal	(1,858,342.88)	-	(1,858,342.88)
31 December 2025	14,886,275.68	66,339,557.53	81,225,833.21

(4) Provision for credit losses of contract assets for the year

RMB

Category	1 January 2025	Provision	Reversal	31 December 2025
Receivables from agent-construction service	3,304,869.42	-	-	3,304,869.42
Warranty deposits receivable	343,019.88	46,541,324.00	-	46,884,343.88
Receivables from construction services for kitchen waste projects	16,471,364.68	16,259,488.11	(1,858,342.88)	30,872,509.91
Receivables from other business activities	-	164,110.00	-	164,110.00
Total	20,119,253.98	62,964,922.11	(1,858,342.88)	81,225,833.21

9. Non-current assets due within one year

RMB

Item	31 December 2025	31 December 2024
Receivables for construction of Longli River Bridge project (Note)	406,198,392.78	264,198,928.52
Receivables for construction of Bimeng project (Note)	319,298,053.84	-
Finance lease receivables (Note)	218,840,331.79	172,950,515.75
Sub-total	944,336,778.41	437,149,444.27
Less: Provision for bad debts	2,896,772.70	1,156,050.14
Total	941,440,005.71	435,993,394.13

Note: Refer to Note V, 12.

10. Other current assets

RMB

Item	31 December 2025	31 December 2024
Large-denomination deposit certificate	462,711,808.20	374,275,722.22
Pending deduction of input VAT	176,262,263.74	244,059,035.65
Prepaid taxes	15,046,433.82	46,077,056.07
Total	654,020,505.76	664,411,813.94

11. Long-term prepayments

RMB

Item	31 December 2025	31 December 2024
Prepayments for reconstruction and expansion of Airport-Heao Expressway	1,215,067,781.24	721,647,859.04
Prepaid project fund of Outer Ring Company	473,178,759.60	475,651,807.18
Prepaid project fund for the Second Shenzhen-Shantou Expressway	88,275,312.92	88,013,163.63
Prepayments for acquisition and construction of long-term assets	11,195,856.49	27,117,805.58
Prepaid project fund for Guangming Environment project	-	148,515.28
Total	1,787,717,710.25	1,312,579,150.71

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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

- continued

12. Long-term receivables

(1) Details of long-term receivables

Item	31 December 2025			31 December 2024		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Finance lease receivables (Note 1)	1,183,002,270.62	19,233,242.23	1,163,769,028.39	1,259,546,924.69	12,575,526.36	1,246,971,398.33
Electricity subsidy income (Note 2)	1,102,947,819.21	81,692,783.40	1,021,255,035.81	1,404,661,240.86	50,750,584.03	1,353,910,656.83
Receivables for construction of Longli River Bridge project	974,196,249.77	-	974,196,249.77	974,196,249.77	-	974,196,249.77
Receivables for construction of Bimeng project (Note 3)	798,245,134.61	-	798,245,134.61	-	-	-
Construction payments due from Shenzhen-Shanwei Special Cooperation Zone Development and Construction Co., Ltd.	60,941,210.16	-	60,941,210.16	60,941,210.16	-	60,941,210.16
Sub-total	4,119,332,684.37	100,926,025.63	4,018,406,658.74	3,699,345,625.48	63,326,110.39	3,636,019,515.09
Less: Long-term receivables due within one year (Note V, 9)	944,336,778.41	2,896,772.70	941,440,005.71	437,149,444.27	1,156,050.14	435,993,394.13
Including: Finance lease receivables (Note 1)	218,840,331.79	2,896,772.70	215,943,559.09	172,950,515.75	1,156,050.14	171,794,465.61
Receivables for construction of Longli River Bridge project	406,198,392.78	-	406,198,392.78	264,198,928.52	-	264,198,928.52
Receivables for construction of Bimeng project (Note 3)	319,298,053.84	-	319,298,053.84	-	-	-
Total	3,174,995,905.96	98,029,252.93	3,076,966,653.03	3,262,196,181.21	62,170,060.25	3,200,026,120.96

Note 1: It represents the rents and interest of equipment under financial leasing receivable by Financial Leasing Company, the Company's subsidiary. As at 31 December 2025, the finance lease receivables amounted to RMB 1,183,002,270.62 (31 December 2024: RMB 1,259,546,924.69).

Note 2: It represents the electricity subsidy which has not been received by subsidiaries of the Group engaged in new energy business. In 2025, the subsidy income (tax inclusive) recognized based on relevant documents amounted to RMB 317,512,762.76, and the subsidy received in 2025 amounted to RMB 619,226,184.41.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

12. Long-term receivables - continued

(1) Details of long-term receivables - continued

Note 3: In May 2025, the Guizhou Longli Bimeng Garden Resettlement Community Project was successfully completed and accepted as qualified in the current year. According to the Investment Cooperation Agreement entered into by and between Shenzhen Expressway Investment Co., Ltd. ("Expressway Investment", a subsidiary of the Company) and Guizhou Guilong Industrial Group Co., Ltd., an entity authorized by Longli County People's Government, Expressway Investment has the unconditional right to receive contractual consideration upon final acceptance of the project. Furthermore, it is agreed that the payment will be recovered in installments over a period of three years from the date of final acceptance. Consequently, the contract assets corresponding to the project are transferred to long-term receivables.

(2) Long-term receivables disclosed by method of bad debt provision

RMB

Category	31 December 2025					31 December 2024				
	Gross carrying amount		Bad debt provision		Carrying amount	Gross carrying amount		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed on a portfolio basis:										
Portfolio I	1,833,382,594.54	44.51	-	-	1,833,382,594.54	1,035,137,459.93	27.98	-	-	1,035,137,459.93
Portfolio II (Finance lease receivables)	1,183,002,270.62	28.72	19,233,242.23	1.63	1,163,769,028.39	1,259,546,924.69	34.05	12,575,526.36	1.00	1,246,971,398.33
Portfolio III (Electricity subsidy income)	1,102,947,819.21	26.77	81,692,783.40	7.41	1,021,255,035.81	1,404,661,240.86	37.97	50,750,584.03	3.61	1,353,910,656.83
Total	4,119,332,684.37	100.00	100,926,025.63		4,018,406,658.74	3,699,345,625.48	100.00	63,326,110.39		3,636,019,515.09

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS -
continued

12. Long-term receivables - continued

(2) Long-term receivables disclosed by method of bad debt provision - continued

Bad debt provision assessed on a portfolio basis

RMB

Portfolio I	31 December 2025		
	Gross carrying amount	Bad debt provision	Proportion (%)
Receivables for construction of Bimeng project	798,245,134.61	-	-
Receivables for construction of Longli River Bridge project	974,196,249.77	-	-
Construction payments due from Shenzhen-Shanwei Special Cooperation Zone Development and Construction Co., Ltd	60,941,210.16	-	-
Total	1,833,382,594.54	-	-

RMB

Portfolio II (Finance lease receivables)	31 December 2025		
	Gross carrying amount	Bad debt provision	Proportion (%)
Normal	882,676,621.53	9,289,264.04	1.05
Attention	300,325,649.09	9,943,978.19	3.31
Total	1,183,002,270.62	19,233,242.23	1.63

RMB

Portfolio III (Electricity subsidy income)	31 December 2025		
	Gross carrying amount	Bad debt provision	Proportion (%)
Electricity subsidy approved	953,163,865.31	9,531,638.76	1.00
Electricity subsidy under approval	149,783,953.90	72,161,144.64	48.18
Total	1,102,947,819.21	81,692,783.40	7.41

Provision for bad debts based on general model of expected credit losses

RMB

Bad debt provision	Stage 1 12-month ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
1 January 2025	63,326,110.39	-	-	63,326,110.39
Provision	37,599,915.24	-	-	37,599,915.24
31 December 2025	100,926,025.63	-	-	100,926,025.63

(3) Details of bad debt provision

RMB

Category	1 January 2025	Additions	Reductions	31 December 2025
Finance lease receivables	12,575,526.36	6,657,715.87	-	19,233,242.23
Electricity subsidy income	50,750,584.03	30,942,199.37	-	81,692,783.40
Total	63,326,110.39	37,599,915.24	-	100,926,025.63

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

13. Long-term equity investments

(1) Details of long-term equity investments

Investee	1 January 2025	Changes for the year							31 December 2025	Shareholding proportion (%)	Provision for impairment at 31 December 2025
		Additions	Reductions	Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Cash dividend or profit declared	Provision for impairment	Others			
Guangzhou-Shenzhen-Zhuhai Expressway	5,240,770,998.08	294,750,000.00	-	258,004,377.90	-	(294,750,000.00)	-	-	5,498,775,375.98	45.00	-
Chongqing Derun Environment Co., Ltd. ("Derun Environment")	5,116,283,285.60	-	-	153,497,347.41	4,520,053.53	(99,600,000.00)	-	(23,407,170.54)	5,151,293,516.00	20.00	-
Guangdong Guangzhou-Zhuhai West Line Expressway Co., Ltd. ("Guangzhou-Zhuhai West Line Expressway")	3,450,488,204.48	-	-	73,419,120.44	-	(164,187,938.25)	(171,000,000.00)	-	3,188,719,386.67	50.00	171,000,000.00
Guangdong Yangmao Expressway Co., Ltd. ("Yangmao Company")	840,603,301.52	-	-	50,738,509.49	-	(78,878,968.20)	-	-	812,462,842.81	25.00	-
Shenzhen International United Land Co., Ltd. ("United Land Company")	761,351,882.86	-	-	(30,500,063.91)	-	-	-	(986,353.67)	729,865,465.28	34.30	-
E Fund - Shenzhen Expressway REITs (code: 508033)	750,659,862.55	-	-	23,328,269.15	-	(91,752,000.00)	-	-	682,236,131.70	40.00	-
Nanjing Yangtze River Third Bridge Co., Ltd. ("Nanjing Third Bridge Company")	464,833,892.23	-	-	50,388,034.37	-	(60,810,754.09)	-	-	454,411,172.51	35.00	-
Guangzhou Zhentong Industrial Development Co., Ltd. ("Xintang Joint Venture") ((Note 1)	415,559,397.99	-	-	(22,200,149.34)	-	-	-	-	393,359,248.65	15.00	-
Guangzhou Western Second Ring Expressway Co., Ltd. ("GZ W2 Company")	371,302,955.80	-	-	53,955,466.77	-	(51,885,100.00)	-	-	373,373,322.57	25.00	-
Shenzhen Fenghe Energy Investment Co., Ltd. ("Fenghe Energy")	227,755,453.28	-	-	11,219,140.16	1,187,163.81	-	-	-	240,161,757.25	50.00	-
Foshan Shunde Shengchuang Shenzhen Expressway Environmental Technology Industry M&A Investment Partnership (Limited Partnership) ("Shengchuang Fund")	99,518,936.60	-	(71,694,000.00)	(16,927,734.39)	-	-	-	-	10,897,202.21	45.00	-
Others (Note 2)	2,016,255,046.23	-	-	132,224,296.76	(5,475,482.40)	(25,125,365.09)	-	1,789,285.75	2,119,667,781.25	-	-
Total	19,755,383,217.22	294,750,000.00	(71,694,000.00)	737,146,614.81	231,734.94	(866,990,125.63)	(171,000,000.00)	(22,604,238.46)	19,655,223,202.88		171,000,000.00

Note 1: Bay Area Development, a subsidiary of the Company, has appointed one director to the Board of Directors of Xintang Joint Venture, which has a significant impact on its operation and financial decisions.

Note 2: Others include the Group's associates and joint ventures Yunji Smart Engineering Co., Ltd. ("Yunji Smart"), Shenzhen Huayu Expressway Investment Co., Ltd. ("Huayu Company"), Guizhou Hengtongli Property Co., Ltd. ("Guizhou Hengtongli"), Bank of Guizhou Co., Ltd., and Huai'an Zhongheng.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

13. Long-term equity investments - continued

(2) Impairment testing of long-term equity investments

Refer to Note V, 20.(4).

14. Other non-current financial assets

RMB

Item	31 December 2025	31 December 2024
Shenzhen Water Planning & Design Institute Co., Ltd. ("Water Planning & Design Institute")	468,952,200.00	363,513,150.00
Shenzhen State Owned Cooperative Development Private Equity Fund Partnership (Limited Partnership) ("Cooperative Development Fund")	334,046,390.66	361,489,702.38
Guangdong United Electronic Service Co., Ltd. ("United Electronic")	248,836,725.60	210,780,561.06
Guangdong Heyuan Rural Commercial Bank Co., Ltd.	22,503,680.00	22,503,680.00
Guangdong Zijin Rural Commercial Bank Co., Ltd.	9,180,560.00	9,180,560.00
Yiwu Shenneng Renewable Resources Utilization Co., Ltd.	3,443,730.00	3,443,730.00
Total	1,086,963,286.26	970,911,383.44

For the year ended 31 December 2025, the changes in investments in equity instruments amounted to RMB 116,051,902.82, of which RMB 23,268,454.75 represented a decrease in principal due to the exit of investment projects related to the Collaborative Development Fund. The gains from changes in fair value amounted to RMB 139,320,357.57 (2024: gains from changes in fair value of RMB 75,842,081.18). Please refer to Note V, 56.

15. Investment properties

(1) Investment properties measured at cost

RMB

Item	Parking space (Note)	Buildings	Total
I. Cost			
1. 1 January 2025	18,180,000.00	16,032,768.93	34,212,768.93
2. Additions	-	-	-
3. Reductions	-	-	-
4. 31 December 2025	18,180,000.00	16,032,768.93	34,212,768.93
II. Accumulated amortization			
1. 1 January 2025	9,260,007.24	3,397,623.91	12,657,631.15
2. Additions	575,724.24	761,554.16	1,337,278.40
(1) Provision	575,724.24	761,554.16	1,337,278.40
3. Reductions	-	-	-
4. 31 December 2025	9,835,731.48	4,159,178.07	13,994,909.55
III. Carrying amount			
1. 31 December 2025	8,344,268.52	11,873,590.86	20,217,859.38
2. 1 January 2025	8,919,992.76	12,635,145.02	21,555,137.78

Note: The investment property represents the parking space beneath Jiangsu Building where the Company locates, which is entrusted to the property company for renting to relevant car owners.

* The Group's investment properties are all located in the Chinese Mainland and held in the form of leases.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15. Investment properties - continued

- (2) As at 31 December 2025, the investment properties without certificates of ownership are listed as follows

RMB

Item	Carrying amount	Reason for not yet obtaining the certificate of ownership
Parking space beneath Jiangsu Building	8,344,268.52	No certificate of ownership will be issued for parking space in Shenzhen
Total	8,344,268.52	

16. Fixed assets

- (1) Details of fixed assets

RMB

Item	Buildings	Traffic equipment	Motor vehicles	Office and other equipment	Mechanical equipment	Total
I. Cost						
1. 1 January 2025	3,768,124,201.75	1,675,381,951.52	92,654,821.24	143,299,608.53	4,703,038,629.18	10,382,499,212.22
2. Additions	16,262,538.22	58,561,728.27	15,419,763.82	6,018,289.30	37,245,229.21	133,507,548.82
(1) Purchase	2,374,878.14	12,685,988.89	15,419,763.82	5,218,949.66	37,245,229.21	72,944,809.72
(2) Transfer from construction in progress	13,887,660.08	45,875,739.38	-	799,339.64	-	60,562,739.10
3. Reductions	1,508,382.73	4,141,402.22	5,955,717.40	5,670,119.96	4,570,761.52	21,846,383.83
(1) Disposals or retirement	1,508,382.73	4,141,402.22	5,955,717.40	5,670,119.96	4,570,761.52	21,846,383.83
4. 31 December 2025	3,782,878,357.24	1,729,802,277.57	102,118,867.66	143,647,777.87	4,735,713,096.87	10,494,160,377.21
II. Accumulated depreciation						
1. 1 January 2025	650,043,720.68	1,096,708,397.77	29,596,150.59	108,962,738.66	1,053,854,128.87	2,939,165,136.57
2. Additions	152,102,801.02	117,723,505.60	13,790,270.10	26,666,069.82	253,876,960.30	564,159,606.84
(1) Provision	152,102,801.02	117,723,505.60	13,790,270.10	26,666,069.82	253,876,960.30	564,159,606.84
3. Reductions	1,361,977.40	1,754,715.85	3,892,696.30	5,024,533.21	1,863,275.24	13,897,198.00
(1) Disposals or retirement	1,361,977.40	1,754,715.85	3,892,696.30	5,024,533.21	1,863,275.24	13,897,198.00
4. 31 December 2025	800,784,544.30	1,212,677,187.52	39,493,724.39	130,604,275.27	1,305,867,813.93	3,489,427,545.41
III. Provision for impairment						
1. 1 January 2025	34,392,136.68	-	-	2,594,438.42	6,042,562.97	43,029,138.07
2. Additions	-	-	-	-	8,672,566.37	8,672,566.37
(1) Provision	-	-	-	-	8,672,566.37	8,672,566.37
3. Reductions	-	-	-	-	2,587,378.89	2,587,378.89
(1) Disposals or retirement	-	-	-	-	2,587,378.89	2,587,378.89
4. 31 December 2025	34,392,136.68	-	-	2,594,438.42	12,127,750.45	49,114,325.55
IV. Carrying amount						
1. 31 December 2025	2,947,701,676.26	517,125,090.05	62,625,143.27	10,449,064.18	3,417,717,532.49	6,955,618,506.25
2. 1 January 2025	3,083,688,344.39	578,673,553.75	63,058,670.65	31,742,431.45	3,643,141,937.34	7,400,304,937.58

- (2) Fixed assets without certificates of ownership

RMB

Item	Carrying amount	Reason for not yet obtaining the certificate of ownership
Buildings	474,028,660.35	According to the actual characteristics of the Group's toll road operation, all toll roads and the affiliated buildings would be returned to the government when the approved operating periods expire, therefore, the Group has no intention to acquire the related property ownership certificates.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
- continued

16. Fixed assets - continued

(3) Impairment testing of fixed assets

The recoverable amount is determined at the fair value net of costs of disposal

RMB

Item	Carrying amount	Recoverable amount	Amount of impairment	Method for determination of fair value and costs of disposal	Key parameters	Basis to determine the key parameters
Mechanical equipment of Yongcheng Zhuneng	8,672,566.37	-	8,672,566.37	Market approach and incremental costs directly attributable to asset disposals	Fair value of mechanical equipment	Probable transaction price at the measurement date, which is an arm's length price under ordinary commercial considerations

17. Construction in progress

(1) Details of construction in progress

RMB

Item	31 December 2025			31 December 2024		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Expressway electromechanical engineering	26,603,148.18	-	26,603,148.18	31,322,135.55	-	31,322,135.55
Expressway building construction engineering	17,912,681.58	-	17,912,681.58	11,174,245.22	-	11,174,245.22
Expressway subgrade, pavement, bridge and culvert engineering	15,580,308.34	-	15,580,308.34	12,369,195.06	-	12,369,195.06
R&D project on BIM modeling and digital management regarding existing expressways	1,647,169.84	-	1,647,169.84	1,647,169.84	-	1,647,169.84
Xuanwei project	11,966,069.00	11,966,069.00	-	11,966,069.00	11,966,069.00	-
Others	59,461,029.80	2,195,969.80	57,265,060.00	30,578,540.29	2,195,969.80	28,382,570.49
Total	133,170,406.74	14,162,038.80	119,008,367.94	99,057,354.96	14,162,038.80	84,895,316.16

(2) Changes in significant construction in progress during the year

There is no significant construction in progress during the year.

18. Right-of-use assets

RMB

Item	Buildings	Mechanical equipment	Total
I. Cost			
1. 1 January 2025	116,661,124.55	-	116,661,124.55
2. Additions	11,087,356.25	3,353,974.09	14,441,330.34
(1) Acquisitions	11,087,356.25	3,353,974.09	14,441,330.34
3. Reductions	10,386,181.12	-	10,386,181.12
(1) Disposals	10,386,181.12	-	10,386,181.12
4. 31 December 2025	117,362,299.68	3,353,974.09	120,716,273.77
II. Accumulated depreciation			
1. 1 January 2025	84,601,487.90	-	84,601,487.90
2. Additions	17,314,347.77	186,331.88	17,500,679.65
(1) Provision	17,314,347.77	186,331.88	17,500,679.65
3. Reductions	10,190,905.82	-	10,190,905.82
(1) Disposals	10,190,905.82	-	10,190,905.82
4. 31 December 2025	91,724,929.85	186,331.88	91,911,261.73
III. Carrying amount			
1. 31 December 2025	25,637,369.83	3,167,642.21	28,805,012.04
2. 1 January 2025	32,059,636.65	-	32,059,636.65

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Intangible assets

(1) Details of intangible assets

							RMB
Item	Franchise rights	Office software and others	Billboard land use rights	Land use right	Contract rights	Patent use right	Total
I. Cost							
1. 1 January 2025	43,407,129,379.30	105,531,641.37	1,647,622.58	215,879,018.54	68,866,700.00	165,693,403.17	43,964,747,764.96
2. Additions	2,076,015,461.84	7,084,629.98	-	-	-	-	2,083,100,091.82
(1) Purchases	120,861.20	3,145,209.48	-	-	-	-	3,266,070.68
(2) Constructions	2,075,894,600.64	3,939,420.50	-	-	-	-	2,079,834,021.14
3. Reductions	2,132,099.88	-	-	-	-	-	2,132,099.88
(1) Disposals	2,132,099.88	-	-	-	-	-	2,132,099.88
4. 31 December 2025	45,481,012,741.26	112,616,271.35	1,647,622.58	215,879,018.54	68,866,700.00	165,693,403.17	46,045,715,756.90
II. Accumulated amortization							
1. 1 January 2025	14,889,263,190.28	52,505,763.77	1,647,622.58	27,224,090.77	30,340,214.57	125,381,889.76	15,126,362,771.73
2. Additions	1,863,994,551.69	12,179,511.76	-	5,382,288.93	-	-	1,881,556,352.38
(1) Provision	1,863,994,551.69	12,179,511.76	-	5,382,288.93	-	-	1,881,556,352.38
3. Reductions	925,808.91	-	-	-	-	-	925,808.91
(1) Disposals	925,808.91	-	-	-	-	-	925,808.91
4. 31 December 2025	16,752,331,933.06	64,685,275.53	1,647,622.58	32,606,379.70	30,340,214.57	125,381,889.76	17,006,993,315.20
III. Provision for impairment							
1. 1 January 2025	3,911,990,525.94	3,919,234.42	-	-	38,526,485.43	40,311,513.41	3,994,747,759.20
2. Additions	122,608,799.60	-	-	-	-	-	122,608,799.60
3. 31 December 2025	4,034,599,325.54	3,919,234.42	-	-	38,526,485.43	40,311,513.41	4,117,356,558.80
IV. Carrying amount							
1. 31 December 2025	24,694,081,482.66	44,011,761.40	-	183,272,638.84	-	-	24,921,365,882.90
2. 1 January 2025	24,605,875,663.08	49,106,643.18	-	188,654,927.77	-	-	24,843,637,234.03

Note 1: In 2025, both the amount of intangible assets amortized and the amount included in profit or loss was RMB 1,881,556,352.38 (2024: RMB 1,763,428,989.72).

Note 2: In 2025, the amount of borrowing costs capitalized as intangible assets recognized amounted to RMB nil (2024: RMB 9,547,541.77).

(2) As at 31 December 2025, the Group had no land use rights for which the certificate of property ownership has not been obtained.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Intangible assets - continued

(3) Details of franchise rights

									RMB
Item	Cost	1 January 2025	Additions	Reductions	Amortization	Impairment	31 December 2025	Accumulated amortization	Provision for impairment
I. Franchise rights associated with toll roads									
Qinglian Expressway	9,435,035,683.60	4,944,348,966.35	58,059,585.09	-	434,950,086.38	-	4,567,458,465.06	4,247,577,218.54	620,000,000.00
Airport-Heao Expressway	6,920,799,930.15	2,673,978,707.90	737,826,138.94	62,547.58	111,337,653.69	-	3,300,404,645.57	3,620,395,284.58	-
Meiguan Expressway	604,588,701.64	78,585,540.21	-	-	32,579,053.45	-	46,006,486.76	558,582,214.88	-
Outer Ring Expressway	7,982,869,827.91	5,988,275,507.22	1,164,276,828.81	-	186,358,692.90	-	6,966,193,643.13	1,016,676,184.78	-
Shuiguan Expressway	4,448,811,774.57	479,285,465.40	-	-	463,824,643.98	-	15,460,821.42	3,881,350,953.15	552,000,000.00
Changsha Ring Road	614,374,358.81	318,092,300.54	-	-	50,599,593.24	-	267,492,707.30	346,881,651.51	-
Coastal Expressway Shenzhen Section	10,086,278,346.00	5,694,782,268.24	-	-	304,030,617.66	-	5,390,751,650.58	2,057,291,400.81	2,638,235,294.61
Longda Expressway	251,559,214.13	35,588,622.39	-	-	13,971,278.12	-	21,617,344.27	229,941,869.86	-
Sub-total	40,344,317,836.81	20,212,937,378.25	1,960,162,552.84	62,547.58	1,597,651,619.42	-	20,575,385,764.09	15,958,696,778.11	3,810,235,294.61
II. Franchise rights associated with kitchen waste disposal									
Kitchen waste disposal of Shenzhen Expressway Bioland Environmental Protection Technologies Corp., Ltd. ("Bioland Company")	3,621,675,675.34	3,031,018,339.72	50,960,997.59	354,855.19	164,907,005.96	122,608,799.60	2,794,108,676.56	603,202,967.85	224,364,030.93
Kitchen waste disposal of Guangming	863,288,386.80	800,990,874.33	62,297,512.47	-	52,003,909.32	-	811,284,477.48	52,003,909.32	-
Kitchen waste disposal of Shaoyang	320,120,861.20	313,777,280.00	120,861.20	-	10,697,735.52	-	303,200,405.68	16,920,455.52	-
Kitchen waste disposal of Lisai Environmental Protection	279,561,465.13	198,795,726.49	2,473,537.74	94,202.69	35,707,050.23	-	165,468,011.31	114,093,453.82	-
Sub-total	5,084,646,388.47	4,344,582,220.54	115,852,909.00	449,057.88	263,315,701.03	122,608,799.60	4,074,061,571.03	786,220,786.51	224,364,030.93
III. Other franchise rights									
Shenzhen Guangming Welfare Institute Project	44,781,800.73	41,089,349.04	-	694,685.51	2,603,927.40	-	37,790,736.13	6,991,064.60	-
Shenzhen Guangming Integrated Community Service Center Project	7,266,715.25	7,266,715.25	-	-	423,303.84	-	6,843,411.41	423,303.84	-
Sub-total	52,048,515.98	48,356,064.29	-	694,685.51	3,027,231.24	-	44,634,147.54	7,414,368.44	-
Total	45,481,012,741.26	24,605,875,663.08	2,076,015,461.84	1,206,290.97	1,863,994,551.69	122,608,799.60	24,694,081,482.66	16,752,331,933.06	4,034,599,325.54

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Intangible assets - continued

(4) Impairment testing of intangible assets for the year

The recoverable amount is determined at the present value of the expected future cash flows

							RMB
Item	Carrying amount of the asset group (Note 1)	Recoverable amount	Amount of impairment	Projection period (Note 2)	Key parameters for projection period	Key parameters for steady period	Basis to determine the key parameters for steady period
Franchise rights of Guilin Bioland	244,552,040.28	209,889,424.01	34,662,616.27	2026 - 2046	Average revenue growth rate: 1.41%; discount rate: 7% before tax	N/A	N/A
Franchise rights of Xinyu Bioland	100,514,111.44	81,617,340.10	18,896,771.34	2026 - 2049	Average revenue growth rate: 1.31%; discount rate: 7% before tax	N/A	N/A
Franchise rights of Fuzhou Bioland	100,795,042.09	85,098,144.94	15,696,897.15	2026 - 2046	Average revenue growth rate: 2.71%; discount rate: 7% before tax	N/A	N/A
Franchise rights of Handan Bioland	139,042,160.98	129,390,365.81	9,651,795.17	2026 - 2046	Average revenue growth rate: 1.67%; discount rate: 7% before tax	N/A	N/A
Franchise rights of Shangrao Bioland	94,418,976.15	86,906,608.38	7,512,367.77	2026 - 2043	Average revenue growth rate: 2.65%; discount rate: 7% before tax	N/A	N/A
Franchise rights of Huangshi Bioland	89,590,937.08	85,921,542.78	3,669,394.30	2026 - 2047	Average revenue growth rate: 0.33%; discount rate: 7% before tax	N/A	N/A
Total	768,913,268.02	678,823,426.02	90,089,842.00				

Note 1: It represents the carrying amount of the asset group containing intangible assets.

Note 2: As at 31 December 2025, the management of the Group projected the future cash flows based on a detailed projection period starting from 1 January 2026 to the end of the franchise rights associated with the kitchen waste disposal.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS -
continued

20. Goodwill

(1) Cost of goodwill

RMB

Name of investee	1 January 2025	Additions	Reductions	31 December 2025
Shenzhen Investment Holdings International Capital Holding Infrastructure Company Limited ("SIHICH")	202,893,131.20	-	-	202,893,131.20
Nanjing Wind Power Technology Co., Ltd. ("Nanjing Wind Power")	156,039,775.24	-	-	156,039,775.24
Total	358,932,906.44	-	-	358,932,906.44

(2) Provision for impairment of goodwill

RMB

Name of investee	1 January 2025	Additions	Reductions	31 December 2025
SIHICH	-	202,893,131.20	-	202,893,131.20
Nanjing Wind Power	156,039,775.24	-	-	156,039,775.24
Total	156,039,775.24	202,893,131.20	-	358,932,906.44

(3) Information about the asset group or a set of asset groups to which the goodwill is allocated

Name	Composition of the asset group or a set of asset groups to which it is allocated and its basis	Operating segment to which it is allocated and its basis	Is it consistent with that of the prior year?
SIHICH	Bay Area Development asset group / Generated from acquisition of the asset group	Toll road	Yes
Nanjing Wind Power	Wind turbines manufacturing asset group / Generated from acquisition of the asset group	Environmental protection	Yes

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

20. Goodwill - continued

(4) Specific method for determination of recoverable amount

The recoverable amount is determined at the present value of the expected future cash flows

								RMB
Item	Carrying amount (Note 1)	Recoverable amount	Amount of impairment (Note 2)	Projection period (Note 3)	Key parameters for projection period (growth rate, profit margins, etc.)	Basis to determine parameters for projection period	Key parameters for steady period (growth rate, profit margins, discount rate, etc.)	Basis to determine the key parameters for steady period
Bay Area Development asset group	9,030,237,863.30	8,555,020,647.70	475,217,215.60	Guangzhou-Shenzhen Section of Beijing- Hongkong & Macao Expressway: 2026 - 2052 West Line Expressway: 2026 - 2038	Guangzhou-Shenzhen Section of Beijing-Hongkong & Macao Expressway: revenue growth rate: (3.5%)-15%; discount rate: 6.8% before tax West Line Expressway: revenue growth rate: (44%)-9%; discount rate: 7.2% before tax	Revenue growth rate is determined based on the regional economic development, road network planning, and accessibility, etc. Discount rate is the pre-tax interest rate that reflects the current market time value of money and the risks specific to the underlying asset group.	N/A	N/A

Note 1: It represents the carrying amount of the asset group containing goodwill, and the increase for the year was resulted from the expansion and renovation of the Guangzhou-Shenzhen section of Beijing-Hong Kong-Macau Expressway held by Guangzhou-Shenzhen-Zhuhai Expressway, the Company's joint venture and associate.

Note 2: The Company performed an impairment testing on goodwill of the Bay Area Development asset group at the end of the year. It engaged a competent independent third-party agency to assess the present value of the estimated future cash flows for the asset group (including goodwill) as of 31 December 2025, and determined the recoverable amount of the asset group based on the present value of its estimated future cash flows. The assessment results indicate an impairment loss of RMB 475,217,215.60 for the asset group, specifically, impairment loss on goodwill amounted to RMB 304,217,215.60 (of which RMB 202,893,131.20 was attributable to the Company), and the excess of RMB 171,000,000.00 was deducted from the carrying amounts of other assets within the asset group (excluding goodwill) in accordance with the requirements of the Accounting Standards for Business Enterprises. Given that the recoverable amount of the long-term equity investments in Guangzhou-Zhuhai West Line Expressway, as assessed, was lower than its carrying amount, the carrying amount of this investment was reduced by RMB 171,000,000.00.

Note 3: As at 31 December 2025, the management of the Group projected the future cash flows based on a detailed projection period starting from 2026 to the end of the franchise rights of Guangzhou-Shenzhen Section of Beijing-Hongkong & Macao Expressway and West Line Expressway.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS -
continued

21. Deferred tax assets / deferred tax liabilities

(1) Deferred tax assets before offsetting

RMB

Item	31 December 2025		31 December 2024	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Impairment and amortization of franchise rights of Coastal Expressway	95,872,026.20	23,968,006.55	217,014,426.88	54,253,606.72
Compensation for operating expenses of newly-built toll stations on and toll adjustments regarding Nanguang Expressway, Yanba Expressway and Yanpai Expressway ("Three Expressways") (Note 1)	98,544,931.35	24,636,232.84	140,544,931.35	35,136,232.84
Employee benefits accrued but not paid	120,178,557.12	30,044,639.28	119,945,892.12	29,986,473.03
Deductible losses	4,483,639.56	1,120,909.89	49,722,367.84	12,430,591.96
Adjustments to fair values of net assets of merged enterprises such as Changsha Shenchang High Speed Trunk Road Co., Ltd. in Changsha, Hunan ("Shenchang Company"), etc.	78,846,596.67	19,711,649.17	96,067,761.63	24,016,940.41
Compensation for operating expenses of newly-built toll stations on and toll adjustments regarding Longda Expressway (Note 1)	56,929,914.97	14,232,478.71	89,665,931.77	22,416,482.91
Expenses accrued but not paid	121,726,565.84	30,431,641.46	86,693,156.44	21,673,289.11
Provisions (Note 2)	200,445,347.12	47,156,254.63	67,027,751.76	13,801,855.79
Bad debt provision	48,636,723.97	9,718,525.78	60,762,146.18	14,407,273.10
Impairment losses of assets	61,643,455.44	9,577,005.26	41,948,730.67	8,153,694.16
Amortization of other franchise rights	79,347,711.04	19,836,927.76	42,814,230.16	10,703,557.54
Meiguan Company - property relocation compensation (Note 3)	35,343,842.88	8,835,960.72	36,154,374.96	9,038,593.74
Compensation for operating expenses of newly-built road ramp on Meiguan Expressway (Note 4)	16,350,491.32	4,087,622.83	29,430,883.96	7,357,720.99
Interest on capital reduction receivable from United Land Company (Note 5)	7,167,160.80	1,791,790.20	7,331,523.64	1,832,880.91
Compensation for demolition costs of old toll stations on Three Expressways and Longda Expressway	7,176,461.64	1,794,115.41	7,176,461.64	1,794,115.41
Lease liabilities	29,564,087.22	6,153,081.95	31,703,802.65	7,124,248.44
Others	52,392,554.80	8,254,834.51	60,857,673.08	10,371,114.08
Total	1,114,650,067.94	261,351,676.95	1,184,862,046.73	284,498,671.14

Note 1: The Company received compensation for future operating expenses of newly-built toll stations on and toll adjustments regarding Three Expressways and Longda Expressway, and recognized the corresponding deferred tax assets for the temporary difference between the tax base and carrying amount.

Note 2: It represents the expected expenditures of Bioland Company on pending litigation or arbitration and the deferred tax assets accrued in respect of provisions recognized for estimated cost of services of toll roads in the future as provided for by the Group according to relevant government documents.

Note 3: Meiguan Company, the Company's subsidiary, recognized the relocation property compensated by United Land Company, an associate of the Group, as fixed assets. Considering the impact of the unrealized profits of the associate, the Group recognized the corresponding deferred tax assets for the temporary difference between the tax base and the carrying amount of fixed assets recognized.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

21. Deferred tax assets / deferred tax liabilities - continued

(1) Deferred tax assets before offsetting - continued

Note 4: In 2015, the Group received a compensation for future operating expenses of newly-built toll station on Meiguan Expressway, and recognized the corresponding deferred tax assets for the temporary difference between the tax base and carrying amount.

Note 5: United Land Company capitalized the interest on capital reduction payable to the Company. Considering the impact of the unrealized profits of the associate, the Group recognized the corresponding deferred tax assets for the temporary difference between this tax base and carrying amount based on its shareholding ratio of 34.30%.

(2) Deferred tax liabilities before offsetting

RMB

Item	31 December 2025		31 December 2024	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Business combinations not involving entities under common control				
- Qinglong Company	9,494,315.69	2,373,578.93	294,323,796.69	73,580,949.18
- Guangdong Qinglian Highway Development Co., Ltd. ("Qinglian Company")	411,424,712.44	99,551,371.20	450,819,849.28	109,400,155.41
- Airport-Heao Eastern Company	178,875,091.80	44,718,774.94	244,939,890.60	61,234,974.64
- Bioland Company	423,535,075.95	104,062,518.62	437,855,275.91	107,642,568.61
- Lisai Environmental Protection	116,006,740.81	17,401,011.12	131,658,218.94	19,748,732.84
- Qiantai Company	71,253,879.00	10,688,081.85	73,687,678.73	11,053,151.81
- Baotou Nanfeng	25,290,734.08	6,322,683.52	27,045,989.44	6,761,497.36
- Shenzhen Expressway New Energy Holding Co., Ltd. ("New Energy Company")	11,531,280.92	2,882,820.23	12,491,024.12	3,122,756.03
Amortization of franchise rights (Note)	124,379,026.28	31,094,756.57	73,286,675.00	18,321,668.75
Compensation for valuation adjustment mechanism	117,904,214.77	25,413,968.06	129,822,937.64	27,552,499.17
Right-of-use assets	28,805,012.04	7,136,773.94	32,059,636.65	7,320,603.82
Taxes on dividends and bonuses of overseas subsidiaries	2,534,116,100.60	126,705,805.03	3,571,703,028.00	178,585,151.40
Revaluation gain on non-current financial assets	667,865,658.01	163,334,660.96	528,545,300.44	129,075,619.59
Others	2,333,517,121.52	322,484,263.26	1,309,029,707.12	259,903,509.41
Total	7,053,998,963.91	964,171,068.23	7,317,269,008.56	1,013,303,838.02

Note: The methods for amortization of intangible assets associated with the franchise of toll roads are inconsistent in accounting (traffic volume method) and taxation (straight-line method), resulting in temporary differences with deferred tax liabilities recognized.

(3) Deferred tax assets or liabilities presented on a net basis

RMB

Item	Offsetting amount of deferred tax assets and liabilities as at 31 December 2025	Deferred tax assets or liabilities after offsetting as at 31 December 2025	Offsetting amount of deferred tax assets and liabilities as at 31 December 2024	Deferred tax assets or liabilities after offsetting as at 31 December 2024
Deferred tax assets	(154,886,331.48)	106,465,345.47	(154,121,986.86)	130,376,684.28
Deferred tax liabilities	(154,886,331.48)	809,284,736.75	(154,121,986.86)	859,181,851.16

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

21. Deferred tax assets / deferred tax liabilities - continued

(4) Details of unrecognized deferred tax assets

RMB

Item	31 December 2025	31 December 2024
Deductible losses	2,282,682,386.75	2,120,271,920.09
Deductible temporary differences	2,000,126,623.51	989,028,185.71
Total	4,282,809,010.26	3,109,300,105.80

(5) Deductible losses, for which deferred tax assets are not recognized, will expire in the following years

RMB

Year	31 December 2025	31 December 2024
2025	-	144,366,030.06
2026	255,684,084.71	229,308,074.28
2027	444,378,588.81	477,020,226.94
2028	582,940,747.08	517,949,554.64
2029	564,508,994.96	751,628,034.17
2030	435,169,971.19	-
Total	2,282,682,386.75	2,120,271,920.09

22. Other non-current assets

RMB

Item	31 December 2025			31 December 2024		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Contract assets over one year (Note)	814,056,412.18	-	814,056,412.18	1,763,574,756.21	-	1,763,574,756.21
Pending deduction of input tax over one year	107,210,989.73	-	107,210,989.73	171,993,521.78	-	171,993,521.78
Others	4,288,931.46	-	4,288,931.46	1,149,104.11	-	1,149,104.11
Total	925,556,333.37	-	925,556,333.37	1,936,717,382.10	-	1,936,717,382.10

Note: It mainly includes the contract assets corresponding to the revenue from toll fee recognized by the Group based on relevant documents issued by the Department of Transport of Guangdong Province.

23. Assets with restricted ownership or use right

RMB

Item	31 December 2025				31 December 2024			
	Gross carrying amount	Carrying amount	Type of restriction	Status of restriction	Gross carrying amount	Carrying amount	Type of restriction	Status of restriction
Cash at banks and on hand	407,072,375.92	407,072,375.92	Note 1	Note 1	238,088,357.47	238,088,357.47	Note 1	Note 1
Intangible assets - franchise rights	28,341,913,538.05	13,490,028,806.35	Pledge	Pledge for borrowings	28,156,966,804.10	14,776,403,557.02	Pledge	Pledge for borrowings
Long-term receivables	-	-			615,209,283.95	611,073,089.69	Pledge	Pledge for borrowings
Total	28,748,985,913.97	13,897,101,182.27			29,010,264,445.52	15,625,565,004.18		

Note 1: Refer to Note V, 1 for details.

Note 2: In addition to those mentioned above, the Group pledged with the 100% equity and charging rights to electric charge of Qianxin Company, the 100% equity and charging rights to electric charge of Qianzhi Company, the 100% equity and charging rights to electric charge of Qianhui Company, the equity of kitchen waste disposal projects of certain subsidiaries of Bioland Company, and the charging rights to electric charge of Yongcheng Zhuneng and wind power enterprises under Baotou Nanfeng as security for borrowings.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS -
continued

23. Assets with restricted ownership or use right - continued

Note 3: The principal of bank borrowings obtained by the Group through mortgages and pledges of the aforesaid assets totaled RMB 5,824,867,332.67.

24. Short-term borrowings

(1) Categories of short-term borrowings

RMB

Item	31 December 2025	31 December 2024
Credit borrowings	2,358,185,631.31	1,044,085,628.01
Guaranteed borrowings	997,905,756.76	1,529,763,556.48
Total	3,356,091,388.07	2,573,849,184.49

(2) Details of guaranteed borrowings

RMB

Name of entity	31 December 2025	Guaranteed by
CMB Wing Lung Bank Hong Kong Branch	476,361,675.42	Bay Area Development
Bank of China (Hong Kong) Limited	269,881,309.42	Bay Area Development
Shanghai Pudong Development Bank Hong Kong Branch	251,662,771.92	Bay Area Development
Total	997,905,756.76	

25. Transactional financial liabilities

RMB

Item	1 January 2025	Additions	Reductions	31 December 2025	Reason and basis for designation
Obligation to pay the difference	197,664,719.66	72,923,373.09	-	270,588,092.75	N/A
Total	197,664,719.66	72,923,373.09	-	270,588,092.75	

Note: In January 2022, the Group acquired the 100% equity interest in SIHICH held by Shenzhen Investment Holdings International Capital Holding Company Limited and assumed the obligation to make up the difference for CMFGlobalQuantitativeMulti-AssetSegregatedPortfolioCompany and CMFGlobalQuantitativeStableSegregatedPortfolio (collectively, "CMFGlobal"). In addition, the Group renewed such obligation to 17 August 2028 or earlier maturity date as determined by the Company and either of Mei Wah Company and CMFGlobal in accordance with the written notice on Agreement for Make-Up of the Earnings during the Renewal Period or other covenants of the agreement. If CMFGlobal disposes of its 9.45% equity interest in Bay Area Development before 17 August 2028, the difference between the transfer price and the agreed investment cost of HKD 1,075,713,016.54 will be made up by the Group. Meanwhile, during the Renewal Period, the portion of the annual investment return obtained by CMFGlobal through Bay Area Development that does not reach the agreed level will be made up by the Group. As at 31 December 2025, the balance of liabilities for difference make-up obligation recognized by the Group amounted to RMB 270,588,092.75.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS -
continued

26. Bills payable

(1) Presentation of bills payable

RMB

Item	31 December 2025	31 December 2024
Commercial acceptance bills	334,725,708.50	853,453,402.08
Bank acceptance bills	-	17,225,000.00
Total	334,725,708.50	870,678,402.08

As at 31 December 2025, the Group had no overdue bills payable.

27. Accounts payable

(1) Presentation of accounts payable

RMB

Item	31 December 2025	31 December 2024
Payables for construction projects, warranty deposits and security deposits	2,355,522,142.44	2,466,684,629.14
Payables for goods	366,226,825.97	402,901,125.35
Others	147,652,725.59	118,220,326.16
Total	2,869,401,694.00	2,987,806,080.65

*(2) Accounts payable disclosed by aging

RMB

Item	31 December 2025	31 December 2024
0 to 90 days	1,044,513,426.62	1,157,443,526.67
91 days to 180 days	162,396,434.97	179,592,243.78
181 days to 365 days	119,309,026.62	148,695,939.35
Over one year	1,543,182,805.79	1,502,074,370.85
Total	2,869,401,694.00	2,987,806,080.65

Note: The aging of accounts payable is determined based on the date of recognition.

(3) Significant accounts payable aged over one year

RMB

Item	31 December 2025	Reason for failure in repayment or carry-forward
Payables for goods	182,050,800.00	The payments for goods remain unsettled
Payables for construction projects	586,330,480.28	The project funds remain unsettled
Total	768,381,280.28	

28. Advances from customers

(1) Presentation of advances from customers

RMB

Item	31 December 2025	31 December 2024
Income from advertising billboard received in advance	463,090.70	787,138.81

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS -
continued

29. Contract liabilities

(1) Details of contract liabilities

Item	31 December 2025	31 December 2024
Advance payment received for sales of goods	31,360,431.45	24,621,412.66
Advance payment received for sales of development properties	12,512,694.97	19,895,133.02
Advance payment received for sales of wind turbine	5,410,833.00	5,410,833.00
Advance payment received for operation and management services	868,152.79	6,839,226.27
Others	4,392,057.43	4,946,233.03
Total	54,544,169.64	61,712,837.98

RMB

(2) There is no amount with significant change in carrying amount during the year.

30. Employee benefits payable

(1) Presentation of employee benefits payable

Item	1 January 2025	Additions	Reductions	31 December 2025
I. Short-term employee benefits	351,107,153.76	1,076,662,060.88	1,070,226,577.04	357,542,637.60
II. Post-employment benefits - defined contribution plans	7,539,283.95	128,879,327.12	126,888,717.79	9,529,893.28
Total	358,646,437.71	1,205,541,388.00	1,197,115,294.83	367,072,530.88

RMB

(2) Presentation of short-term employee benefits

Item	1 January 2025	Additions	Reductions	31 December 2025
I. Wages and salaries, bonuses, allowances and subsidies	322,424,608.27	846,301,277.00	840,248,064.09	328,477,821.18
II. Staff welfare	7,344,192.83	102,087,030.00	102,059,650.92	7,371,571.91
III. Social security contributions	853,919.57	31,437,299.88	31,551,212.59	740,006.86
Including: Medical insurance	667,124.66	25,673,610.05	25,747,434.01	593,300.70
Work injury insurance	120,082.44	3,807,716.94	3,831,385.80	96,413.58
Maternity insurance	66,712.47	1,955,972.89	1,972,392.78	50,292.58
IV. Housing funds	1,793,476.87	68,941,976.00	68,784,508.63	1,950,944.24
V. Labor union funds and employee education funds	10,976,742.38	21,284,480.00	21,517,110.33	10,744,112.05
VI. Others	7,714,213.84	6,609,998.00	6,066,030.48	8,258,181.36
Total	351,107,153.76	1,076,662,060.88	1,070,226,577.04	357,542,637.60

RMB

(3) Presentation of defined contribution plans

Item	1 January 2025	Additions	Reductions	31 December 2025
1. Basic pensions	2,134,798.89	97,465,315.74	96,594,129.68	3,005,984.95
2. Unemployment insurance	106,739.95	3,844,633.38	3,883,021.03	68,352.30
3. Enterprise annuities	5,297,745.11	27,569,378.00	26,411,567.08	6,455,556.03
Total	7,539,283.95	128,879,327.12	126,888,717.79	9,529,893.28

RMB

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS -
continued**30. Employee benefits payable - continued**

The Group participates, as required, in the pension insurance and unemployment plan established by government institutions. According to such plans, the Group contributes monthly to such plans based on the regulations of the government institutions. Except for above monthly contributions, the Group does not assume further payment obligations. The related expenditures are either included in cost of related assets or charged to profit or loss for the period when they are incurred.

2025, the Group should contribute to the pension insurance and unemployment plans amounting to RMB 97,465,315.74 and RMB 3,844,633.38 (2024: RMB 81,547,061.43 and RMB 4,077,353.07), respectively. As at 31 December 2025, the Group has outstanding contributions to the pension insurance and unemployment plans that are due as at the reporting period amounting to RMB 3,005,984.95 and RMB 68,352.30 (31 December 2024: RMB 2,134,798.89 and RMB 106,739.95).

31. Taxes payable

Item	RMB	
	31 December 2025	31 December 2024
Enterprise income tax	195,725,030.87	156,532,567.91
VAT	117,710,310.03	165,987,502.89
Land appreciation tax	23,060,616.41	23,611,892.32
Property tax	5,978,807.06	2,279,679.64
City maintenance and construction tax	3,102,200.84	3,126,377.08
Educational surcharge	2,417,337.05	2,416,671.42
Others	4,082,096.39	3,566,165.43
Total	352,076,398.65	357,520,856.69

32. Other payables

32.1 Presentation of other payables

Item	RMB	
	31 December 2025	31 December 2024
Dividends payable	62,493,194.42	85,013,326.10
Other payables	1,196,109,975.85	1,083,986,965.13
Total	1,258,603,170.27	1,169,000,291.23

32.2 Dividends payable

Presentation by category

Item	RMB	
	31 December 2025	31 December 2024
Perpetual bond dividends classified as equity instruments	58,071,944.42	3,911,111.11
Including: Perpetual bond dividends	58,071,944.42	3,911,111.11
Dividends payable - Shareholders of KINGNICE	4,421,250.00	-
Dividends payable - Shareholders of Shenchang Company	-	80,360,000.00
Dividends payable - Shareholders of Sichuan Lansheng	-	742,214.99
Total	62,493,194.42	85,013,326.10

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FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

32. Other payables - continued

32.3 Other payables

(1) Presentation of other payables by nature

Item	31 December 2025	31 December 2024
Payables for Longli River Bridge project (Note)	250,393,047.48	-
Payables related to maintenance for roads	153,865,077.76	126,714,536.78
Accrued project expenditure and special administrative expenses	141,968,929.69	216,220,839.40
Payables to related parties (Note XI, 6(2))	137,110,662.77	182,907,034.91
Payables for tender and performance deposits and warranty deposits	133,389,341.00	135,098,350.66
Payables for mechanical and electrical costs	35,911,510.08	67,623,735.44
Project funds retained for construction management contracts	33,728,057.51	62,586,689.26
Payables for provincial toll station cancellation project	29,182,658.08	29,182,658.08
Receipts of liquidated damages for equity transfer of Guizhou Xinhe Lifu Real Estate Development Co., Ltd.	20,412,000.00	20,412,000.00
Payables for agent-construction of Coastal Expressway Phase II Project	19,378,599.38	19,378,599.38
Payables related to independent costs of agent-construction projects	10,915,545.35	10,915,545.35
Payables for equity acquisition	6,475,000.00	6,475,000.00
Payables for demolition of old stations	6,273,174.30	6,273,174.30
Payables for country road construction and management services in Hunan Province	3,041,574.14	3,041,574.14
Payables for subscription funds and down deposits for development property sales	2,043,000.00	3,293,000.00
Others	212,021,798.31	193,864,227.43
Total	1,196,109,975.85	1,083,986,965.13

Note: Guizhou Guishen Investment Development Company Limited ("Guishen Company"), a subsidiary of the Company, has received the receivables from Longli County Government of Guizhou Province for Longli River Bridge project, and the payment was deposited into a jointly-managed account established in the name of Guishen Company. Pursuant to the account supervision agreement, the funds may only be freely disposed of by Guishen Company upon fulfillment of the stipulated conditions.

32.3 Other payables

(2) Significant other payables aged over one year

As at 31 December 2025, the Group had no significant other payables aged over one year.

33. Non-current liabilities due within one year

Item	31 December 2025	31 December 2024
Long-term borrowings due within one year (Note V, 35)	1,501,604,093.38	2,393,570,384.34
Including: Credit borrowings	758,505,055.54	1,014,529,656.43
Pledged borrowings	476,509,265.89	514,358,945.10
Guaranteed borrowings	266,589,771.95	864,681,782.81
Bonds payable due within one year (Note V, 36)	4,866,416,188.12	134,874,566.81
Lease liabilities due within one year (Note V, 37)	15,044,198.34	15,807,598.80
Total	6,383,064,479.84	2,544,252,549.95

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

34. Other current liabilities

RMB

Item	31 December 2025	31 December 2024
Ultra-short-term financing bonds (Note)	1,517,142,451.70	3,016,271,998.43
Output tax to be transferred	35,552,458.99	37,105,032.72
Total	1,552,694,910.69	3,053,377,031.15

Note: RMB 1.5 billion of ultra-short-term financing bonds was issued by the Company on 15 April 2025 with an annual interest rate of 1.64% and a term of 270 days.

35. Long-term borrowings

(1) Categories of long-term borrowings

RMB

Item	31 December 2025	31 December 2024	Range of interest rate
Credit borrowings	5,366,647,595.05	7,561,118,531.05	2.29%-2.74%
Pledged borrowings	4,924,000,519.29	5,679,260,372.98	2.15%-3.41%
Guaranteed borrowings	1,428,670,000.00	2,233,619,257.84	2.20%-3.10%
Guaranteed and pledged borrowings	566,944,591.18	528,469,240.00	2.55%-3.45%
Guaranteed, mortgage and pledged borrowings	333,922,222.20	291,566,666.66	2.70%-3.10%
Accrued interest	8,634,236.44	11,809,650.02	
Total	12,628,819,164.16	16,305,843,718.55	
Less: Long-term borrowings due within one year (Note V, 33)	1,501,604,093.38	2,393,570,384.34	
Long-term borrowings due after one year	11,127,215,070.78	13,912,273,334.21	

36. Bonds payable

(1) Categories of bonds payable

RMB

Item	31 December 2025	31 December 2024
Long-term corporate bonds	10,107,248,624.37	7,801,114,988.35
Medium-term notes	4,052,713,639.84	2,527,982,642.74
Total	14,159,962,264.21	10,329,097,631.09
Less: Bonds payable due within one year (Note V, 33)	4,866,416,188.12	134,874,566.81
Bonds payable due after one year	9,293,546,076.09	10,194,223,064.28

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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

36. Bonds payable - continued

(2) Details of bonds payable

													RMB
Name of bonds	Par value	Coupon rate (%)	Date of issuance	Maturity	Issued amount	1 January 2025	Issue amount in the current year	Accrual of interest by par value	Discount and issue fee amortization	Effects of foreign currency translation	Payment amount in the current year	31 December 2025	Is it in breach of contract
Long-term corporate bonds	USD 300,000,000.00	1.75	8 July 2021	5 years	2,156,520,000.00	2,169,808,065.60	-	37,603,535.27	3,842,168.55	(47,880,000.00)	38,006,192.90	2,125,367,576.52	No
Long-term corporate bonds	1,500,000,000.00	3.18	20 January 2022	7 years	1,500,000,000.00	1,542,808,351.77	-	47,702,250.00	564,981.80	-	47,702,250.00	1,543,373,333.57	No
Long-term corporate bonds	1,000,000,000.00	3.35	23 July 2021	5 years	1,000,000,000.00	1,013,507,909.03	-	33,500,000.04	579,431.53	-	33,500,000.00	1,014,087,340.60	No
Long-term corporate bonds	550,000,000.00	2.88	17 October 2023	3 years	550,000,000.00	552,527,796.93	-	15,846,007.87	406,671.28	-	15,840,000.00	552,940,476.08	No
Long-term corporate bonds	550,000,000.00	2.25	27 May 2024	3 years	550,000,000.00	556,967,214.63	-	12,375,583.68	188,381.98	-	12,375,583.73	557,155,596.56	No
Long-term corporate bonds	950,000,000.00	2.70	27 May 2024	10 years	950,000,000.00	964,435,815.49	-	25,651,209.96	90,902.45	-	25,651,209.91	964,526,717.99	No
Long-term corporate bonds	1,000,000,000.00	2.20	2 December 2024	5 years	1,000,000,000.00	1,001,059,834.90	-	22,001,037.74	170,406.49	-	22,001,037.74	1,001,230,241.39	No
Long-term corporate bonds (Note 1)	2,300,000,000.00	2.29	12 March 2025	5 years	2,300,000,000.00	-	2,300,000,000.00	50,027,359.64	(1,460,017.98)	-	-	2,348,567,341.66	No
Medium-term notes	1,000,000,000.00	2.89	22 May 2023	3 years	1,000,000,000.00	1,017,041,088.83	-	28,910,474.49	336,497.75	-	28,900,954.24	1,017,387,106.83	No
Medium-term notes	1,000,000,000.00	3.05	4 September 2023	5 years	1,000,000,000.00	1,009,141,707.42	-	30,500,503.56	161,325.21	-	30,500,503.54	1,009,303,032.65	No
Medium-term notes	500,000,000.00	2.16	21 October 2024	3 years	500,000,000.00	501,799,846.49	-	10,800,178.32	113,332.86	-	10,800,178.30	501,913,179.37	No
Medium-term notes (Note 2)	1,000,000,000.00	1.70	8 January 2025	3 years	1,000,000,000.00	-	1,000,000,000.00	16,669,719.70	(606,845.98)	-	-	1,016,062,873.72	No
Medium-term notes (Note 2)	500,000,000.00	1.70	8 January 2025	3 years	500,000,000.00	-	500,000,000.00	8,334,859.85	(287,412.58)	-	-	508,047,447.27	No
Total						10,329,097,631.09	3,800,000,000.00	339,922,720.12	4,099,823.36	(47,880,000.00)	265,277,910.36	14,159,962,264.21	

Note 1: Corporate bonds

On 12 March 2025, the Company completed the issuance of "25 Shen Gao 01", and the actual issuance scale was RMB 2.3 billion. The bond was issued at the rate of 2.29%. The term of the bond is 5 years, and the interest-bearing term is from 12 March 2025 to 12 March 2030.

Note 2: Medium-term notes

(1) On 8 January 2025, the Company issued the first phase of 2025 medium-term notes of RMB 1,000,000,000.00, which bear a term of 3 years and interest at a rate of 1.70%, with an inception date of interest on 9 January 2025 and a payment date on 9 January 2028. (2) On 8 January 2025, the Company issued the second phase of 2025 medium-term notes of RMB 500,000,000.00, which bear a term of 3 years and interest at a rate of 1.70%, with an inception date of interest on 9 January 2025 and a payment date on 9 January 2028.

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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS -
continued

37. Lease liabilities

RMB

Item	31 December 2025	31 December 2024
Lease liabilities	29,564,087.22	31,703,802.65
Less: Lease liabilities included in non-current liabilities due within one year (Note V, 33)	15,044,198.34	15,807,598.80
Net amount	14,519,888.88	15,896,203.85

The analysis of the Group's lease liabilities based on the maturity period of the undiscounted remaining contractual obligations is as follows:

RMB

	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
31 December 2025	15,760,238.64	9,834,571.02	4,393,885.94	538,721.94	30,527,417.54
31 December 2024	16,613,623.72	12,547,223.39	3,742,849.56	47,619.05	32,951,315.72

38. Long-term payables

(1) Presentation of long-term payables by nature

RMB

Item	31 December 2025	31 December 2024
Borrowings from associates and joint ventures (Note XI, 6(2))	387,586,715.85	387,586,715.85
Total	387,586,715.85	387,586,715.85
Less: Long-term payables due within one year	-	-
Long-term payables due after one year	387,586,715.85	387,586,715.85

39. Long-term employee benefits payable

RMB

Item	31 December 2025	31 December 2024
Other long-term employee benefits (Note)	115,649,911.45	115,649,911.45

Note: Other long-term employee benefits are the Group's long-term incentive bonuses.

40. Provisions

RMB

Item	31 December 2025	31 December 2024
Cost of services in the future (Note 1)	163,481,827.30	144,424,808.03
Subsequent expenditure on kitchen waste disposal project (Note 2)	90,067,583.23	62,207,791.74
Pending litigation or arbitration	77,618,869.83	28,625,430.96
Product warranty deposits	1,641,043.92	6,785,851.15
Total	332,809,324.28	242,043,881.88

Note 1: It represents the estimated cost of services of toll roads in the future accrued by the Group according to relevant government documents.

Note 2: It represents the expenditure expected to be incurred by the Group to maintain a certain service capacity of the kitchen waste disposal assets it holds or to maintain a certain state of use of these assets before they are handed over to the contract grantor.

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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS -
continued

41. Deferred revenue

RMB

Item	1 January 2025	Additions	Reductions	Other changes	31 December 2025	Reason
Compensation for future operating expenses of newly-built stations on Nanguang Expressway and Yanpai Expressway	140,544,931.35	-	42,000,000.00	-	98,544,931.35	Compensation from the People's Government of Shenzhen Municipality for future operating expenses of newly-built stations on Nanguang Expressway and Yanpai Expressway
Compensation for future operating expenses of newly-built stations on the free section of Longda Expressway	89,665,931.77	-	32,736,016.80	-	56,929,914.97	Compensation from the People's Government of Shenzhen Municipality for future operating expenses of newly-built stations on Shenzhen Section of Longda Expressway
Compensation for operating expenses regarding the new ramp on the free section of Meiguan Expressway	29,430,883.96	-	13,080,392.64	-	16,350,491.32	Compensation from the People's Government of Shenzhen Municipality for adjustment of toll fees of Meiguan Expressway and future operating expenses of new ramps on Meiguan Expressway
Central subsidy funds for cancellation of the provincial expressway toll station project	12,331,159.62	-	6,232,553.55	-	6,098,606.07	The Ministry of Transport's cash subsidies for cancellation of the provincial expressway toll station project regarding the toll roads of the Company
Government economic grants for Bioland Company	21,851,557.88	5,432,950.13	2,247,305.22	-	25,037,202.79	Government grants for equipment received by Bioland Company
Government compensation for demolition	2,746,988.94	-	2,746,988.94	-	-	Government compensation for demolition received by Qinglong Company
Government financial grants for Guizhou Land	465,300.35	-	29,178.29	-	436,122.06	Government financial grants received by Guizhou Land from Guizhou Longli County Government
Government grants for safety and resilience enhancement project of Qinglian Expressway	-	44,100,000.00	17,183,320.43	-	26,916,679.57	Government grants received by Qinglian Company for safety and resilience enhancement project of Qinglian Expressway
Research funding for self-organizing operation technology project of autonomous road traffic systems	-	550,499.22	-	-	550,499.22	Research funding received for a key national R&D project in collaboration with other parties
Research project funding for organic waste-related studies of Lisai Environmental Protection	-	450,000.00	408,261.89	-	41,738.11	Research funding received by Lisai Environmental Protection for urban organic waste fuel technology
Total	297,036,753.87	50,533,449.35	116,664,017.76	-	230,906,185.46	

42. Equity

RMB

Item	1 January 2025	Changes for the year					31 December 2025
		New shares issued	Bonus issue	Transfer from reserve	Others	Sub-total	
Equity	2,180,770,326.00	357,085,801.00	-	-	-	357,085,801.00	2,537,856,127.00

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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

42. Equity - continued

Note: The Company issued 357,085,801 A shares at an issuance price of RMB 13.17 per share to specific investors, raising a total of RMB 4,702,819,999.17. After deducting issuance costs (excluding VAT) of RMB 23,583,484.46, the net proceeds from the issuance amounted to RMB 4,679,236,514.71, of which RMB 357,085,801.00 was included in equity and RMB 4,322,150,713.71 was included in capital reserve - share premium. The registration procedures for the newly issued shares were completed on 27 March 2025 with China Securities Depository and Clearing Corporation Limited Shanghai Branch. As a result, the total equity issued by the Company increased from 2,180,770,326 shares to 2,537,856,127 shares.

43. Other equity instruments

(1) As at 31 December 2025, the specific information of the Group's outstanding perpetual bonds is as follows:

RMB							
Item	Issue date	Accounting classification	Interest rate	Amount	Expiry day or renewal situation	Transfer conditions	General information of transfer
Perpetual corporate bonds – 25 Shen Gao Y1	16 April 2025	Other equity instruments	2.05%	1,000,000,000.00	3+N years	Nil	Nil
Perpetual corporate bonds – 25 Shen Gao Y2	16 April 2025	Other equity instruments	2.20%	1,000,000,000.00	5+N years	Nil	Nil
Perpetual corporate bonds – 25 Shen Gao Y3	13 May 2025	Other equity instruments	2.05%	1,000,000,000.00	3+N years	Nil	Nil
Perpetual corporate bonds – 25 Shen Gao Y4	13 May 2025	Other equity instruments	2.18%	1,000,000,000.00	5+N years	Nil	Nil

(2) Changes in the Group's outstanding perpetual bonds are as follows:

RMB				
Item	1 January 2025	Additions	Reductions	31 December 2025
Perpetual bonds	4,000,000,000.00	4,000,000,000.00	4,000,000,000.00	4,000,000,000.00

Note: In the current year, the Company has early redeemed the perpetual bonds which were originally issued on 4 December 2020 amounting to RMB 4,000,000,000.00, and paid the principal and interest in full on 21 April 2025. On 16 April 2025 and 13 May 2025, the Company publicly issued perpetual corporate bonds totaling RMB 4,000,000,000.00 to professional investors, which were included in other equity instruments. The issuance costs of RMB 3,858,490.57 were offset against capital reserve - share premium.

44. Capital reserve

RMB				
Item	1 January 2025	Additions	Reductions	31 December 2025
Share premium	4,108,309,089.42	4,322,150,713.71	9,728,242.73	8,420,731,560.40
Including: Contributions from investors (Note 1)	1,444,510,961.24	4,322,150,713.71	3,858,490.57	5,762,803,184.38
Business combination involving entities under common control	2,759,887,122.51	-	-	2,759,887,122.51
Acquisition of minority interests in subsidiaries (Note 2)	(95,077,473.00)	-	5,869,752.16	(100,947,225.16)
Capital injection in the investee	(1,011,521.33)	-	-	(1,011,521.33)
Other capital reserve (Note 3)	283,885,330.73	1,789,285.75	23,407,170.54	262,267,445.94
Total	4,392,194,420.15	4,323,939,999.46	33,135,413.27	8,682,999,006.34

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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

44. Capital reserve - conitnued

Note 1: The reasons for the increase in capital reserve - share premium for the year are set out in Note V, 42, and the reasons for the decrease are set out in Note V, 43.

Note 2: Refer to Note VII, 2(2).

Note 3: The Group decreased the capital reserve by RMB 21,617,884.79 in proportion to its shareholdings based on the change in capital reserve of joint ventures and associates held.

45. Other comprehensive income

RMB

Item	1 January 2025	Amount incurred in the current year					31 December 2025
		Pre-tax amount incurred during the year	Less: Amount included in other comprehensive income in the previous period and transferred to profit or loss in the current year	Less: Income tax expenses	Amount attributable to the Company, net of tax	Amount attributable to minority shareholders, net of tax	
I. Other comprehensive income that may not be reclassified to profit or loss	-	-	-	-	-	-	-
Including: Changes from remeasurement of defined benefit plans	-	-	-	-	-	-	-
II. Other comprehensive income that may be reclassified to profit or loss	(762,550,544.98)	68,614,264.48	-	-	46,794,230.47	21,820,034.01	(715,756,314.51)
Including: Appreciation of initial equity interest upon business combination	893,132,218.74	-	-	-	-	-	893,132,218.74
Other comprehensive income that will be reclassified to profit or loss under the equity method (Note V,13)	19,307,307.90	231,734.94	-	-	231,734.94	-	19,539,042.84
Translation differences of financial statements denominated in foreign currencies	(1,675,396,251.62)	68,382,529.54	-	-	46,562,495.53	21,820,034.01	(1,628,833,756.09)
Others	406,180.00	-	-	-	-	-	406,180.00
Total other comprehensive income	(762,550,544.98)	68,614,264.48	-	-	46,794,230.47	21,820,034.01	(715,756,314.51)

46. Surplus reserve

RMB

Item	1 January 2025	Additions	Reductions	31 December 2025
Statutory surplus reserve	3,053,534,629.12	130,291,842.90	-	3,183,826,472.02
Discretionary surplus reserve	453,391,330.06	260,583,685.86	-	713,975,015.92
Total	3,506,925,959.18	390,875,528.76	-	3,897,801,487.94

In accordance with the *Company Law of the People's Republic of China*, the Company's Articles of Association and the resolution of the Shareholders' Meeting, the Company should appropriate 10% of the net profit for the year to the statutory surplus reserve, where the appropriation can be ceased when the statutory surplus reserve reaches 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase capital after approval from the appropriate authorities. The Company has appropriated statutory surplus reserve of RMB 130,291,842.90 for the year ended 31 December 2025 (for the year ended 31 December 2024: RMB 288,734,726.30).

The amount of the Company's discretionary surplus reserve shall be proposed by the Board of Directors and subject to the approval at the Shareholders' Meeting. The discretionary surplus reserve can be used to make up for previous years' loss or increase capital upon approval. The Company has appropriated discretionary surplus reserve of RMB 260,583,685.86 for the year ended 31 December 2025 (for the year ended 31 December 2024: nil).

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS -
continued

47. Undistributed profits

RMB

Item	2025	2024
Balance of undistributed profits at the end of the prior year before adjustment	8,586,181,562.92	9,112,002,127.97
Opening balance of undistributed profits after adjustment	8,586,181,562.92	9,112,002,127.97
Add: Net profit attributable to shareholders of the Company in the current year	1,149,351,721.66	1,145,048,951.69
Less: Appropriation of statutory surplus reserve	130,291,842.90	288,734,726.30
Appropriation of discretionary surplus reserve	260,583,685.86	-
Ordinary share dividends payable (Note)	619,236,894.99	1,199,423,679.30
Dividends paid to other equity instruments	97,183,055.53	182,711,111.14
Closing balance of undistributed profits	8,628,237,805.30	8,586,181,562.92

Note: According to the resolution of the General Meeting of Shareholders on 30 June 2025, the Company distributed 2024 cash dividends to all shareholders at RMB 0.244 per share. Based on the 2,537,856,127 shares issued, cash dividends amounting to RMB 619,236,894.99 were distributed in total, of which cash dividend of RMB 436,846,894.99 was distributed for 1,790,356,127 A shares issued, and cash dividend of HKD 199,797,562.42 (equivalent to RMB 182,390,000.00) was distributed for 747,500,000 H shares issued. As of 31 December 2025, the above dividends have been paid.

48. Operating income and cost of services

(1) Details of operating income and cost of services

RMB

Item	2025		2024	
	Income	Cost	Income	Cost
Main business - Toll road	5,123,849,101.01	2,811,056,075.22	5,053,338,436.13	2,613,870,354.46
Main business - Environmental protection	1,517,716,278.51	1,266,745,590.89	1,409,037,680.12	1,223,216,827.79
-- Operation of kitchen waste disposal projects	779,900,747.02	716,524,725.98	693,831,504.98	642,905,652.48
-- Wind power	544,286,877.08	295,018,656.12	549,084,939.88	305,224,047.53
-- Construction of kitchen waste disposal projects	32,956,385.30	55,681,897.34	(17,866,851.46)	31,388,550.11
-- Sales of kitchen waste disposal equipment	5,736,872.61	10,630,537.65	7,597,766.38	17,514,281.72
-- Others	154,835,396.50	188,889,773.80	176,390,320.34	226,184,295.95
Other services	2,622,915,161.51	2,379,192,897.43	2,783,315,371.02	2,487,311,732.34
-- Construction service under franchise arrangements	1,995,659,267.27	1,880,535,842.70	1,963,891,183.09	1,792,554,506.56
-- Entrusted construction and management services	308,811,229.07	279,961,373.40	444,044,057.27	405,522,216.35
-- Financial leasing	59,281,018.26	50,796,725.33	68,593,236.63	51,014,641.47
-- Real estate development	46,307,169.02	37,624,579.69	29,261,504.63	21,413,011.25
-- Advertising	911,344.22	3,820,211.08	3,445,935.30	4,789,087.12
-- Others	211,945,133.67	126,454,165.23	274,079,454.10	212,018,269.59
Total	9,264,480,541.03	6,456,994,563.54	9,245,691,487.27	6,324,398,914.59

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

48. Operating income and cost of services - continued

(2) Breakdown of operating income

2025

RMB

Reporting segment	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Main operating areas							
Guangdong Province	4,872,194,528.00	370,298,430.73	247,892,668.92	59,281,018.26	1,956,600,594.06	204,003,035.67	7,710,270,275.64
Hunan Province	251,654,573.01	35,621,495.17	60,306,555.57	-	-	4,386,147.58	351,968,771.33
Guizhou Province	-	99,051,361.20	612,004.58	-	3,913,836.85	47,257,663.03	150,834,865.66
Hubei Province	-	12,294,590.06	-	-	313,016.54	-	12,607,606.60
Jiangsu Province	-	81,701,904.81	-	-	(1,074,526.51)	5,734.51	80,633,112.81
Inner Mongolia Autonomous Region	-	245,519,826.37	-	-	-	12,318.58	245,532,144.95
Guangxi Zhuang Autonomous Region	-	120,879,936.50	-	-	7,615,231.55	415,148.66	128,910,316.71
Shandong Province	-	41,172,044.84	-	-	(27,839.36)	2,922,279.75	44,066,485.23
Zhejiang Province	-	30,843,496.58	-	-	-	14,159.29	30,857,655.87
Sichuan Province	-	44,500,300.83	-	-	203,940.41	4,601.77	44,708,843.01
Jiangxi Province	-	80,492,613.25	-	-	9,633,770.80	142,558.07	90,268,942.12
Hebei Province	-	18,415,200.45	-	-	17,896,408.40	-	36,311,608.85
Xinjiang Uygur Autonomous Region	-	290,222,895.34	-	-	-	-	290,222,895.34
Henan Province	-	20,861,354.52	-	-	-	-	20,861,354.52
Ningxia Hui Autonomous Region	-	18,992,133.73	-	-	-	-	18,992,133.73
Anhui Province	-	6,848,694.13	-	-	584,834.53	-	7,433,528.66
Total	5,123,849,101.01	1,517,716,278.51	308,811,229.07	59,281,018.26	1,995,659,267.27	259,163,646.91	9,264,480,541.03
Main service categories	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Timing of revenue recognition							
Revenue recognized at a point in time	5,123,849,101.01	1,484,759,893.21	-		-	128,511,859.32	6,737,120,853.54
Revenue recognized over time	-	32,956,385.30	308,811,229.07		1,995,659,267.27	129,740,443.37	2,467,167,325.01
Total	5,123,849,101.01	1,517,716,278.51	308,811,229.07		1,995,659,267.27	258,252,302.69	9,204,288,178.55

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

48. Operating income and cost of services - continued

(2) Breakdown of operating income - continued

2024

RMB

Reporting segment	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Main operating areas							
Guangdong Province	4,705,253,255.15	354,624,695.71	355,318,553.08	68,593,236.63	1,933,078,452.58	267,760,035.63	7,684,628,228.78
Hunan Province	348,085,180.98	37,596,818.05	36,002,339.52	-	-	8,924,383.44	430,608,721.99
Guizhou Province	-	99,265,537.49	52,723,164.67	-	2,944,043.48	29,265,523.46	184,198,269.10
Hubei Province	-	12,150,215.20	-	-	-	-	12,150,215.20
Jiangsu Province	-	31,675,319.58	-	-	931,013.26	23,531.70	32,629,864.54
Inner Mongolia Autonomous Region	-	228,805,887.17	-	-	516,938.94	-	229,322,826.11
Guangxi Zhuang Autonomous Region	-	111,918,520.16	-	-	13,222,391.46	591,246.16	125,732,157.78
Shandong Province	-	41,055,990.16	-	-	998,619.10	62,330.97	42,116,940.23
Zhejiang Province	-	28,299,020.70	-	-	2,324,135.42	-	30,623,156.12
Sichuan Province	-	25,209,866.96	-	-	4,540,230.81	-	29,750,097.77
Jiangxi Province	-	64,932,786.54	-	-	423,343.62	158,200.19	65,514,330.35
Hebei Province	-	17,167,339.10	-	-	249,238.15	-	17,416,577.25
Xinjiang Uygur Autonomous Region	-	296,812,199.83	-	-	-	-	296,812,199.83
Henan Province	-	23,729,417.83	-	-	-	-	23,729,417.83
Ningxia Hui Autonomous Region	-	27,435,324.09	-	-	-	-	27,435,324.09
Anhui Province	-	8,358,741.55	-	-	4,662,776.27	1,642.48	13,023,160.30
Total	5,053,338,436.13	1,409,037,680.12	444,044,057.27	68,593,236.63	1,963,891,183.09	306,786,894.03	9,245,691,487.27
Main service categories	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Timing of revenue recognition							
Revenue recognized at a point in time	5,053,338,436.13	1,426,904,531.58	-		-	162,066,541.00	6,642,309,508.71
Revenue recognized over time	-	(17,866,851.46)	444,044,057.27		1,963,891,183.09	141,274,417.73	2,531,342,806.63
Total	5,053,338,436.13	1,409,037,680.12	444,044,057.27		1,963,891,183.09	303,340,958.73	9,173,652,315.34

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
- continued

48. Operating income and cost of services - continued

(3) Breakdown of cost of services

2025

RMB

Reporting segment	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Main operating areas							
Guangdong Province	2,709,676,195.82	431,920,450.29	220,575,662.76	50,796,725.33	1,841,477,169.49	128,871,459.16	5,383,317,662.85
Hunan Province	101,379,879.40	29,420,657.61	56,424,315.42	-	-	-	187,224,852.43
Guizhou Province	-	98,209,620.67	2,961,395.22	-	3,913,836.85	37,624,579.69	142,709,432.43
Hubei Province	-	13,780,683.68	-	-	313,016.54	-	14,093,700.22
Jiangsu Province	-	48,148,250.39	-	-	(1,074,526.51)	-	47,073,723.88
Inner Mongolia Autonomous Region	-	134,346,592.99	-	-	-	-	134,346,592.99
Guangxi Zhuang Autonomous Region	-	130,714,625.01	-	-	7,615,231.55	151,754.06	138,481,610.62
Shandong Province	-	37,363,024.27	-	-	(27,839.36)	1,150,544.33	38,485,729.24
Zhejiang Province	-	43,115,500.76	-	-	-	-	43,115,500.76
Sichuan Province	-	28,339,738.58	-	-	203,940.41	-	28,543,678.99
Jiangxi Province	-	63,271,938.63	-	-	9,633,770.80	100,618.76	73,006,328.19
Hebei Province	-	23,710,902.35	-	-	17,896,408.40	-	41,607,310.75
Xinjiang Uygur Autonomous Region	-	131,237,408.34	-	-	-	-	131,237,408.34
Henan Province	-	16,534,606.78	-	-	-	-	16,534,606.78
Ningxia Hui Autonomous Region	-	22,741,113.36	-	-	-	-	22,741,113.36
Anhui Province	-	13,890,477.18	-	-	584,834.53	-	14,475,311.71
Total	2,811,056,075.22	1,266,745,590.89	279,961,373.40	50,796,725.33	1,880,535,842.70	167,898,956.00	6,456,994,563.54
Main service categories	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Timing of cost recognition							
Cost recognized at a point in time	2,811,056,075.22	1,211,063,693.55	-		-	120,482,972.46	4,142,602,741.23
Cost recognized over time	-	55,681,897.34	279,961,373.40		1,880,535,842.70	43,595,772.46	2,259,774,885.90
Total	2,811,056,075.22	1,266,745,590.89	279,961,373.40		1,880,535,842.70	164,078,744.92	6,402,377,627.13

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
- continued

48. Operating income and cost of services - continued

(3) Breakdown of cost of services - continued

2024

RMB

Reporting segment	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Main operating areas							
Guangdong Province	2,456,168,461.67	400,105,206.64	326,001,995.72	51,014,641.47	1,761,741,776.05	216,424,792.53	5,211,456,874.08
Hunan Province	157,701,892.79	23,720,196.93	35,384,360.84	-	-	-	216,806,450.56
Guizhou Province	-	79,203,606.87	44,135,859.79	-	2,944,043.48	21,413,011.25	147,696,521.39
Hubei Province	-	14,252,569.24	-	-	-	-	14,252,569.24
Jiangsu Province	-	55,495,351.03	-	-	931,013.26	-	56,426,364.29
Inner Mongolia Autonomous Region	-	140,485,008.32	-	-	516,938.94	-	141,001,947.26
Guangxi Zhuang Autonomous Region	-	119,989,633.61	-	-	13,222,391.46	247,251.88	133,459,276.95
Shandong Province	-	51,386,693.17	-	-	998,619.10	-	52,385,312.27
Zhejiang Province	-	34,617,468.66	-	-	2,324,135.42	-	36,941,604.08
Sichuan Province	-	30,298,135.58	-	-	4,540,230.81	-	34,838,366.39
Jiangxi Province	-	71,517,446.06	-	-	423,343.62	135,312.30	72,076,101.98
Hebei Province	-	21,865,339.16	-	-	249,238.15	-	22,114,577.31
Xinjiang Uygur Autonomous Region	-	131,022,909.11	-	-	-	-	131,022,909.11
Henan Province	-	13,687,228.06	-	-	-	-	13,687,228.06
Ningxia Hui Autonomous Region	-	22,643,648.97	-	-	-	-	22,643,648.97
Anhui Province	-	12,926,386.38	-	-	4,662,776.27	-	17,589,162.65
Total	2,613,870,354.46	1,223,216,827.79	405,522,216.35	51,014,641.47	1,792,554,506.56	238,220,367.96	6,324,398,914.59
Main service categories	Toll road	Environmental protection	Entrusted construction and management services	Financial leasing service	Construction service under franchise arrangements	Others	Total
Timing of cost recognition							
Cost recognized at a point in time	2,613,870,354.46	1,191,828,277.68	-		-	173,361,274.14	3,979,059,906.28
Cost recognized over time	-	31,388,550.11	405,522,216.35		1,792,554,506.56	60,070,006.70	2,289,535,279.72
Total	2,613,870,354.46	1,223,216,827.79	405,522,216.35		1,792,554,506.56	233,431,280.84	6,268,595,186.00

(4) Descriptions on performance obligations

The main businesses of the Group are toll highways, environmental protection, etc. Please refer to Note III, 30 for details.

There is no significant financing component in the revenue contract of the Group.

(5) Descriptions on allocation to remaining performance obligations

At the end of the year, the amount of contract liabilities corresponding to the performance obligations for which the Group has entered into a contract but which has not been fulfilled or completely fulfilled was RMB 54,544,169.64, and the revenue will be recognized when the customer obtains control of the product.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS -
continued

49. Taxes and surcharges

RMB

Item	2025	2024
Property tax	31,105,409.17	24,678,591.03
City maintenance and construction tax	13,252,622.16	15,387,455.53
Educational surcharge	9,880,089.43	11,315,104.98
Land use tax	4,806,178.52	3,840,183.99
Stamp tax	2,548,580.16	2,407,138.95
Others	539,884.55	626,603.01
Total	62,132,763.99	58,255,077.49

50. Selling expenses

RMB

Item	2025	2024
Salaries and wages	5,898,097.38	7,203,586.47
Advertising expenses and business promotion expenses	1,133,303.41	1,592,644.44
Travel fees	531,403.69	809,938.54
Depreciation and amortization	72,249.69	339,094.18
Others	1,542,462.89	2,750,355.69
Total	9,177,517.06	12,695,619.32

51. General and administrative expenses

RMB

Item	2025	2024
Salaries and wages	271,883,403.62	254,952,672.57
Depreciation and amortization	86,055,524.52	115,529,850.69
Legal and advisory fees	20,610,149.52	18,678,087.66
Office building management fees	12,994,120.41	13,115,852.46
Office and communication charges	11,112,941.01	11,658,500.22
Audit fees	9,259,138.08	12,456,775.80
Stock exchange fees	5,543,451.01	4,692,792.22
Travel fees	2,356,008.83	3,626,658.39
Vehicle fees	1,557,643.05	2,324,955.39
Business entertainment fees	1,293,754.20	2,885,960.62
Others	13,630,120.15	20,141,794.94
Total	436,296,254.40	460,063,900.96

52. Research and development expenses

RMB

Item	2025	2024
Labor cost	29,041,304.56	16,680,973.25
Direct consumables	3,254,746.29	9,071,567.26
Depreciation and amortization	1,994,142.70	2,652,362.32
Technical service fee	495,592.46	714,396.18
Others	9,909,264.19	3,811,299.53
Total	44,695,050.20	32,930,598.54

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

52. Research and development expenses - continued

The research and development expenses include costs of materials and labor, depreciation and amortization of R&D machines used in the development of patents. The research and development expenses in this year mainly include the expenses on research and development of green recycling technology for waste batteries of Qiantai Company, the expenses on research and development of various environmental protection devices & systems and process technologies of Lisai Environmental Protection, and the expenses on research and development of digital operation & maintenance and intelligent control systems for expressways of Shenzhen Expressway Operation Development Co., Ltd. ("Operation Development Company").

53. Financial expenses

Item	2025	2024
Interest expenses	859,367,046.63	1,069,759,700.56
Including: Interest expenses on borrowings	448,858,525.12	745,592,322.87
Interest expenses on bonds payable	374,315,046.57	282,824,132.66
Unrecognized financing expenses for compensation related to newly-built toll stations on Longda Expressway and Three Expressways	17,139,419.28	22,229,625.48
Interest expenses on provisions	17,743,769.05	11,306,137.43
Interest expenses on long-term payables	-	4,042,899.98
Interest expenses on lease liabilities	1,310,286.61	3,436,415.47
Interest expenses on notes discounting	-	328,166.67
Less: Interest income	72,337,810.21	75,209,516.16
Less: Interest capitalized	(977,577.98)	9,547,541.77
Including: Interest expenses capitalized	-	9,943,147.55
Interest income capitalized	977,577.98	395,605.78
Exchange (gains) losses	(53,256,328.58)	46,177,327.52
Others	7,840,335.41	7,059,462.60
Total	742,590,821.23	1,038,239,432.75

In 2025, the Group had no capitalized borrowing costs.

Details of interest income are listed as follows:

Item	2025	2024
Interest income recognized for compensation related to toll exemptions	32,037,828.30	42,833,128.19
Interest on deposits	40,299,981.91	32,376,387.97
Less: Interest income capitalized	977,577.98	395,605.78
Total	71,360,232.23	74,813,910.38

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

54. Other income

RMB

Categories by nature	2025	2024
VAT immediate refund upon payment	16,027,595.81	9,075,397.45
Government financial grants for Shenchang Company	9,706,300.00	4,788,000.00
Central government subsidy for cancellation of provincial expressway toll station project	6,232,553.55	6,232,553.55
Government grants for safety and resilience enhancement project of Qinglian Expressway	17,183,320.43	-
Government economic grants for Bioland Company	2,247,305.22	1,005,081.07
Tax refund and additional deduction of VAT	2,023,003.21	1,502,697.84
Government financial grants for Guizhou Land	29,178.29	11,060.95
Others	5,097,631.20	843,253.38
Total	58,546,887.71	23,458,044.24

55. Investment income

RMB

Item	2025	2024
Income from long-term equity investments under the equity method (Note V, 13)	737,146,614.81	851,136,509.69
Investment income from other non-current financial assets during the holding period	13,031,972.04	19,344,469.45
Investment income from financial products	13,881,881.25	5,308,906.85
Investment (loss) income from disposal of long-term equity investments	(1,535,393.96)	149,336,186.05
Total	762,525,074.14	1,025,126,072.04

56. Gains from changes in fair value

RMB

Item	2025	2024
Financial assets or liabilities at FVTPL	94,015,371.64	2,641,777.05
Including: Other non-current financial assets (Note V, 14)	139,320,357.57	75,842,081.18
Structured deposits	36,160,698.67	-
Compensation for valuation adjustment mechanism	(2,562,322.87)	(14,493,468.61)
Obligation to pay the difference	(78,903,361.73)	(58,706,835.52)
Total	94,015,371.64	2,641,777.05

57. Credit impairment gains (losses)

RMB

Item	2025	2024
Impairment losses of accounts receivable (Note V, 4(3))	(43,537,737.68)	(93,961,429.90)
Impairment losses of other receivables (Note V, 6.3(4))	(2,771,363.03)	(86,671,159.08)
Impairment losses of long-term receivables (Note V, 12(3))	(37,599,915.24)	(19,139,700.10)
Total	(83,909,015.95)	(199,772,289.08)

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

58. Gains (losses) on impairment of assets

RMB

Item	2025	2024
Impairment losses of goodwill (Note V, 20(2))	(202,893,131.20)	-
Impairment losses of long-term equity investments (Note V, 13(2))	(171,000,000.00)	-
Impairment losses of intangible assets (Note V, 19(1))	(122,608,799.60)	(165,462,267.39)
Losses on decline in value of inventories (Note V, 7(2))	(95,430,297.75)	(164,472,457.22)
Impairment losses of contract assets (Note V, 8(4))	(61,106,579.23)	
Impairment losses of fixed assets (Note V, 16(1))	(8,672,566.37)	(42,373,470.19)
Impairment losses of construction in progress	-	(11,966,069.00)
Total	(661,711,374.15)	(384,274,263.80)

59. Non-operating income

RMB

Item	2025	2024	Amount recognized in non-recurring profit or loss for the period
Government grants not related to daily activities	119,251.85	172,620.11	119,251.85
Others	26,920,484.45	11,018,593.51	26,920,484.45
Total	27,039,736.30	11,191,213.62	27,039,736.30

(1) Government grants not related to daily activities are as follows:

RMB

Item	2025	2024	Related to assets / income
Government incentives	119,251.85	172,620.11	Related to income

60. Non-operating expenses

RMB

Item	2025	2024	Amount recognized in non-recurring profit or loss for the period
Provision for liquidated damages and compensation by subsidiaries	59,622,770.66	32,660,790.18	59,622,770.66
Donations	3,220,736.46	-	3,220,736.46
Losses on damage or retirement of non-current assets	331,493.20	409,292.82	331,493.20
Others	2,075,809.38	14,811,715.18	2,075,809.38
Total	65,250,809.70	47,881,798.18	65,250,809.70

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS -
continued

61. Income tax expenses

(1) Classification of income tax expenses

Item	2025	2024
Current tax expenses	487,224,057.89	503,616,461.88
Deferred tax expenses	(25,985,775.60)	36,597,014.38
Total	461,238,282.29	540,213,476.26

RMB

(2) Reconciliation of income tax expenses to the accounting profit is as follows

Item	2025	2024
Total profit	1,646,883,407.03	1,758,426,412.29
Income tax expenses calculated at the statutory/applicable tax rate	411,720,851.76	439,606,603.07
Effect of different tax rates applicable to certain subsidiaries	(112,777,516.94)	(80,785,564.64)
Effect of income not subject to tax	(217,390,067.20)	(196,922,224.82)
Effect of deductible temporary differences or deductible losses for which deferred tax assets are not recognized for the year	343,058,006.11	364,897,516.90
Effect of adjusting income tax of the previous year	35,297,403.88	22,955,284.85
Effect of costs, expenses and losses not deductible	14,918,877.16	1,027,395.02
Effect of using previously unrecognized deductible losses and deductible temporary differences	(13,589,272.48)	(10,565,534.12)
Income tax expenses	461,238,282.29	540,213,476.26

RMB

62. Items in the statement of cash flows

(1) Cash relating to operating activities

Other cash received relating to operating activities

Item	2025	2024
Refund of advance payment for purchases received	127,489,049.80	-
Project advances received	100,000,000.00	-
Government grants received	71,822,339.76	8,719,583.50
Security deposits received and recovered	65,112,460.56	71,182,607.84
Interest income	32,056,113.77	17,381,912.85
Funds temporarily received	8,803,447.98	23,734,543.93
Others	50,311,983.09	72,506,083.66
Total	455,595,394.96	193,524,731.78

RMB

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

- continued

62. Items in the statement of cash flows - continued

(1) Cash relating to operating activities - continued

Other cash payments relating to operating activities

RMB

Item	2025	2024
Expenditures	118,443,481.29	65,360,467.24
Security deposits paid and refunded	60,916,418.16	122,680,531.75
Intermediary service fee	37,374,951.17	30,311,536.87
Withholding payments paid	30,868,207.52	8,741,461.04
Project funds paid	17,713,684.04	57,354,061.54
Others	91,972,355.42	192,482,182.71
Total	357,289,097.60	476,930,241.15

(2) Cash relating to investing activities

Cash received relating to significant investing activities

RMB

Item	2025	2024
Structured deposits and certificates of time deposits recovered during the year	3,537,217,038.05	1,673,209,794.52
Equity transfer fund for Hunan Yichang Expressway Development Co., Ltd.	-	1,397,449,490.52
Cash dividend distributions from the investee received	693,618,650.86	626,740,222.80
Total	4,230,835,688.91	3,697,399,507.84

Cash payments relating to significant investing activities

RMB

Item	2025	2024
Increase in structured deposits and certificates of time deposits for the year	6,020,000,000.00	1,510,000,000.00
Capital expenditures on Airport-Heao Expressway reconstruction and expansion project	1,469,525,512.16	1,464,024,740.96
Capital expenditures on Outer Ring projects	1,383,200,069.75	706,042,016.10
Increase in long-term equity investments	4,912,500.00	819,000,000.00
Capital expenditures on Coastal Expressway Phase II project	6,378,974.18	503,170,853.92
Total	8,884,017,056.09	5,002,237,610.98

Other cash received relating to investing activities

RMB

Item	2025	2024
Recovery of advances for shareholders	-	450,000,000.00
Interest income	9,358,751.44	6,564,515.41
Net cash payments for acquisitions of subsidiaries and other business units	-	5,438,304.51
Others	4,500,095.00	1,449.98
Total	13,858,846.44	462,004,269.90

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
- continued

62. Items in the statement of cash flows - continued

(2) Cash relating to investing activities - continued

Other cash payments relating to investing activities

RMB

Item	2025	2024
Payment for difference make-up obligation	-	13,113,423.39
Others	11,824,993.72	-
Total	11,824,993.72	13,113,423.39

(3) Cash relating to financing activities

Other cash received relating to financing activities

RMB

Item	2025	2024
Funds on discounted bills received	-	19,671,833.33
Security deposits for loans	-	13,602.74
Total	-	19,685,436.07

Other cash payments relating to financing activities

RMB

Item	2025	2024
Repayment of principal of perpetual bonds	4,000,000,000.00	-
Brokerage fees and taxes on private placement of A-shares	23,061,287.45	-
Repayment of principal and interest on lease liabilities	21,691,308.09	19,985,501.03
Payment of interest on USD bonds and withholding taxes on annual trust fees	6,694,199.01	6,630,075.95
Expenses for issuing perpetual bonds	3,850,000.00	-
Brokerage fees for issuing other bonds	3,698,609.89	3,864,463.33
Repayment of borrowings from United Land Company	-	437,010,000.00
Repayment of capital contributions from minority shareholders	-	30,409,109.58
Others	84,170.82	4,512,414.04
Total	4,059,079,575.26	502,411,563.93

Changes in liabilities arising from financing activities

RMB

Item	Opening balance	Additions in cash changes for the year	Reductions in cash changes for the year	Non-cash changes, net	Closing balance
Short-term borrowings	2,573,849,184.49	9,735,932,538.56	8,975,852,532.39	22,162,197.41	3,356,091,388.07
Other current liabilities - Ultra-short-term financing bonds	3,016,271,998.43	1,500,000,000.00	3,026,506,390.71	27,376,843.98	1,517,142,451.70
Long-term borrowings (including long-term borrowings due within one year)	16,305,843,718.55	1,547,611,635.22	5,582,753,492.80	358,117,303.19	12,628,819,164.16
Bonds payable (including bonds payable due within one year)	10,329,097,631.09	3,800,000,000.00	268,735,847.63	299,600,480.75	14,159,962,264.21
Lease liabilities (including lease liabilities due within one year)	31,703,802.65	-	21,691,308.09	19,551,592.66	29,564,087.22
Long-term payables (including long-term payables due within one year)	387,586,715.85	-	-	-	387,586,715.85
Dividends payable	85,013,326.10	-	1,101,305,224.08	1,078,785,092.40	62,493,194.42

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

- continued

63. Supplementary information to the statement of cash flows

(1) Supplementary information to the statement of cash flows

RMB

Supplementary information	2025	2024
1. Reconciliation from net profit to cash flows from operating activities:		
Net profit	1,185,645,124.74	1,218,212,936.03
Add: Credit impairment losses	83,909,015.95	199,772,289.08
Impairment losses of assets	661,711,374.15	384,274,263.80
Depreciation of fixed assets	564,159,606.84	504,360,350.08
Depreciation of right-of-use assets	17,500,679.65	27,686,009.07
Depreciation of investment properties	1,337,278.40	1,327,991.21
Amortization of intangible assets	1,881,556,352.38	1,763,428,989.72
Amortization of long-term prepaid expenses	9,171,472.11	13,591,227.08
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	(3,033,966.43)	(8,829,712.78)
Losses on damage and retirement of non-current assets	331,493.20	409,292.82
Losses (gains) on changes in fair value	(94,015,371.64)	(2,641,777.05)
Financial expenses	774,646,935.00	1,055,621,345.60
Investment losses (income)	(762,525,074.14)	(1,025,126,072.04)
Decrease (increase) in deferred tax assets	23,911,338.81	140,683,647.41
Increase (decrease) in deferred tax liabilities	(49,897,114.41)	(104,086,633.03)
Decrease (increase) in inventories	165,654,355.23	97,562,645.49
Decrease (increase) in operating receivables	394,313,880.06	(700,573,834.19)
Increase (decrease) in operating payables	(230,716,294.72)	151,633,512.84
Net cash flows from operating activities	4,623,661,085.18	3,717,306,471.14
2. Net changes in cash and cash equivalents:		
Cash and cash equivalents at the end of the year	4,745,083,905.55	2,670,493,652.96
Less: Cash and cash equivalents at the beginning of the year	2,670,493,652.96	1,955,220,227.32
Net increase (decrease) in cash and cash equivalents	2,074,590,252.59	715,273,425.64

(2) Composition of cash and cash equivalents

RMB

Item	31 December 2025	31 December 2024
I. Cash	4,745,083,905.55	2,670,493,652.96
Including: Cash on hand	5,755,304.72	6,291,155.12
Cash at banks that can be withdrawn on demand	4,739,328,600.83	2,664,202,497.84
II. Cash and cash equivalents at the end of the year	4,745,083,905.55	2,670,493,652.96
Add: Restricted cash and cash equivalents held by the Company and subsidiaries of the Group (Note V, 1)	407,072,375.92	238,088,357.47
Add: Interest on bank deposits	766,955.68	-
III. Cash at banks and on hand	5,152,923,237.15	2,908,582,010.43

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**NOTES TO THE FINANCIAL STATEMENTS
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V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS
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64. Monetary items denominated in foreign currencies

(1) Monetary items denominated in foreign currencies

Item	31 December 2025	Exchange rate	Equivalent to RMB
Cash at banks and on hand			
HKD	509,990,506.72	0.90	460,633,625.48
USD	133,777.37	7.03	940,294.38
EUR	12.00	8.24	98.83
FRF	11.70	8.85	103.56
ESP	446.00	0.05	20.88
JPY	379.94	0.04	17.02
Other receivables			
HKD	380,705.06	0.90	343,860.42
Short-term borrowings			
HKD	1,110,269,949.76	0.90	997,905,756.76
Transactional financial liabilities			
HKD	299,581,600.00	0.90	270,588,092.75
Employee benefits payable			
HKD	1,263,788.85	0.90	1,141,479.37
Other payables			
HKD	51,567.67	0.90	46,576.95
Non-current liabilities due within one year			
HKD	2,457,742.79	0.90	2,209,008.43
USD	302,522,916.59	7.03	2,126,373,076.13
Lease liabilities			
HKD	5,040,495.94	0.90	4,552,676.75

(2) Overseas operating entities

The significant overseas operating entities of the Group include Mei Wah Company, SIHICH and Bay Area Development, among which Mei Wah Company, an investment and financing company, chooses HKD as its functional currency. SIHICH is an investment company which chooses HKD as its functional currency, and its principal subsidiaries and joint ventures determine RMB as their functional currency on the basis of the primary economic environment in which they operate. Bay Area Development is an investment company whose investment entities have their principal operating activities in Chinese Mainland and choose RMB as their functional currency.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

- continued

65. Leases

(1) As a lessee

The Group has lease contracts for various items of buildings, vehicles, machinery and other equipment used in the operating process. The lease term for buildings, machinery and equipment is generally 1 to 9 years, while that for vehicles and other equipment is generally 1 to 3 years. The above right-of-use assets cannot be used as mortgages and guarantees for borrowings.

Short-term lease expenses or expenses on leases of low-value assets that are accounted for using simplified approach:

Short-term lease expenses and expenses on leases of low-value assets that are accounted for using simplified approach and included in profit or loss for the period amounted to RMB 33,516,684.88 (2024: RMB 42,272,692.74) and RMB nil (2024: RMB nil), respectively.

Total cash outflows relating to leases for the year amounted to RMB 55,207,992.97 (2024: RMB 62,258,193.77).

(2) As a lessor

Operating leases

Item	Lease income	RMB Including: Income related to variable lease payments that are not included in lease receipts
Parking spaces, workshops, staff dormitory buildings and others	14,878,916.35	-

The Group leases out some parking spaces, workshops, staff dormitory buildings and others for indefinite lease term and lease term of 1 to 9 years, forming operating leases.

Income related to operating leases for the year amounted to RMB 14,977,998.92 (2024: RMB 29,094,265.24), of which income related to variable lease payments that are not included in lease receipts was RMB nil (2024: RMB nil).

	RMB	
	31 December 2025	31 December 2024
1 st year subsequent to the balance sheet date	17,821,787.69	14,094,025.59
2 nd year subsequent to the balance sheet date	15,214,984.04	9,608,820.97
3 rd year subsequent to the balance sheet date	13,818,860.14	8,785,873.74
4 th year subsequent to the balance sheet date	6,508,606.14	7,236,723.18
5 th year subsequent to the balance sheet date	3,320,154.30	3,340,284.00
Subsequent years	9,435,794.34	12,581,059.12
Total undiscounted lease receipts	66,120,186.65	55,646,786.60

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

V. NOTES TO KEY ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

65. Leases - continued

(2) As a lessor - continued

Finance lease

RMB

Item	Gains/losses on sales	Financing income	Income related to variable lease payments that are not included in net lease investments
Direct leases	-	59,281,018.26	-

The Group, as a lessor, entered into lease contracts on fixed assets with customers, with lease term ranging from 2 to 13 years. The contracts do not contain options for renewal or termination.

Reconciliation of undiscounted lease receipts to net lease investments

RMB

	Undiscounted lease receipts	
	31 December 2025	31 December 2024
Total undiscounted lease receipts	1,472,213,365.22	1,621,885,091.11
Unguaranteed residual value	-	-
Total lease investments	1,472,213,365.22	1,621,885,091.11
Less: Unrealized financing income	289,211,094.60	362,338,166.42
Net lease investments	1,183,002,270.62	1,259,546,924.69
Including: Finance lease receivables due within one year	218,840,331.79	172,950,515.75
Finance lease receivables due after one year	964,161,938.83	1,086,596,408.94

Undiscounted lease receipts for the next five years

RMB

Item	Undiscounted lease receipts per year	
	31 December 2025	31 December 2024
The first year	266,726,840.14	231,655,335.50
The second year	223,267,184.91	241,195,347.92
The third year	188,068,915.55	205,023,342.61
The fourth year	168,321,806.33	176,242,669.37
The fifth year	156,655,413.92	157,638,095.67
Total undiscounted lease receipts after five years	469,173,204.37	610,130,300.04

Gains relating to finance lease are as follows:

RMB

	2025	2024
Financing income from net lease investments	59,281,018.26	68,593,236.63
Total	59,281,018.26	68,593,236.63

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

VI. CHANGES IN SCOPE OF CONSOLIDATION

1. Changes in scope of consolidation for other reasons

Deregistration of subsidiaries for the year

Harbin Nengchuang Fenglian New Energy Co., Ltd. and Shangzhi Nanfeng New Energy Technology Co., Ltd., subsidiaries of the Group, have been deregistered, the taxation and business deregistration procedures of which were completed on 3 March 2025 and 27 May 2025, respectively.

VII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the Group

Name of subsidiary	Place of main business	Place of registration	Nature of business	Registered capital (RMB, unless otherwise specified)	Shareholding proportion (%)		Acquired through
					Direct	Indirect	
Outer Ring Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Toll road operation	8,611,759,125.00	100.00	-	Incorporation
Expressway Investment	Guizhou Province, PRC	Shenzhen, Guangdong Province, PRC	Investment	1,000,000,000.00	100.00	-	Incorporation
Guishen Company	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Infrastructure construction	500,000,000.00	-	70.00	Incorporation
Guizhou Land Company	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	158,000,000.00	-	100.00	Incorporation
Property Management Company	Longli County, Guizhou Province, PRC	Shenzhen, Guangdong Province, PRC	Property management	1,000,000.00	-	100.00	Incorporation
Shenzhen Expressway Environment Co., Ltd. ("Environment Company")	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Environmental projects and advisory	6,550,000,000.00	100.00	-	Incorporation
JEL Company	Hubei Province, PRC	Cayman Islands	Investment holding	USD 30,000,000.00	-	100.00	Business combinations under common control
Hubei Magerk Expressway Management Co., Ltd.	Hubei Province, PRC	Hubei Province, PRC	Toll road operation	USD 200,000.00	-	100.00	Business combinations under common control
Qinglian Company	Qingyuan, Guangdong Province, PRC	Qingyuan, Guangdong Province, PRC	Toll road operation	3,361,000,000.00	51.37	25.00	Business combinations not under common control
Meiguan Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Toll road operation	332,400,000.00	100.00	-	Business combinations not under common control
Mei Wah Company	Hubei Province and Guangdong Province, PRC	Hong Kong, PRC	Investment holding	HKD 10,970,381,300.00	100.00	-	Business combinations not under common control
Maxprofit Company	Guangdong Province, PRC	British Virgin Islands	Investment holding	USD 85,360,000.00	-	100.00	Business combinations not under common control
Fameluxe Company	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD 10,000.00	-	100.00	Business combinations not under common control
Operation Development Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Toll road operation	60,000,000.00	98.70	1.30	Incorporation
Qinglong Company (Note 1)	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Toll road operation	324,000,000.00	40.00	10.00	Business combinations not under common control
Shenchang Company	Changsha, Hunan Province, PRC	Changsha, Hunan Province, PRC	Toll road operation	200,000,000.00	51.00	-	Business combinations not under common control
Shenzhen Expressway Construction and Development Co., Ltd. ("Construction and Development Company")	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Infrastructure construction	30,000,000.00	100.00	-	Incorporation
Shenzhen Expressway Infrastructure Environment Protection Development Co., Ltd. ("Infrastructure Environment Protection Development Company")	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Infrastructure and environment protection business	500,000,000.00	80.00	20.00	Incorporation
Shenzhen Express Private Equity Industry Investment Fund Management Co., Ltd. ("Fund Company")	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Capital market services	19,607,800.00	51.00	-	Incorporation
Coastal Expressway	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Toll road operation	5,714,285,714.00	49.00	51.00	Business combinations under common control

SHENZHEN EXPRESSWAY CORPORATION LIMITED

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VII. INTERESTS IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(1) Composition of the Group - continued

Name of subsidiary	Place of major business	Place of registration	Nature of business	Registered capital (RMB, unless otherwise specified)	Shareholding proportion (%)		Acquired through
					Direct	Indirect	
Guishen Expressway Investment	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	1,000,000.00	-	100.00	Incorporation
Shenzhen Expressway Yijia Apartment Management Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Apartment leases and management	10,000,000.00	-	60.00	Incorporation
Yefengrui Land	Longli County, Guizhou Province, PRC	Longli County, Guizhou Province, PRC	Land development	1,000,000.00	-	100.00	Incorporation
Nanjing Wind Power	Nanjing, Jiangsu Province, PRC	Nanjing, Jiangsu Province, PRC	Manufacturing	357,142,900.00	-	100.00	Business combinations not under common control
Baotou Jinling Wind Power Technology Co., Ltd.	Baotou, Inner Mongolia Autonomous Region, PRC	Baotou, Inner Mongolia Autonomous Region, PRC	Manufacturing	20,000,000.00	-	100.00	Business combinations not under common control
Baotou Nanfeng	Baotou, Inner Mongolia Autonomous Region, PRC	Baotou, Inner Mongolia Autonomous Region, PRC	Wind power	632,800,000.00	0.95	99.05	Business combinations not under common control
Baotou Lingxiang	Baotou, Inner Mongolia Autonomous Region, PRC	Baotou, Inner Mongolia Autonomous Region, PRC	Wind power	148,100,000.00	-	100.00	Business combinations not under common control
Nanchuan Wind Power	Baotou, Inner Mongolia Autonomous Region, PRC	Baotou, Inner Mongolia Autonomous Region, PRC	Wind power	128,200,000.00	-	100.00	Business combinations not under common control
Ningyuan Wind Power	Baotou, Inner Mongolia Autonomous Region, PRC	Baotou, Inner Mongolia Autonomous Region, PRC	Wind power	179,000,000.00	-	100.00	Business combinations not under common control
Ningxiang Wind Power	Baotou, Inner Mongolia Autonomous Region, PRC	Baotou, Inner Mongolia Autonomous Region, PRC	Wind power	129,500,000.00	-	100.00	Business combinations not under common control
Ningfeng Wind Power	Baotou, Inner Mongolia Autonomous Region, PRC	Baotou, Inner Mongolia Autonomous Region, PRC	Wind power	126,000,000.00	-	100.00	Business combinations not under common control
Bioland Company (Note 2)	Shenzhen, Guangdong Province, PRC	Zhengzhou, Henan Province, PRC	Environment and facility services	505,439,108.00	-	92.73	Business combinations not under common control
Guangxi Bioland	Nanning, Guangxi Zhuang Autonomous Region, PRC	Nanning, Guangxi Zhuang Autonomous Region, PRC	Kitchen waste disposal	123,000,000.00	-	100.00	Business combinations not under common control
Dezhou Bioland Renewable Resources Co., Ltd.	Dezhou, Shandong Province, PRC	Dezhou, Shandong Province, PRC	Kitchen waste disposal	50,000,000.00	-	100.00	Business combinations not under common control
Guiyang Beier Bioland	Guiyang, Guizhou Province, PRC	Guiyang, Guizhou Province, PRC	Kitchen waste disposal	110,923,700.00	-	100.00	Business combinations not under common control
Taizhou Bioland	Taizhou, Jiangsu Province, PRC	Taizhou, Jiangsu Province, PRC	Kitchen waste disposal	68,000,000.00	-	100.00	Business combinations not under common control
Dezhou Zhonghe	Dezhou, Shandong Province, PRC	Dezhou, Shandong Province, PRC	Equipment manufacturing	30,000,000.00	-	100.00	Business combinations not under common control
Kunshan Environmental Protection	Kunshan, Jiangsu Province, PRC	Kunshan, Jiangsu Province, PRC	Kitchen waste disposal	25,000,000.00	-	95.00	Business combinations not under common control
Longyou Bioland	Quzhou, Zhejiang Province, PRC	Quzhou, Zhejiang Province, PRC	Kitchen waste disposal	10,500,000.00	-	100.00	Business combinations not under common control
Shenzhen Expressway Bioland Environmental Protection Equipment (Langfang) Co., Ltd.	Langfang, Hebei Province, PRC	Langfang, Hebei Province, PRC	Equipment manufacturing	30,000,000.00	-	100.00	Business combinations not under common control
Shangrao Bioland	Shangrao, Jiangxi Province, PRC	Shangrao, Jiangxi Province, PRC	Kitchen waste disposal	25,000,000.00	-	100.00	Business combinations not under common control
Huangshi Environmental Investment Bioland Renewable Energy Co., Ltd.	Huangshi, Hubei Province, PRC	Huangshi, Hubei Province, PRC	Kitchen waste disposal	24,274,980.00	-	70.00	Business combinations not under common control
Pingyu Beier Environmental Technology Co., Ltd.	Zhumadian, Henan Province, PRC	Zhumadian, Henan Province, PRC	Kitchen waste disposal	500,000.00	-	100.00	Business combinations not under common control

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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VII. INTERESTS IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(1) Composition of the Group - continued

Name of subsidiary	Place of main business	Place of registration	Nature of business	Registered capital (RMB, unless otherwise specified)	Shareholding proportion (%)		Acquired through
					Direct	Indirect	
Handan Bioland	Handan, Hebei Province, PRC	Handan, Hebei Province, PRC	Kitchen waste disposal	50,000,000.00	-	90.00	Business combinations not under common control
Guilin Bioland	Guilin, Guangxi Zhuang Autonomous Region, PRC	Guilin, Guangxi Zhuang Autonomous Region, PRC	Kitchen waste disposal	54,600,000.00	-	100.00	Business combinations not under common control
Xinyu Bioland	Xinyu, Jiangxi Province, PRC	Xinyu, Jiangxi Province, PRC	Kitchen waste disposal	23,940,000.00	-	100.00	Business combinations not under common control
Zhuji Bioland	Zhuji, Zhejiang Province, PRC	Zhuji, Zhejiang Province, PRC	Kitchen waste disposal	100,000,000.00	-	90.00	Business combinations not under common control
Fuzhou Bioland	Fuzhou, Jiangxi Province, PRC	Fuzhou, Jiangxi Province, PRC	Kitchen waste disposal	24,000,000.00	-	100.00	Business combinations not under common control
Shenlu Environmental Protection	Nanjing, Jiangsu Province, PRC	Nanjing, Jiangsu Province, PRC	Environment and facility services	100,000,000.00	-	100.00	Business combinations not under common control
Sichuan Lansheng	Zigong, Sichuan Province, PRC	Zigong, Sichuan Province, PRC	Kitchen waste disposal	45,039,000.00	-	84.57	Business combinations not under common control
Logistics Finance Company	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD 1.00	-	100.00	Business combinations under common control
Financial Leasing Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Financial leasing and commercial factoring	902,500,000.00	72.30	27.70	Business combinations under common control
Shenzhen High Speed Engineering Development Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Toll road construction	40,500,000.00	-	60.00	Business combinations not under common control
New Energy Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Wind power	2,619,441,000.00	100.00	-	Incorporation
Inner Mongolia Chenghuan Bioland	Hohhot, Inner Mongolia Autonomous Region, PRC	Hohhot, Inner Mongolia Autonomous Region, PRC	Environment and facility services	43,360,000.00	-	51.00	Incorporation
Bioland Environmental Protection Technology	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Environmental and ecological monitoring, agricultural science research	10,000,000.00	-	100.00	Incorporation
Shenzhen Expressway Gao Le Health Care Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Health, elderly care and nursing services	30,000,000.00	-	100.00	Incorporation
Shenzhen Expressway Construction Technology Development Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Construction and Engineering	40,000,000.00	-	51.00	Incorporation
Guangdong New Energy	Liannan Yao Autonomous County, Guangdong Province, PRC	Liannan Yao Autonomous County, Guangdong Province, PRC	Investment holding	1,956,550,000.00	-	100.00	Incorporation
Qiantai Company	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Comprehensive utilization of resources	307,692,300.00	-	63.33	Business combinations not under common control
Shenzhen Longda Expressway Co., Ltd. ("Longda Company")	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Toll road operation	50,000,000.00	89.93	-	Business combinations under common control
Qianxin Company	Mulei County, Changji Prefecture, Xinjiang, PRC	Mulei County, Changji Prefecture, Xinjiang, PRC	Wind power	181,120,000.00	-	100.00	Business combinations not under common control
Qianzhi Company	Mulei County, Changji Prefecture, Xinjiang, PRC	Mulei County, Changji Prefecture, Xinjiang, PRC	Wind power	479,183,100.00	-	100.00	Business combinations not under common control
Qianhui Company	Mulei County, Changji Prefecture, Xinjiang, PRC	Mulei County, Changji Prefecture, Xinjiang, PRC	Wind power	264,376,900.00	-	100.00	Business combinations not under common control
Guangming Environment Technology	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Kitchen waste disposal	200,000,000.00	100.00	-	Incorporation
Shenzhen High Speed Asphalt Technology Development Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Asphalt materials	30,000,000.00	-	55.00	Incorporation

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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VII. INTERESTS IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(1) Composition of the Group: - continued

Name of subsidiary	Place of major business	Place of registration	Nature of business	Registered capital (RMB, unless otherwise specified)	Shareholding proportion (%)		Acquired through
					Direct	Indirect	
Beihai Zhonglan	Beihai, Guangxi Zhuang Autonomous Region, PRC	Beihai, Guangxi Zhuang Autonomous Region, PRC	Kitchen waste disposal	16,390,000.00	-	90.00	Incorporation
Yongcheng Zhuneng	Yongcheng, Shangqiu, Henan Province, PRC	Yongcheng, Shangqiu, Henan Province, PRC	Wind power	102,450,000.00	-	100.00	Business combinations not under common control
Shenzhen Zhuneng New Energy Technology Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Investment holding	100,000.00	-	100.00	Incorporation
Shanghai Zhuneng New Energy Technology Co., Ltd.	Shanghai, PRC	Shanghai, PRC	Investment holding	2,450,000.00	-	100.00	Business combinations not under common control
Ningxia Zhongwei	Zhongwei, Ningxia Hui Autonomous Region, PRC	Zhongwei, Ningxia Hui Autonomous Region, PRC	Wind power	175,920,236.88	-	100.00	Business combinations not under common control
Chuzhou Bioland	Chuzhou, Anhui Province, PRC	Chuzhou, Anhui Province, PRC	Kitchen waste disposal	25,492,400.00	-	89.10	Incorporation
Shenzhen Expressway Business Co., Ltd. ("Shenzhen Expressway Business")	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Business services	8,000,000.00	100.00	-	Incorporation
Shengao Lekang	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Health, elderly care and nursing services	15,000,000.00	-	80.00	Incorporation
SIHICH	Shenzhen, Guangdong Province, PRC	British Virgin Islands	Investment holding	USD 641,075,642.00	-	100.00	Business combinations under common control
Bay Area Development	Hong Kong, PRC	Cayman Islands	Investment holding	HKD 1,000,000,000.00	-	71.83	Business combinations under common control
Wilberforce	Hong Kong, PRC	British Virgin Islands	Investment holding	USD 50,000.00	-	100.00	Business combinations under common control
Jiehao	Hong Kong, PRC	British Virgin Islands	Investment holding	USD 50,000.00	-	100.00	Business combinations under common control
Bay Area Management	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD 1.00	-	100.00	Business combinations under common control
Bay Area Service	Hong Kong, PRC	Hong Kong, PRC	Office service	HKD 2.00	-	100.00	Business combinations under common control
Bay Area Financing	Hong Kong, PRC	Hong Kong, PRC	Loan financing	HKD 1.00	-	100.00	Business combinations under common control
Hopewell Guangzhou-Zuhai Expressway	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD 2.00	-	100.00	Business combinations under common control
KINGNICE	Hong Kong, PRC	British Virgin Islands	Investment holding	USD 50,000.00	-	97.50	Business combinations under common control
Hopewell China Development	Hong Kong, PRC	Hong Kong, PRC	Investment holding	HKD 2.00	-	100.00	Business combinations under common control
Shenzhen Bay Infrastructure (Shenzhen) Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Investment holding	4,498,000,000.00	-	100.00	Business combinations under common control
Expressway Digital Technology	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Information technology service	30,000,000.00	51.00	-	Incorporation
Lisai Environmental Protection	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Environmental technology service	17,441,900.00	-	70.00	Business combinations not under common control
Shaoyang Shengao Environmental	Shaoyang, Hunan Province, PRC	Shaoyang, Hunan Province, PRC	Kitchen waste disposal	100,000,000.00	-	100.00	Incorporation
Guangdong Qizhen Toll Road Construction Co., Ltd.	Foshan, Guangdong Province, PRC	Foshan, Guangdong Province, PRC	Toll road construction	100,000,000.00	-	100.00	Acquisition
Shenzhen Jingmao Infrastructure Operation and Maintenance Co., Ltd.	Guangzhou, Guangdong Province, PRC	Guangzhou, Guangdong Province, PRC	Construction and engineering	10,000,000.00	-	100.00	Acquisition
Guizhou Ziyun Jinshen New Energy Co., Ltd.	Anshun, Guizhou Province, PRC	Anshun, Guizhou Province, PRC	Production and supply of electricity and heat	50,000,000.00	-	100.00	Incorporation
Xingren Yuansheng New Energy Co., Ltd.	Xingren, Guizhou Province, PRC	Xingren, Guizhou Province, PRC	Production and supply of electricity and heat	2,000,000.00	-	100.00	Incorporation
Duyun Jinxin New Energy Co., Ltd.	Duyun, Guizhou Province, PRC	Duyun, Guizhou Province, PRC	Production and supply of electricity and heat	1,000,000.00	-	100.00	Incorporation
Shenzhen Bay City Investment (Shenzhen) Co., Ltd.	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Real estate	1,300,000,000.00	-	100.00	Incorporation

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VII. INTERESTS IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(1) Composition of the Group - continued

Name of subsidiary	Place of main business	Place of registration	Nature of business	Registered capital (RMB, unless otherwise specified)	Shareholding proportion (%)		Acquired through
					Direct	Indirect	
Jinshen New Energy	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Production and supply of electricity and heat	1,000,000,000.00	-	65.00	Incorporation
Shengneng Technology	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Manufacturing of electrical machinery and equipment	15,000,000.00	-	100.00	Incorporation
Pingshan Jishen New Energy Technology Co., Ltd.	Shijiazhuang, Hebei Province, PRC	Shijiazhuang, Hebei Province, PRC	Science and technology promotion and application services	110,000,000.00	-	100.00	Incorporation
Hunan Yichang Expressway Operation & Management Co., Ltd. ("Yichang Operation & Management")	Changde, Hunan Province, PRC	Changde, Hunan Province, PRC	Toll road operation	5,000,000.00	100.00	-	Incorporation
Ya'an Bioland	Ya'an, Sichuan Province, PRC	Ya'an, Sichuan Province, PRC	Ecological protection and environmental governance	25,000,000.00	-	100.00	Incorporation
Zhangshu Gaochuan New Energy Co., Ltd.	Zhangshu, Jiangxi Province, PRC	Zhangshu, Jiangxi Province, PRC	Wind power	1,000,000.00	-	100.00	Business combinations not under common control
Guangming Fengrunjiu	Shenzhen, Guangdong Province, PRC	Shenzhen, Guangdong Province, PRC	Health, elderly care and nursing services	13,000,000.00	-	60.00	Business combinations not under common control

Note 1: The Board of Directors of Qinglong Company is composed of 7 directors, and the Group is entitled to nominate 5 directors and the voting on business matters made by the Board of Directors is effective only after it is approved by more than half of all directors. The Group substantially controls Qinglong Company.

Note 2: Due to the profit/loss compensation arrangement during the transition period for Bioland Company, Environment Company, the parent of Bioland Company and a subsidiary of the Company, acquired 2,260,000 shares held by certain minority shareholders of Bioland Company in June 2022 as performance bond. Subsequently, the relevant minority shareholders filed for arbitration regarding the return of these shares. In November 2025, Shenzhen Court of International Arbitration issued a ruling dismissing their application. Accordingly, the Group's shareholding ratio in Bioland Company increased from 92.29% to 92.73%, and the procedures for industrial and commercial change registration have been completed.

(2) Significant non-wholly-owned subsidiaries

31 December 2025

RMB

Name of subsidiary	Equity interest held by minority shareholders	Profit or loss attributable to minority shareholders	Dividend declared and distributed to minority shareholders	Balance of minority interests at the end of the year
Qinglian Company	23.63%	15,564,223.57	-	735,183,006.03
Shenchang Company	49.00%	60,281,496.09	(73,500,000.00)	140,845,040.09
Qinglong Company	50.00%	(11,407,035.21)	(100,000,000.00)	214,184,451.03
Bioland Company	7.27%	(8,312,219.09)	(814,105.71)	136,273,164.03
Qiantai Company	36.67%	(23,890,428.08)	-	56,666,944.68
Longda Company	10.07%	8,768,308.97	(18,339,288.58)	17,965,598.08
Bay Area Development	28.17%	41,616,445.39	(134,058,736.45)	3,173,244,914.76
Guishen Company	30.00%	(25,061,451.50)	-	411,150,054.34
Total		57,559,340.14	(326,712,130.74)	4,885,513,173.04

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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VII. INTERESTS IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(2) Significant non-wholly-owned subsidiaries - continued

31 December 2024

RMB

Name of subsidiary	Equity interest held by minority shareholders	Profit or loss attributable to minority shareholders	Dividend declared and distributed to minority shareholders	Balance of minority interests at the end of the year
Qinglian Company	23.63%	12,637,326.34	-	719,618,782.46
Shenchang Company	49.00%	64,937,204.67	(80,360,000.00)	154,063,544.00
Qinglong Company	50.00%	14,154,323.24	(120,000,000.00)	325,591,486.24
Bioland Company	7.71%	(28,081,168.10)	(2,007,474.99)	147,779,104.66
Qiantai Company	36.67%	(58,175,891.28)	-	80,557,372.76
Longda Company	10.07%	9,403,201.00	-	27,536,577.69
Bay Area Development	28.17%	40,992,236.00	(167,979,701.55)	3,265,687,205.82
Total		55,867,231.87	(370,347,176.54)	4,720,834,073.63

(3) Major financial information of significant non-wholly-owned subsidiaries

RMB

Name of subsidiary	31 December 2025					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Qinglian Company	219,357,248.98	4,974,906,118.13	5,194,263,367.11	340,486,861.11	1,812,691,403.83	2,153,178,264.94
Shenchang Company	48,999,909.18	316,778,947.60	365,778,856.78	78,467,619.30	49,318.98	78,516,938.28
Qinglong Company	631,183,747.11	38,084,950.36	669,268,697.47	160,287,977.25	80,611,818.15	240,899,795.40
Bay Area Development	1,933,214,764.16	14,939,579,047.11	16,872,793,811.27	3,953,950,748.70	1,501,986,285.16	5,455,937,033.86
Bioland Company	669,437,620.16	2,979,407,974.31	3,648,845,594.47	541,753,810.64	1,276,202,807.32	1,817,956,617.96
Qiantai Company	217,767,292.97	298,491,772.11	516,259,065.08	121,066,945.21	234,830,931.14	355,897,876.35
Longda Company	208,636,869.06	106,211,259.60	314,848,128.66	48,891,196.98	87,549,800.89	136,440,997.87
Guishen Company	1,527,886,704.13	623,621,148.11	2,151,507,852.24	720,656,838.31	60,350,832.79	781,007,671.10

RMB

Name of subsidiary	31 December 2024					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Qinglian Company	158,981,331.60	5,373,976,578.41	5,532,957,910.01	397,883,535.68	2,159,855,643.61	2,557,739,179.29
Shenchang Company	109,793,890.74	376,173,439.76	485,967,330.50	171,728,873.40	-	171,728,873.40
Qinglong Company	336,964,154.91	711,656,170.39	1,048,620,325.30	194,033,119.31	203,404,233.50	397,437,352.81
Bay Area Development	1,570,161,438.49	15,152,114,086.83	16,722,275,525.32	3,558,557,704.52	1,620,400,257.34	5,178,957,961.86
Bioland Company	598,862,095.11	3,215,814,431.62	3,814,676,526.73	606,409,535.57	1,176,127,615.29	1,782,537,150.86
Qiantai Company	355,625,184.31	298,498,059.89	654,123,244.20	321,140,592.80	108,812,181.61	429,952,774.41
Longda Company	300,397,947.46	134,353,254.50	434,751,201.96	41,880,956.64	119,418,629.84	161,299,586.48

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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VII. INTERESTS IN OTHER ENTITIES - continued

1. Interests in subsidiaries - continued

(3) Major financial information of significant non-wholly-owned subsidiaries - continued

RMB

Name of subsidiary	2025			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Qinglian Company	690,395,271.63	65,866,371.45	65,866,371.45	579,049,345.45
Shenchang Company	256,040,720.59	123,023,461.40	123,023,461.40	173,626,213.46
Qinglong Company	629,360,880.09	(22,814,070.42)	(22,814,070.42)	423,844,824.86
Bay Area Development	787,787,453.97	177,931,950.72	258,816,648.47	570,954,766.03
Bioland Company	620,490,540.03	(195,816,547.11)	(195,816,547.11)	180,183,010.52
Qiantai Company	155,142,147.06	(63,809,281.06)	(63,809,281.06)	98,051,794.42
Longda Company	207,149,705.46	87,073,574.68	87,073,574.68	86,323,846.94
Guishen Company	50,984,520.96	(83,538,171.65)	(83,538,171.65)	(25,078,694.03)

RMB

Name of subsidiary	2024			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Qinglian Company	638,110,213.78	53,480,009.90	53,480,009.90	487,204,359.77
Shenchang Company	271,285,958.99	132,524,907.49	132,524,907.49	186,362,668.80
Qinglong Company	637,004,892.35	28,308,646.47	28,308,646.47	438,636,802.06
Bay Area Development	884,318,402.89	333,207,969.71	267,765,242.70	568,931,599.63
Bioland Company	504,025,408.61	(396,647,779.93)	(396,647,779.93)	109,879,918.47
Qiantai Company	190,080,059.68	(153,831,049.35)	(153,831,049.35)	(37,097,623.42)
Longda Company	211,543,938.46	93,378,361.46	93,378,361.46	84,120,155.78

(4) Substantial restriction to the usage of assets or the settlement of liabilities of the Group

As at 31 December 2025, there was no substantial restriction which prohibited the usage of assets or the settlement of liabilities of the Group.

2. Transaction which gives rise to changes in ownership interests in subsidiaries while the subsidiaries are still held by the Group

(1) Descriptions on changes in ownership interests in subsidiaries

Refer to Note VII, 1(1).

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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VII. INTERESTS IN OTHER ENTITIES - continued

2. Transaction which gives rise to changes in ownership interests in subsidiaries while the subsidiaries are still held by the Group - continued

(2) Effect of the transaction on minority interests and equity attributable to shareholders of the Company

	RMB
	Bioland Company
Acquisition cost / Disposal consideration	
--Cash	-
--Fair value of non-cash assets	9,356,400.00
Total acquisition cost / disposal consideration	9,356,400.00
Less: Share of net assets of subsidiaries calculated based on the proportion of equity acquired	3,486,647.84
Difference	5,869,752.16
Including: Adjustment to capital reserve	(5,869,752.16)

3. Interests in associates and joint ventures

(1) Significant associates and joint ventures

Name	Place of main business	Place of registration	Nature of business	Shareholding proportion (%)		Method of accounting treatment
				Direct	Indirect	
Derun Environment	Chongqing, PRC	Chongqing, PRC	Environmental governance and resource recovery	-	20.00	Equity method
Guangzhou-Shenzhen-Zhuhai Expressway	Guangdong Province	Guangzhou, Guangdong Province	Toll road operation	-	45.00	Equity method

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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VII. INTERESTS IN OTHER ENTITIES - continued

3. Interests in associates and joint ventures - continued

(2) Major financial information of significant associates and joint ventures

RMB

Item	31 December 2025 / 2025		31 December 2024 / 2024	
	Derun Environment (Note)	Guangzhou-Shenzhen-Zhuhai Expressway	Derun Environment (Note)	Guangzhou-Shenzhen-Zhuhai Expressway
Current assets	14,548,067,141.76	6,221,326,371.40	11,576,206,667.47	2,167,665,777.17
Including: Cash and cash equivalents	5,837,334,375.38	5,977,751,884.31	3,965,866,783.80	1,856,103,677.30
Non-current assets	51,520,413,201.62	15,723,721,002.91	52,642,846,362.75	14,282,941,917.69
Total assets	66,068,480,343.38	21,945,047,374.31	64,219,053,030.22	16,450,607,694.86
Current liabilities	10,670,154,155.98	816,589,381.29	12,542,074,244.03	1,910,229,059.39
Non-current liabilities	20,869,162,230.88	8,776,574,508.89	17,593,527,623.20	2,760,186,927.90
Total liabilities	31,539,316,386.86	9,593,163,890.18	30,135,601,867.23	4,670,415,987.29
Minority interests	16,087,466,372.60	-	15,816,804,731.11	-
Equity attributable to shareholders of the Company	18,441,697,583.92	12,351,883,484.13	18,266,646,431.88	11,780,191,707.57
Share of net assets calculated based on shareholding ratio	3,688,339,516.78	5,558,347,567.86	3,653,329,286.38	5,301,086,268.41
Adjustments	1,462,953,999.22	(59,572,191.88)	1,462,953,999.22	(60,315,270.33)
- Goodwill	1,462,953,999.22	-	1,462,953,999.22	-
- Unrealized profits from internal transactions	-	(60,559,691.86)	-	(61,302,770.31)
- Others	-	987,499.98	-	987,499.98
Carrying amount of equity investment in associates and joint ventures	5,151,293,516.00	5,498,775,375.98	5,116,283,285.60	5,240,770,998.08
Fair value of equity investment in associates and joint ventures with publicly quoted prices	N/A	N/A	N/A	N/A
Operating income	13,291,542,851.45	2,816,970,583.03	13,220,827,963.64	2,885,189,075.29
Income tax expenses	413,042,266.16	423,222,649.45	364,760,022.60	406,678,997.03
Net profit	767,486,737.05	573,343,062.01	684,126,831.89	535,983,865.65
Net profit from discontinued operations	-	-	-	-
Other comprehensive income	41,886,306.60	-	97,300,938.39	-
Total comprehensive income	809,373,043.65	573,343,062.01	781,427,770.28	535,983,865.65
Dividends received from associates and joint ventures in the current year	99,600,000.00	139,912,500.00	120,000,000.00	-

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

VII. INTERESTS IN OTHER ENTITIES - continued

3. Interests in associates and joint ventures - continued

(2) Major financial information of significant associates and joint ventures - continued

Note: The Group shares the net profit of Derun Environment attributable to shareholders of the Company at a 20% shareholding ratio. After deducting the current-year premium amortization of RMB 38,909,733.96, the Group recognized the income from investment in Derun Environment of RMB 153,497,347.41. The Group shares, based on a 20% shareholding ratio, other comprehensive income net of tax of Derun Environment attributable to shareholders of the Company amounting to RMB 4,520,053.53, and decreases the capital reserve of the Group by RMB 23,407,170.54 as a result of a decrease in capital reserve of Derun Environment. Please refer to Note V, 13.

(3) Major financial information of insignificant associates and joint ventures

Item	31 December 2025 / 2025	31 December 2024 / 2024
RMB		
Associates and joint ventures:		
Total carrying amount of investments	9,005,154,310.90	9,398,328,933.54
Total of the following items calculated based on shareholding ratio		
- Net profit	325,644,889.50	473,118,403.77
- Other comprehensive income	(4,288,318.59)	17,219,684.85
- Total comprehensive income	321,356,570.91	490,338,088.62

As at 31 December 2025, there was no substantial restriction on transferring funds between the associates and joint ventures of the Group.

VIII. GOVERNMENT GRANTS

1. Government grants recognized at the amount of receivables at the end of the reporting year

RMB	
Closing balance of receivables	-

2. Liabilities involving government grants

RMB							
Item	Opening balance	Amount of government grants received in the current year	Amount included in non-operating income	Amount included in other income	Other changes	Closing balance	Related to assets/income
Central subsidy funds for cancellation of the provincial expressway toll station project	12,331,159.62	-	-	6,232,553.55	-	6,098,606.07	Related to assets
Government financial grants for Guizhou Land	465,300.35	-	-	29,178.29	-	436,122.06	Related to assets
Government economic grants for Bioland Company	21,851,557.88	5,432,950.13	-	2,247,305.22	-	25,037,202.79	Related to assets
Government grants for safety and resilience enhancement project of Qinglian Expressway	-	44,100,000.00	-	17,183,320.43	-	26,916,679.57	Related to income
Total	34,648,017.85	49,532,950.13	-	25,692,357.49	-	58,488,610.49	

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

VIII. GOVERNMENT GRANTS - continued

3. Government grants included in profit or loss for the period

Item	RMB	
	2025	2024
VAT immediate refund upon payment	16,027,595.81	9,075,397.45
Government financial grants for Shenchang Company	9,706,300.00	4,788,000.00
Central government subsidy for cancellation of provincial expressway toll station project	6,232,553.55	6,232,553.55
Government grants for safety and resilience enhancement project of Qinglian Expressway	17,183,320.43	-
Government economic grants for Bioland Company	2,247,305.22	1,005,081.07
Government financial grants for Guizhou Land	29,178.29	11,060.95
Others	4,808,621.16	1,015,873.49
Total	56,234,874.46	22,127,966.51

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's major financial instruments include cash at banks and on hand, transactional financial assets, bills receivable, accounts receivable, other receivables, non-current assets due within one year, other current assets, long-term receivables, other non-current financial assets, short-term borrowings, transactional financial liabilities, bills payable, accounts payable, other payables, non-current liabilities due within one year, other current liabilities, long-term borrowings, bonds payable, lease liabilities and long-term payables, etc. At the end of the year, the Group has the following financial instruments. Please refer to Note V. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure that the risks are monitored at a certain level.

Item	RMB	
	31 December 2025	31 December 2024
Financial assets		
Measured at fair value through profit or loss		
Transactional financial assets	2,557,452,332.60	129,822,937.64
Other non-current financial assets	1,086,963,286.26	970,911,383.44
Measured at amortized cost		
Cash at banks and on hand	5,152,923,237.15	2,908,582,010.43
Bills receivable	3,244,984.06	1,390,389.45
Accounts receivable	1,024,835,422.75	957,468,799.75
Other receivables	678,305,946.54	834,685,738.81
Non-current assets due within one year	941,440,005.71	435,993,394.13
Other current assets	462,711,808.20	374,275,722.22
Long-term receivables	3,076,966,653.03	3,200,026,120.96

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued

RMB

Item	31 December 2025	31 December 2024
Financial liabilities		
Measured at fair value through profit or loss		
Transactional financial liabilities	270,588,092.75	197,664,719.66
Measured at amortized cost		
Short-term borrowings	3,356,091,388.07	2,573,849,184.49
Bills payable	334,725,708.50	870,678,402.08
Accounts payable	2,869,401,694.00	2,987,806,080.65
Other payables	1,258,603,170.27	1,169,000,291.23
Non-current liabilities due within one year	6,383,064,479.84	2,544,252,549.95
Other current liabilities	1,517,142,451.70	3,016,271,998.43
Long-term borrowings	11,127,215,070.78	13,912,273,334.21
Bonds payable	9,293,546,076.09	10,194,223,064.28
Lease liabilities	14,519,888.88	15,896,203.85
Long-term payables	387,586,715.85	387,586,715.85

The Group adopts sensitivity analysis technique to analyze how profit or loss for the period and shareholders' equity would have been affected by reasonable and possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each variable is on a stand-alone basis.

1. Risk management objectives, policies and procedures, and changes during the year

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and other equity investors. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyze the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitor regularly and effectively these exposures to ensure that the risks are monitored at a certain level.

1.1 Market risk1.1.1 Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with HKD and USD. Except for the investment and financing activities of several subsidiaries of the Group in HKD and USD, other principal operating activities of the Group are denominated and settled in RMB. As at 31 December 2025, the Group's assets and liabilities are all denominated in RMB, except for the balances of assets or liabilities set out below are denominated in foreign currencies.

RMB

Item	31 December 2025	31 December 2024
Cash at banks and on hand	37,032,342.66	20,380,768.24
Other payables	21,315.99	37,046.23
Non-current liabilities due within one year	2,128,582,084.56	18,135,733.76
Bonds payable	-	2,156,520,000.00
Lease liabilities	4,017,235.96	8,556,356.26

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued

1. Risk management objectives, policies and procedures, and changes during the year
- continued

1.1 Market risk - continued

1.1.1 Currency risk - continued

Sensitivity analysis on currency risk

The assumption for the sensitivity analysis on currency risk is that all hedges of net investments in foreign operations and the cash flow hedges are highly effective.

Based on the above assumptions, where all other variables are held constant, the reasonable and possible changes in foreign exchange rate may have the following pre-tax effect on profit or loss for the period and shareholders' equity:

Item	Changes in exchange rate	2025		2024	
		Effect on profit	Effect on shareholders' equity	Effect on profit	Effect on shareholders' equity
USD	10% increase against RMB	(212,543,278.18)	(212,543,278.18)	(217,369,374.20)	(217,369,374.20)
USD	10% decrease against RMB	212,543,278.18	212,543,278.18	217,369,374.20	217,369,374.20
HKD	10% increase against RMB	2,984,448.79	2,984,448.79	1,082,537.40	1,082,537.40
HKD	10% decrease against RMB	(2,984,448.79)	(2,984,448.79)	(1,082,537.40)	(1,082,537.40)

RMB

1.1.2 Interest rate risk - risk of changes in cash flows

The Group's risk of changes in cash flows of financial instruments caused by changes in interest rates is mainly related to the Group's floating rate bank borrowings. The Group continues to pay close attention to the impact of interest rate changes on the Group's interest rate risk. The Group's policy is to maintain floating interest rates for these borrowings. Currently, there are no arrangements such as interest rate swaps.

Sensitivity analysis on interest rate risk

Where all other variables are held constant, the reasonable and possible changes in interest rate may have the following pre-tax effect on profit or loss for the period and shareholders' equity:

Item	Changes in interest rate	2025		2024	
		Effect on profit	Effect on shareholders' equity	Effect on profit	Effect on shareholders' equity
RMB	100 basis points higher	(111,225,172.42)	(111,225,172.42)	(129,581,185.29)	(129,581,185.29)
RMB	100 basis points lower	111,225,172.42	111,225,172.42	129,581,185.29	129,581,185.29

RMB

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued

1. Risk management objectives, policies and procedures, and changes during the year
- continued

1.2 Credit risk

As at 31 December 2025, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees issued by the Group (without considering the available collateral or other credit enhancements) is arising from cash at banks and on hand, bills receivable, accounts receivable, other receivables, long-term receivables, etc. Some of the Group's accounts receivable have relatively long aging and are significant in amount. The counterparty's ability to fulfill contractual obligations has deteriorated due to economic changes and market competition, and disputes exist regarding contract execution for certain businesses, thereby increasing the credit risks. For financial instruments measured at fair value, the carrying amount reflects their risk exposure, but it is not the maximum risk exposure. The maximum risk exposure will change with changes in fair value in the future. In addition, the Group's maximum exposure to credit risk includes the amount of financial guarantee contract as disclosed in Note XII, 2 "Contingencies".

In order to reduce credit risk, the Group needs to conduct credit reviews on customers engaging in transactions on credit. In addition, the Group continuously monitors the balance of accounts receivable, establishes clear collection targets for receivables within the Group, and assigns specific responsibilities to relevant entities and individuals, linking these targets to their performance assessment.

The credit risk on cash at banks and on hand is limited because they are deposited with banks with high credit ratings.

1.3 Liquidity risk

In the management of the liquidity risk, the management of the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the use of bank borrowings and bonds and ensures compliance with loan agreements and prospectuses.

As at 31 December 2025, the Group had unused bank credit lines totaling RMB 71,486,524,391.65, which can satisfy the Group's debt and capital commitments. The Group is able to solve the lack of working capital through reasonable financing arrangements.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

IX. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued

**1. Risk management objectives, policies and procedures, and changes during the year - continued
- continued**

1.3 Liquidity risk - continued

The following is the maturity analysis for financial liabilities held by the Group which is based on undiscounted remaining contractual obligations:

	RMB				
	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Short-term borrowings	3,387,545,688.30	-	-	-	3,387,545,688.30
Bills payable	334,725,708.50	-	-	-	334,725,708.50
Accounts payable	2,869,401,694.00	-	-	-	2,869,401,694.00
Other payables	1,258,603,170.27	-	-	-	1,258,603,170.27
Non-current liabilities due within one year	6,392,414,756.58	-	-	-	6,392,414,756.58
Other current liabilities	1,518,197,260.27	-	-	-	1,518,197,260.27
Long-term borrowings	340,612,944.86	1,946,495,259.96	7,083,998,730.38	3,087,107,911.33	12,458,214,846.53
Bonds payable	289,423,402.19	1,267,703,082.19	7,606,620,328.77	1,037,280,273.97	10,201,027,087.12
Lease liabilities	-	9,834,571.02	4,393,885.94	538,721.94	14,767,178.90
Long-term payables	-	-	387,586,715.85	-	387,586,715.85
Transactional financial liabilities	270,588,092.75	-	-	-	270,588,092.75
Mortgage guarantee	259,188,136.61	-	-	-	259,188,136.61
Total	16,920,700,854.33	3,224,032,913.17	15,082,599,660.94	4,124,926,907.24	39,352,260,335.68

Given that the Group has stable and abundant operating cash flow and sufficient credit lines, and has made appropriate financing arrangements to meet debt repayment and capital expenditures, the management of the Company believes that the Group does not have significant liquidity risk.

2. Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the profit distribution to shareholders, repurchase shares or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or procedures for managing capital in 2025 and 2024.

The Group monitors capital using a debt-to-asset ratio, which is total liabilities divided by total assets. The Group's debt-to-asset ratio as at the balance sheet date is as follows:

	RMB	
Item	31 December 2025	31 December 2024
Total assets	71,289,150,413.25	67,558,030,948.58
Total liabilities	39,236,668,403.08	40,356,460,239.19
Debt-to-asset ratio	55.04%	59.74%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

X. DISCLOSURE OF FAIR VALUE**1. Closing balance of fair value of assets and liabilities measured at fair value****31 December 2025**

RMB

	Closing balance of fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Fair value measurement on a recurring basis:				
Transactional financial assets	-	2,439,548,117.83	117,904,214.77	2,557,452,332.60
Other non-current financial assets	468,952,200.00	-	618,011,086.26	1,086,963,286.26
Transactional financial liabilities	-	-	(270,588,092.75)	(270,588,092.75)
Total	468,952,200.00	2,439,548,117.83	465,327,208.28	3,373,827,526.11

The fair value of level 3 financial instrument is estimated using the market approach, discounted cash flow method, etc. Unobservable inputs mainly include discount rate, liquidity discount, etc. The Group believes that the fair value estimated based on valuation techniques and its changes are reasonable and it is the most appropriate value at 31 December 2025.

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

As at 31 December 2025, the management of the Company considers that the carrying amounts of financial assets and financial liabilities measure at amortized cost in the Group's financial statements approximate their fair values.

XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**1. Information about the parent company**

Name of parent company	Place of registration	Nature of business	Registered capital	Equity interest held	Voting rights
Shenzhen International	Bermuda	Investment holding	HKD 3,000,000,000.00	47.30%	47.30%

The controlling shareholder of the Company is Shenzhen International, and the ultimate controlling party of the Company is Shenzhen SASAC.

2. Information about the subsidiaries

The information about the subsidiaries is set out in Note VII, 1.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

- continued

3. Information about the associates and joint ventures

Information about the associates and joint ventures that have related party transactions with the Group in the current year or had related party transactions with the Group in the previous periods is as follows:

Name	Relationship with the Company
Yunji Smart	Associate and joint venture
Huayu Company	Associate and joint venture
Huai'an Zhongheng	Associate and joint venture
Yangmao Company	Associate and joint venture
United Land Company	Associate and joint venture
Nanjing Anvis Transmission Technology Co., Ltd. ("Nanjing Anvis")	Subsidiary of the associate and joint venture
Guangzhou-Shenzhen-Zhuhai Expressway	Associate and joint venture
Xintang Joint Venture	Associate and joint venture
GZ W2 Company	Associate and joint venture
Nanjing Third Bridge Company	Associate and joint venture
Guangzhou-Zhuhai West Line Expressway	Associate and joint venture
Nanning Sanfeng Energy Co., Ltd. ("Nanning Sanfeng")	Subsidiary of the associate and joint venture
Fenghe Energy	Associate and joint venture

4. Information about other related parties

Name	Relationship with the Company
Shenzhen International Modern Logistics Petty Loan Co. Ltd. ("Shenzhen International Modern Logistics Petty Loan")	Wholly-owned subsidiary of the controlling shareholder
Henan Yudong Shenan Port Co., Ltd. ("Henan Yudong")	Holding subsidiary of the controlling shareholder
Hunan Guangyuan Culture Media Co., Ltd. ("Hunan Guangyuan")	Holding company of minority shareholders in a subsidiary
Xin Tong Chan Company	Wholly-owned subsidiary of the controlling shareholder
United Electronic	Participating company
Water Planning & Design Institute	Participating company

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

- continued

5. Related party transactions

- (1) Related party transactions for procurement and sale of goods, rendering and receipt of labor services

Procurement of goods / receipt of labor services

			RMB	
Name of related party	Content of transaction	2025	2024	
United Electronic (Note 1)	Receipt of network-based toll settlement services	28,985,408.86	26,935,367.41	
Guangzhou-Shenzhen-Zhuhai Expressway (Note 2)	Receipt of operation and management services	17,086,189.80	18,351,785.20	
Yunji Smart (Note 3)	Receipt of engineering survey, design and consulting services	12,766,588.09	24,298,366.14	
Nanjing Anvis	Receipt of wind turbine repair services	1,592,834.78	1,962,138.05	
Nanning Sanfeng	Receipt of sewage, sludge, and waste disposal services	531,930.97	847,551.03	
Water Planning & Design Institute	Receipt of engineering consulting services	87,464.00	-	
Total		61,050,416.50	72,395,207.83	

Note 1: The Guangdong Provincial People's Government has designated United Electronic to take charge of the sub-account management of network-based toll collection for highways across the province and unified management of non-cash settlement systems. The Company and its subsidiaries have entered into a series of agreements with United Electronic and entrusted it to provide toll collection services for Coastal Expressway, Meiguan Expressway, Airport-Heao Expressway, Qinglian Expressway, Outer Ring Expressway, Longda Expressway and Shuiguan Expressway invested by the Group. The service periods end on the expiry dates of toll collection periods of the toll roads. The related service charges are determined by the commodity price bureau of Guangdong Province.

Note 2: The Company has entered into service contracts with Guangzhou-Shenzhen-Zhuhai Expressway to receive operation & management services for Coastal Expressway.

Note 3: The Group has entered into service contracts with Yunji Smart to receive engineering survey and design, consulting, highway inspection and special maintenance services for Outer Ring Expressway and other ancillary roads of the Group.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

- continued

5. Related party transactions - continued

- (1) Related party transactions for procurement and sale of goods, rendering and receipt of labor services - continued

Sale of goods / rendering of labor services:

		RMB	
Name of related party	Content of transaction	2025	2024
Guangzhou-Shenzhen-Zhuhai Expressway (Note 1)	Personnel dispatch services	4,878,380.03	4,182,391.71
Guangzhou-Zhuhai West Line Expressway (Note 1)	Personnel dispatch services	2,115,680.58	1,883,894.98
Xintang Joint Venture (Note 1)	Personnel dispatch services	801,886.80	801,886.79
Huai'an Zhongheng (Note 2)	Operation and maintenance services	734,011.85	317,482.41
Nanjing Third Bridge Company (Note 1)	Personnel dispatch services	699,500.33	547,328.29
Yangmao Company (Note 1)	Personnel dispatch services	586,667.76	558,713.83
GZ W2 Company (Note 1)	Personnel dispatch services	380,883.01	377,420.26
Yunji Smart (Note 3)	Commission sale of water and electricity services	1,769.90	20,831.53
GZ W2 Company	Engineering construction services	-	2,610,274.31
Others (Note 4)	Commission sale of water and electricity services and others	384,742.21	425,141.47
Total		10,583,522.47	11,725,365.58

Note 1: The Company provides personnel dispatch services to GZ W2 Company, Nanjing Third Bridge Company and Yangmao Company; Bay Area Development, a subsidiary of the Company, provides personnel dispatch services to Guangzhou-Shenzhen-Zhuhai Expressway, Xintang Joint Venture and Guangzhou-Zhuhai West Line Expressway.

Note 2: Nanjing Wind Power, a subsidiary of the Company, entered into an entrusted operation contract with Huai'an Zhongheng, under which it provides entrusted management and operation services for Huai'an Zhongheng's wind power plants.

Note 3: Coastal Company, a subsidiary of the Company, provides water and electricity resources to Yunji Smart.

Note 4: The Group provides water and electricity services and other services to Xin Tong Chan Company, Huayu Company and Hunan Guangyuan. The water and electricity service is charged and calculated based on the price paid to the water supply agency and power supply agency. The respective transaction amounts were not presented separately as they were not material.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

- continued

5. Related party transactions - continued

(2) Related leases

(a) The Group as a lessor

RMB

Lessee	Type of leased assets	Lease income recognized in the current year	Lease income recognized in the prior year
Hunan Guangyuan	Billboard	194,400.00	194,400.00
Fenghe Energy	Lease of premises	99,082.57	-
Henan Yudong	Lease of equipment	-	555,516.14
Total		293,482.57	749,916.14

(3) Remuneration of key management personnel

RMB

Item	For the year ended 31 December 2025	For the year ended 31 December 2024
Basic salary, housing allowance, other allowances and non-cash benefits	12,439,381.43	11,867,164.99
Total contributions to the pension scheme	-	-
Total amount of bonuses paid or payable to the highly paid individuals as appropriate or based on performance	-	-

Key management personnel include directors, supervisors and senior management personnel. The Company has a total of 23 (2024: 23) key management personnel during the year. The performance-based compensation for senior management personnel listed in the table above for 2025 has not yet been disbursed. The figures presented are provisional estimates based on the performance compensation rules applicable in 2024, and the final amounts shall be subject to actual disbursement.

*(a) Remuneration of directors and supervisors

The remuneration for each director and supervisor in 2025 is as follows:

RMB

Name	Remuneration	Salary and bonus	Total
Xu Enli	-	1,104,000.00	1,104,000.00
Liao Xiangwen	-	1,101,144.00	1,101,144.00
Yao Hai	-	985,992.00	985,992.00
Ye Huihui	-	529,833.93	529,833.93
Wang Chao	-	-	-
Li Feilong	230,000.00	-	230,000.00
Miao Jun	230,000.00	-	230,000.00
Xu Huaxiang	230,000.00	-	230,000.00
Yan Yan	230,000.00	-	230,000.00
Wen Liang	-	-	-
Jin Zhenyuan	-	-	-
Chen Yunjiang	-	-	-
Dai Jingming	-	-	-
Li Xiaoyan	-	-	-
Hou Shenghai	-	-	-
Wu Yanling	-	-	-
Zhang Jian	-	-	-

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

- continued

5. Related party transactions - continued

(3) Remuneration of key management personnel - continued

*(a) Remuneration of directors and supervisors - continued

The remuneration for each director and supervisor in 2024 is as follows:

Name	Remuneration	Salary and bonus	Total
Xu Enli	-	106,700.00	106,700.00
Liao Xiangwen	-	1,123,000.00	1,123,000.00
Wang Zengjin	-	-	-
Yao Hai	-	1,041,500.00	1,041,500.00
Lin Jitong	-	-	-
Wen Liang	-	-	-
Ye Huihui	-	529,833.93	529,833.93
Dai Jingming	-	-	-
Li Xiaoyan	-	-	-
Lv Dawei	-	-	-
Bai Hua	32,050.00	-	32,050.00
Li Feilong	230,000.00	-	230,000.00
Miao Jun	230,000.00	-	230,000.00
Xu Huaxiang	230,000.00	-	230,000.00
Yan Yan	197,950.00	-	197,950.00
Wang Chao	-	-	-

The remuneration of the above directors and supervisors has been reflected in the remuneration of key management personnel.

In the current year, the meeting allowances (before tax) payable to directors Xu Enli, Liao Xiangwen, Yao Hai, Li Feilong, Miao Jun, Xu Huaxiang, Yan Yan, Wen Liang (resigned), Chen Yunjiang, Dai Jingming (resigned), Li Xiaoyan (resigned), Wu Yanling, and Zhang Jian, and to supervisors Wang Chao and Ye Huihui amounted to RMB 14,000.00, RMB 17,000.00, RMB 10,000.00, RMB 20,000.00, RMB 18,000.00, RMB 17,000.00, RMB 17,000.00, RMB 8,500.00, RMB 4,000.00, RMB 4,000.00, RMB 500.00, RMB 10,000.00, RMB 9,000.00, RMB 7,500.00 and RMB 7,500.00, respectively. Among others, directors Xu Enli, Liao Xiangwen, Yao Hai, Wen Liang (resigned), Chen Yunjiang, Dai Jingming (resigned), Li Xiaoyan (resigned), Wu Yanling, and Zhang Jian, and supervisor Wang Chao have waived their rights to receive the meeting allowances of the year.

In addition, directors Xu Enli, Liao Xiangwen, Yao Hai and supervisor Ye Huihui also received other benefits and allowances, including employer contributions to the retirement plan and employee medical insurance plan, which amounted to RMB 211,887.18 (2024: RMB 20,588.44), RMB 208,941.18 (2024: RMB 236,821.93), RMB 204,333.18 (2024: RMB 228,337.93), and RMB 162,274.08 (2024: RMB 167,533.38), respectively.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS
- continued

5. Related party transactions - continued

(3) Remuneration of key management personnel - continued

*(b) Five highest paid individuals

The total amount of remuneration of the five highest paid individuals is listed as follows:

Item	RMB'000	
	For the year ended 31 December 2025	For the year ended 31 December 2024
Basic salary, housing allowance, other allowances and non-cash benefits	2,765	3,018
Total contributions to the pension scheme	752	753
Total amount of bonuses paid or payable to the highly paid individuals as appropriate or based on performance	3,698	3,748

Scope of remuneration	Number of individuals in 2025	Number of individuals in 2024
HKD 0 to HKD 1,000,000	-	-
HKD 1,000,001 to HKD 1,500,000	4	4
HKD 1,500,001 to HKD 2,000,000	1	1
HKD 2,000,001 and above	-	-

(4) Borrowings from/to related parties

Borrowings from related parties:

Related party	Amount of borrowings	RMB			
		31 December 2025	Interest rate	Inception date	Due date
United Land Company (Note)	-	387,586,715.85	-	29 December 2021	--

Note: As at 31 December 2025, the balance of the Company's interest-free borrowing from United Land Company was RMB 387,586,715.85.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

- continued

6. Receivables due from and payables due to related parties

(1) Receivable items

RMB

Item	Related parties	31 December 2025		31 December 2024	
		Gross carrying amount	Bad debt provision	Gross carrying amount	Bad debt provision
Accounts receivable	GZ W2 Company	85,356.00	-	2,845,199.00	-
Accounts receivable	Huayu Company	65,630.56	-	67,036.43	-
Prepayments	Yunji Smart	6,575,698.54	-	3,066,691.80	-
Prepayments	United Electronic	39,764.96	-	69,522.41	-
Other receivables (Note V, 6.3(2))	Huai'an Zhongheng	88,331,191.80	70,664,953.44	88,331,191.80	26,499,357.54
Other receivables (Note V, 6.3(2))	Guangzhou-Shenzhen-Zhuhai Expressway	832,204.42	-	2,233,659.11	-
Other receivables (Note V, 6.3(2))	Xintang Joint Venture	425,000.00	-	425,000.00	-
Other receivables (Note V, 6.3(2))	Guangzhou-Zhuhai West Line Expressway	365,498.85	-	279,031.22	-
Other receivables (Note V, 6.3(2))	United Land Company	126,393.75	-	-	-
Other receivables (Note V, 6.3(2))	United Electronic	109,966.67	-	92,895.74	-
Other receivables (Note V, 6.3(2))	Yunji Smart	84,050.00	-	84,050.00	-
Other receivables (Note V, 6.3(2))	Huayu Company	-	-	20,000.00	-

(2) Payable items

RMB

Item	Related parties	31 December 2025	31 December 2024
Accounts payable	Yunji Smart	18,061,019.02	16,973,345.72
Accounts payable	Nanjing Anvis	1,105,575.00	2,273,004.00
Accounts payable	United Electronic	317,918.76	320,113.40
Accounts payable	Nanning Sanfeng	38,689.20	50,783.03
Contract liabilities	Huai'an Zhongheng	848,743.00	-
Other payables (Note V, 32.3(1))	GZ W2 Company	40,000,000.00	25,000,000.00
Other payables (Note V, 32.3(1))	Huayu Company	30,400,000.00	23,200,000.00
Other payables (Note V, 32.3(1))	Nanjing Third Bridge Company	23,152,500.00	41,296,500.00
Other payables (Note V, 32.3(1))	Yunji Smart	11,922,943.73	40,524,132.86
Other payables (Note V, 32.3(1))	Guangzhou-Shenzhen-Zhuhai Expressway	4,315,575.00	6,069,685.20
Other payables (Note V, 32.3(1))	United Electronic	2,044,497.36	1,770,754.25
Other payables (Note V, 32.3(1))	Nanjing Anvis	250,146.68	38,766.48
Other payables (Note V, 32.3(1))	Hunan Guangyuan	20,000.00	-
Other payables (Note V, 32.3(1))	Xin Tong Chan Company	5,000.00	5,000.00
Other payables (Note V, 32.3(1))	Shenzhen International Petty Loan	-	2,196.12
Other payables (Note V, 32.3(1))	Yangmao Company	25,000,000.00	45,000,000.00
Long-term payables (Note V, 38.(1))	United Land Company	387,586,715.85	387,586,715.85

Amounts due from/to related parties above are non-interest bearing, unsecured and have no fixed repayment terms.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

XI. RELATED PARTY RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

- continued

7. Related party commitments

The following table presents the commitments related to related parties that have been contracted but not presented on the statement of financial position:

(1) Receipt of services

	RMB	
Related party	31 December 2025	31 December 2024
Yunji Smart	148,150,756.66	43,442,094.30
Nanjing Anvis	2,117,875.22	-
Nanning Sanfeng	364,748.99	96,016.80
Total	150,633,380.87	43,538,111.10

(2) Rendering of services

	RMB	
Related party	31 December 2025	31 December 2024
GZ W2 Company	-	2,877,558.00

(3) Investment commitments

In order to satisfy the capital requirements for the renovation and expansion projects regarding the Guangzhou Huocun to Dongguan Chang'an Section of Beijing-Hong Kong-Macao Expressway and the Guangzhou Huangcun to Huocun Section of Guangzhou-Foshan Expressway held by Guangzhou-Shenzhen-Zhuhai Expressway, a joint venture and associate of the Company, the Company held its 51st meeting of the 9th session of Board of Directors on 23 January 2025, reviewed and approved the *Proposal on Capital Increase to Guangzhou-Shenzhen-Zhuhai Expressway Company*. On 24 January 2025, Hopewell China Development, a subsidiary of the Company, entered into an *Agreement of Capital Increase to Guangzhou-Shenzhen-Zhuhai Expressway Co., Ltd. between Guangdong Highway Construction Co., Ltd. and Hopewell China Development (Superhighway) Limited* (the "Capital Increase Agreement") with Guangdong Highway Construction Co., Ltd. ("Guangdong Highway Construction"). Pursuant to the Capital Increase Agreement, Hopewell China Development and Guangdong Highway Construction agreed to subscribe and pay for the registered capital of Guangzhou-Shenzhen-Zhuhai Expressway after the change of registration in accordance with their shareholding ratios as agreed in the Capital Increase Agreement, and after the completion of the Capital Increase, the registered capital of Guangzhou-Shenzhen-Zhuhai Expressway is RMB 7,300 million. Specifically, Hopewell China Development subscribed and actually paid RMB 3,285 million (or equivalent amount in foreign currencies) in respect of its 45% shareholding ratio; and Guangdong Highway Construction subscribed and actually paid RMB 4,015 million in respect of its 55% shareholding ratio. As of 31 December 2025, Hopewell China Development has completed a capital increase of RMB 295 million to Guangzhou-Shenzhen-Zhuhai Expressway.

(4) Equity acquisition commitments

As at 31 December 2025, the Group had no equity acquisition commitments.

XII. COMMITMENTS AND CONTINGENCIES**1. Significant commitments**

In addition to the related party commitments disclosed in Note XI, 7, other significant commitments of the Group are as follows:

(1) Capital commitments

Item	31 December 2025	31 December 2024
Capital commitments that have been contracted but not yet recognized in the financial statements:		
- Expressway construction	9,348,911,016.00	10,445,493,263.59
- Kitchen waste disposal projects	187,434,983.39	252,176,311.17
Total	9,536,345,999.39	10,697,669,574.76

RMB

2. Contingencies

Significant contingencies at the balance sheet date

- (a) As at 31 December 2025, the Group's performance bonds for certain projects are in effect, with a total guarantee amount of approximately RMB 641 million.
- (b) As at 31 December 2025, the Group provided a periodic joint and several liability guarantee amounting to RMB 259 million to the bank for house mortgage loans granted by the bank to the Group's property buyers. Under the terms of guarantee, the Group is responsible for paying the outstanding mortgage loans and any accrued interest and penalties owed to the bank by the buyers in arrears if the buyers default in the mortgage payments, and the Group can then receive legal ownership of the property. The Group's guarantee period commences on the date on which the relevant mortgage loan is granted by the bank and ends on the date on which the buyer obtains the title deeds of the individual properties. The management believes that if the payment is in arrears, the net realizable value of the property is sufficient to cover the outstanding mortgage loans together with any accrued interest and penalties, and therefore no provision is made for these guarantees.
- (c) In February 2020, Juye Changguang Wind Energy Co., Ltd. ("Juye Changguang") entered into a *Contract for Procurement of Wind Turbines and Auxiliary Equipment for Heze Juye 50MW Wind Power Generation Project* with Nanjing Wind Power. On 15 January 2025, Juye Changguang filed a lawsuit with the People's Court of Juye County, alleging that Nanjing Wind Power had delayed delivery of goods until 31 December 2020, preventing Juye Changguang from completing the urgent installation and grid connection of the entire project by 31 December 2020, and consequently causing the 25MW project to be ineligible for national subsidies on wind power. Specifically, Juye Changguang requested (1) Nanjing Wind Power to make compensation to Juye Changguang for losses amounting to RMB 91,767,762.97 incurred due to Juye Changguang's ineligibility to receive the national subsidies as a result of the delayed delivery; (2) Environment Company, a shareholder of Nanjing Wind Power, to assume joint and several liability for the obligations under claim (1) against Nanjing Wind Power; and (3) Nanjing Wind Power and Environment Company to bear the litigation costs of this case. As of the date of approval for issue of the financial statements, the case is in the first-instance stage, and the Board of Directors believes that the outcome of the arbitration and the compensation obligation (if any) cannot be reliably estimated.

XII. COMMITMENTS AND CONTINGENCIES - continued

2. Contingencies - continued

Significant contingencies at the balance sheet date - continued

- (d) Pursuant to the *Engineering Equipment Supply and Installation Contract* and the *Wind Turbine Quality Warranty Agreement* entered into by and between Nanjing Wind Power and Huai'an Zhongheng, Nanjing Wind Power shall supply wind turbines for wind farms under Huai'an project. A dispute arose between the two parties regarding payment for construction work and construction quality issues. On 16 August 2024, Nanjing Wind Power filed a lawsuit with the Intermediate People's Court of Huai'an District, alleging that Huai'an Zhongheng had failed to pay the overdue construction costs despite repeated demands. On 10 April 2025, Huai'an Zhongheng filed another lawsuit with the People's Court of Huai'an District for the repair and replacement costs as well as the power generation losses incurred due to the blade quality issues, requesting: (1) Nanjing Wind Power to compensate for the repair and replacement costs related to wind turbine equipment and blades amounting to RMB 91,495,796.97; (2) Nanjing Wind Power to compensate for costs related to quality inspection, verification, patrols, and repairs amounting to RMB 4,366,284.98; (3) Nanjing Wind Power to compensate for power generation losses amounting to RMB 28,382,747.01; and (4) Nanjing Wind Power to bear all litigation costs of this case. As of the date of approval for issue of the financial statements, the case is in the first-instance stage, and the Board of Directors believes that the outcome of the ruling and the compensation obligation (if any) cannot be reliably estimated.
- (e) In January 2022, Fund Company, a subsidiary of the Company, and CCCC Second Harbour Engineering Co., Ltd. ("CCCC Second Harbour Engineering Company"), among other investors, entered into a Partnership Agreement to jointly establish Shenzhen Shengao Infrastructure Private Equity Investment Fund Partnership (Limited Partnership) (the "Infrastructure Fund"), for the purpose of investing in the transportation infrastructure sector. As the General Partner, Fund Company contributed 0.02% of the capital, while CCCC Second Harbour Engineering Company contributed 23.53% as the Limited Partner. The initial paid-in capital amounting to RMB 595 million was paid for Infrastructure Fund, of which CCCC Second Harbour Engineering Company contributed RMB 140 million. On 24 January 2025, CCCC Second Harbour Engineering Company filed an application for arbitration with the Shenzhen Court of International Arbitration against Fund Company and Infrastructure Fund, requesting: (1) the termination of the *Partnership Agreement* entered into with Fund Company; (2) the return of the principal and interest of the investment funds amounting to RMB 144,289,600.00; (3) that Fund Company and Infrastructure Fund to bear the arbitration costs and preservation fees incurred hereunder. On 10 July 2025, Fund Company received an arbitration notice from CCCC Second Harbour Engineering Company regarding its withdrawal from Infrastructure Fund and the return of its investment funds. As of the date of approval for issue of the financial statements, the case is under arbitration, and the Board of Directors believes that the outcome of the arbitration and the compensation obligation (if any) cannot be reliably estimated.

XII. COMMITMENTS AND CONTINGENCIES - continued

2. Contingencies - continued

Significant contingencies at the balance sheet date - continued

- (f) On 9 November 2018, Guishen Company and Guizhou Land jointly listed the 100% equity interests and corresponding creditor's right transfer projects of four companies related to Parcel II of the Guilong Project on the Shenzhen United Property and Equity Exchange. Specifically, Guishen Company transferred its 100% equity interests and corresponding creditor's rights in its subsidiary, Guizhou Shengbo Land Co., Ltd., while Guizhou Land transferred its 100% equity interests and corresponding creditor's rights in three subsidiaries including Guizhou Hengfengxin Real Estate Co., Ltd., Guizhou Henghongda Real Estate Co., Ltd. and Guizhou Yehengda Real Estate Co., Ltd. On 23 January 2019, Guizhou Xinhe Lifu Real Estate Development Co., Ltd. ("Xinhe Lifu") entered into an *Equity and Creditor's Rights Transfer Contract* with Guishen Company and Guizhou Land to accept the 100% equity interests and corresponding creditor's rights in for companies mentioned above. On 30 June 2025, Xinhe Lifu filed an application for arbitration with the Shenzhen Court of International Arbitration against the aforementioned *Equity and Creditor's Rights Transfer Contract*, alleging that the publicly disclosed information in the *Transfer Notice and Appraisal Report* regarding the listed transfers was false, then Shenzhen Court of International Arbitration formally accepted the case on 13 August 2025 and held a hearing on 8 March 2026. Xinhe Lifu requested (1) the reduction of the contract price by RMB 50,913,500.00, with refund of such amount; (2) the payment of losses arising from the occupation of the aforementioned funds amounting to RMB 49,652,800.00; (3) the compensation for actual losses incurred by Xinhe Lifu due to the execution and performance of the contract amounting to RMB 23,539,300.00; and (4) the refund of RMB 20,412,000.00 paid by Xinhe Lifu on 13 May 2019, along with corresponding losses from fund occupation amounting to RMB 18,369,100.00. The amount claimed in the foregoing requests totaled RMB 162,886,700.00. As of the date of approval for issue of the financial statements, the case is under arbitration, and the Board of Directors believes that the outcome of the ruling and the compensation obligation (if any) cannot be reliably estimated.

In addition to the above matters, as at 31 December 2025, the amount of the pending litigation and arbitration cases in which the Group is the defendant totaled RMB 307,639,200.00. After consulting with the attorney, the Company's Board of Directors believes that the outcome of the aforesaid litigation and arbitration and the compensation obligation (if any) cannot be reliably estimated.

XIII. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

- (1) On 6 January 2026, the Company completed the issuance of corporate bonds (first phase) to professional investors in 2026. The issuance scale is RMB 1,500,000,000.00, with a coupon rate of 1.98% and a term of 5 years.
- (2) On 25 March 2026, as approved at the 60th meeting of the 9th session of Board of Directors of the Company, a cash dividend of RMB 0.244 (inclusive of tax) per share shall be distributed based on total shares of the Company as at 31 December 2025. The total dividend distribution amount to RMB 619,236,894.99, with no transfer of capital reserve to equity, and the aforesaid resolution will be submitted to the 2025 Shareholders' Meeting for approval.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

XIV. OTHER SIGNIFICANT MATTERS

1. Segment information

(1) Basis for determination and accounting policies of reporting segments

According to the Group's internal organizational structure, management requirements and internal reporting system, the Group's operating business is divided into two operating segments. The management of the Group regularly evaluates the operating results of these segments to determine the allocation of resources and evaluation of their performance. On the basis of operating segments, the Group has identified two reporting segments, namely the toll road segment and the environmental protection segment. These reporting segments are determined on the basis of their main business. The main products and services provided by each reporting segment of the Group: toll road segment takes charge of operation and management of toll roads in Chinese Mainland; environmental protection segment takes charge of the operation and management of environment-related infrastructure, mainly including solid waste treatment, clean energy and other related fields; and other businesses principally comprise the provision of entrusted management services, advertising services, property development, finance leases, construction services under franchise arrangement and other services. These businesses cannot be separated into reportable segments.

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting and measurement criteria in the preparation of the financial statements.

(2) Financial information of reporting segment

2025

RMB

Item	Toll road	Environmental protection	Others	Unallocated	Total
Revenue from external customers	5,123,849,101.01	1,517,716,278.51	2,622,915,161.51	-	9,264,480,541.03
Cost of services	2,811,056,075.22	1,266,745,590.89	2,379,192,897.43	-	6,456,994,563.54
Interest income	41,412,840.73	2,049,159.46	2,478,142.42	25,420,089.62	71,360,232.23
Interest expenses	48,764,825.44	128,121,933.85	682,480,287.34	-	859,367,046.63
Income from investment in associates and joint ventures	459,079,944.43	136,569,613.02	141,497,057.36	-	737,146,614.81
Credit impairment gains (losses)	-	(76,145,250.40)	(7,763,765.55)	-	(83,909,015.95)
Gains (losses) on impairment of assets	(373,893,131.20)	(204,618,893.47)	(83,199,349.48)	-	(661,711,374.15)
Gains (losses) on disposal of assets	1,407,887.42	1,585,338.83	40,740.18	-	3,033,966.43
Depreciation and amortization expenses	1,777,769,936.48	539,220,601.90	82,811,383.16	73,923,467.84	2,473,725,389.38
Total profit (total loss)	2,428,189,592.37	(53,701,232.54)	(419,081,715.89)	(308,523,236.91)	1,646,883,407.03
Income tax expenses	520,724,580.84	40,373,614.61	(99,859,913.16)	-	461,238,282.29
Net profit (net loss)	1,907,465,011.53	(94,074,847.15)	(319,221,802.73)	(308,523,236.91)	1,185,645,124.74
Total assets	42,115,751,413.82	17,602,193,862.00	9,661,956,886.18	1,909,248,251.25	71,289,150,413.25
Total liabilities	26,716,023,167.67	6,907,278,007.18	2,565,519,683.94	3,047,847,544.29	39,236,668,403.08
Long-term equity investments in associates and joint ventures	10,775,680,774.77	5,162,190,718.21	3,717,351,709.90	-	19,655,223,202.88
Amount of non-current assets (exclusive of financial assets, long-term equity investments, and deferred tax assets)	24,525,580,628.54	8,203,084,425.71	146,052,902.62	1,900,345,280.19	34,775,063,237.06

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

XIV. OTHER SIGNIFICANT MATTERS - continued

1. Segment information - continued

(2) Financial information of reporting segment - continued

2024

RMB

Item	Toll road	Environmental protection	Others	Unallocated	Total
Revenue from external customers	5,053,338,436.13	1,409,037,680.12	2,783,315,371.02	-	9,245,691,487.27
Cost of services	2,613,870,354.46	1,223,216,827.79	2,487,311,732.34	-	6,324,398,914.59
Interest income	45,923,319.20	1,042,972.43	14,765,127.86	13,082,490.89	74,813,910.38
Interest expenses	89,850,419.31	180,965,455.24	789,000,678.46	-	1,059,816,553.01
Income from investment in associates and joint ventures	491,961,714.41	124,004,791.74	235,170,003.54	-	851,136,509.69
Credit impairment gains (losses)	-	(209,087,983.52)	9,315,694.44	-	(199,772,289.08)
Gains (losses) on impairment of assets	-	(333,760,347.49)	(50,513,916.31)	-	(384,274,263.80)
Gains (losses) on disposal of assets	638,358.16	13,405.51	8,186,253.09	(8,303.98)	8,829,712.78
Depreciation and amortization expenses	1,649,616,278.58	491,733,355.67	93,293,906.36	75,751,026.55	2,310,394,567.16
Total profit (total loss)	2,474,655,726.80	(580,003,780.05)	165,840,128.55	(302,065,663.01)	1,758,426,412.29
Income tax expenses	541,303,231.33	49,867,680.05	(50,957,435.12)	-	540,213,476.26
Net profit (net loss)	1,933,352,495.47	(629,871,460.10)	216,797,563.67	(302,065,663.01)	1,218,212,936.03
Total assets	37,740,086,289.28	18,183,692,898.41	9,654,981,733.98	1,979,270,026.91	67,558,030,948.58
Total liabilities	26,975,852,701.39	8,321,488,156.72	2,446,501,107.36	2,612,618,273.72	40,356,460,239.19
Long-term equity investments in associates and joint ventures	10,843,363,590.78	5,215,802,222.20	3,696,217,404.24	-	19,755,383,217.22
Amount of non-current assets (exclusive of financial assets, long-term equity investments, and deferred tax assets)	11,930,858,032.17	8,757,453,975.30	13,275,214,394.08	1,893,968,284.39	35,857,494,685.94

(3) Other descriptions

The Group's revenue from external customers and the non-current assets other than financial assets and deferred tax assets are all derived from the PRC.

XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Accounts receivable disclosed by aging

RMB

Aging	31 December 2025	31 December 2024
Within 1 year	52,987,970.15	30,538,642.65
1 to 2 years	20,291,455.21	39,901,940.57
2 to 3 years	29,697,167.74	-
Over 3 years	4,838,866.44	4,838,866.44
Total	107,815,459.54	75,279,449.66

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

1. Accounts receivable - continued

(2) Accounts receivable disclosed by method of bad debt provision

RMB

Category	31 December 2025					31 December 2024				
	Gross carrying amount		Bad debt provision		Carrying amount	Gross carrying amount		Bad debt provision		Carrying amount
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Bad debt provision assessed on a portfolio basis according to credit risk characteristics										
Portfolio I	89,947,124.34	83.43	-	-	89,947,124.34	65,672,136.17	87.24	-	-	65,672,136.17
Portfolio IV	17,868,335.20	16.57	-	-	17,868,335.20	9,607,313.49	12.76	-	-	9,607,313.49
Total	107,815,459.54	100.00	-	-	107,815,459.54	75,279,449.66	100.00	-	-	75,279,449.66

(3) Top five accounts receivable and contract assets categorized by debtor

RMB

Name of entity	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion to total closing balance of accounts receivable and contract assets (%)	Closing balance of provision for bad debts
Coastal Company	58,220,639.85	-	58,220,639.85	27.54	-
Const. & Dvpt Company	-	55,565,163.59	55,565,163.59	26.28	-
Shenzhen Ecology and Environment Bureau	-	30,869,888.74	30,869,888.74	14.60	-
Outer Ring Company	19,222,168.05	-	19,222,168.05	9.09	-
Shenzhen Transport Public Facilities Construction Center	-	14,614,939.05	14,614,939.05	6.91	-
Total	77,442,807.90	101,049,991.38	178,492,799.28	84.42	-

2. Other receivables

2.1 Presentation of other receivables

RMB

Item	31 December 2025	31 December 2024
Dividends receivable	-	431,020,860.00
Other receivables	1,719,794,681.33	3,362,777,219.56
Total	1,719,794,681.33	3,793,798,079.56

2.2 Dividends receivable

(1) Dividends receivable

RMB

Investee	31 December 2025	31 December 2024
Outer Ring Company	-	265,000,000.00
Mei Wah Company	-	106,020,860.00
Meiguan Company	-	60,000,000.00
Total	-	431,020,860.00

(2) Significant dividends receivable aged over one year

As at 31 December 2025, there were no significant dividends receivable aged over one year.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

2. Other receivables - continued

2.3 Other receivables

(1) Other receivables disclosed by aging

RMB

Aging	31 December 2025	31 December 2024
Within 1 year	1,249,161,776.76	1,251,474,812.53
1 to 2 years	20,250,556.85	1,497,641,000.63
2 to 3 years	101,477,375.67	249,755,229.79
Over 3 years	348,904,972.05	363,906,176.61
Sub-total	1,719,794,681.33	3,362,777,219.56
Less: Bad debt provision for other receivables	-	-
Total	1,719,794,681.33	3,362,777,219.56

(2) Other receivables analyzed by nature

RMB

Nature	31 December 2025	31 December 2024
Receivables from subsidiaries for financial assistance	1,516,803,303.78	3,227,067,757.29
Advances receivable	189,654,435.80	127,698,608.59
Others	13,336,941.75	8,010,853.68
Total	1,719,794,681.33	3,362,777,219.56

(3) Top five other receivables categorized by debtor

RMB

Name of entity	Closing balance	Proportion to total closing balance of other receivables (%)	Nature	Aging	Closing balance of provision for bad debts
Outer Ring Company	1,092,417,274.64	63.52	Borrowings receivable, advances receivable	Within 1 year	-
Nanjing Wind Power	333,067,799.89	19.37	Borrowings receivable	Over 3 years	-
Guangming Environment Technology	123,594,451.12	7.19	Borrowings receivable, advances receivable	Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	-
Mei Wah Company	40,475,719.76	2.35	Advances receivable	2 to 3 years	-
Operation Development Company	38,925,623.30	2.26	Advances receivable	Within 1 year, 1 to 2 years, 2 to 3 years, over 3 years	-
Total	1,628,480,868.71	94.69			-

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

3. Long-term equity investments

(1) Details of long-term equity investments

Investee	1 January 2025	Changes for the year							31 December 2025	Closing balance of provision for impairment	
		Additions	Reductions	Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Other equity changes	Cash dividend or profit declared	Provision for impairment			Others
Associates and joint ventures:											
Yangmao Company	840,603,301.52	-	-	50,738,509.49	-	-	(78,878,968.20)	-	-	812,462,842.81	-
United Land Company	732,747,626.53	-	-	(30,500,063.91)	-	-	-	-	-	702,247,562.62	-
E Fund - Shenzhen Expressway REITs (code: 508033)	750,659,862.55	-	-	23,328,269.15	-	-	(91,752,000.00)	-	-	682,236,131.70	-
Nanjing Third Bridge Company	464,833,892.23	-	-	50,388,034.37	-	-	(60,810,754.09)	-	-	454,411,172.51	-
GZ W2 Company	371,302,955.80	-	-	53,955,466.77	-	-	(51,885,100.00)	-	-	373,373,322.57	-
Shengchuang Fund	99,518,936.60	-	(71,694,000.00)	(16,927,734.39)	-	-	-	-	-	10,897,202.21	-
Others	1,673,405,062.36	-	-	106,093,751.57	(5,475,482.40)	-	(21,300,000.00)	-	1,789,285.75	1,754,512,617.28	-
Sub-total	4,933,071,637.59	-	(71,694,000.00)	237,076,233.05	(5,475,482.40)	-	(304,626,822.29)	-	1,789,285.75	4,790,140,851.70	-

RMB

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

3. Long-term equity investments - continued

(1) Details of long-term equity investments - continued

RMB

Investee	1 January 2025	Changes for the year								31 December 2025	Closing balance of provision for impairment
		Additions	Reductions	Investment gains or losses recognized under the equity method	Adjustment to other comprehensive income	Other equity changes	Cash dividend or profit declared	Provision for impairment	Others		
Investment in subsidiaries:											
Mei Wah Company	10,260,345,535.22	-	-	-	-	-	-	(373,893,131.20)	-	9,886,452,404.02	373,893,131.20
Outer Ring Company	6,500,000,000.00	1,580,000,000.00	-	-	-	-	-	-	-	8,080,000,000.00	-
Environment Company	5,650,000,000.00	900,000,000.00	-	-	-	-	-	-	-	6,550,000,000.00	-
New Energy Company	2,161,250,000.00	-	-	-	-	-	-	-	-	2,161,250,000.00	-
Coastal Company	1,787,939,407.88	-	-	-	-	-	-	-	-	1,787,939,407.88	-
Qinglian Company	1,072,668,891.00	-	-	-	-	-	-	-	-	1,072,668,891.00	678,765,149.21
Expressway Investment	1,000,000,000.00	-	-	-	-	-	-	-	-	1,000,000,000.00	-
Financial Leasing Company	678,193,419.87	-	-	-	-	-	-	-	-	678,193,419.87	-
Meiguan Company	521,260,142.34	-	-	-	-	-	-	-	-	521,260,142.34	-
Infrastructure Environment Protection Development Company	236,964,077.66	-	-	-	-	-	-	(12,200,000.00)	-	224,764,077.66	108,429,424.09
Guangming Environmental Technology	200,000,000.00	-	-	-	-	-	-	-	-	200,000,000.00	-
Longda Company	103,816,567.61	-	-	-	-	-	-	-	-	103,816,567.61	-
Qinglong Company	101,477,197.16	-	-	-	-	-	-	-	-	101,477,197.16	-
Operation Development Company	33,325,000.01	-	-	-	-	-	-	-	-	33,325,000.01	-
Shenchang Company	33,280,762.94	-	-	-	-	-	-	-	-	33,280,762.94	-
Construction and Development Company	30,000,000.00	-	-	-	-	-	-	-	-	30,000,000.00	-
Fund Company	10,000,000.00	-	-	-	-	-	-	-	-	10,000,000.00	-
Shenzhen Expressway Business	4,000,000.00	-	-	-	-	-	-	-	-	4,000,000.00	-
Expressway Digital Technology	2,550,000.00	-	-	-	-	-	-	-	-	2,550,000.00	-
Yichang Operation & Management	2,300,000.00	-	-	-	-	-	-	-	-	2,300,000.00	-
Baotou Nanfeng	1,280,900.27	-	-	-	-	-	-	-	-	1,280,900.27	-
Sub-total	30,390,651,901.96	2,480,000,000.00	-	-	-	-	-	(386,093,131.20)	-	32,484,558,770.76	1,161,087,704.50
Total	35,323,723,539.55	2,480,000,000.00	(71,694,000.00)	237,076,233.05	(5,475,482.40)	-	(304,626,822.29)	(386,093,131.20)	1,789,285.75	37,274,699,622.46	1,161,087,704.50

Note: The detailed information about investment in associates and joint ventures is set out in Note V, 13.

SHENZHEN EXPRESSWAY CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

3. Long-term equity investments - continued

(2) Impairment testing of long-term equity investments

The recoverable amount is determined at the present value of the expected future cash flows

RMB

Item	Carrying amount	Recoverable amount	Amount of impairment	Projection period	Key parameters for projection period (growth rate, profit margins, etc.)	Basis to determine parameters for projection period	Key parameters for steady period (growth rate, profit margins, discount rate, etc.)	Basis to determine the key parameters for steady period
Mei Wah Company	10,260,345,535.22	9,886,452,404.02	373,893,131.20			Note V, 20 - Note 2		

4. Operating income and cost of services

RMB

Item	2025		2024	
	Income	Cost	Income	Cost
Main businesses	1,257,139,832.76	366,268,610.24	1,217,027,691.41	397,154,787.54
Other businesses	848,900,076.78	779,980,854.40	955,182,683.39	861,314,169.95
Total	2,106,039,909.54	1,146,249,464.64	2,172,210,374.80	1,258,468,957.49

5. Investment income

RMB

Item	2025	2024
Income from long-term equity investments under the cost method	870,705,445.78	898,649,400.47
Income from long-term equity investments under the equity method	237,076,233.05	358,112,888.34
Investment income from other non-current financial assets	12,390,564.24	18,610,822.02
Investment income (loss) from disposal of equity	(1,535,393.96)	127,449,491.52
Investment income from financial products	603,964.06	1,787,671.23
Total	1,119,240,813.17	1,404,610,273.58

6. Gains (losses) on impairment of assets

RMB

Item	2025	2024
Impairment losses of long-term equity investments	(386,093,131.20)	(96,229,424.09)
Total	(386,093,131.20)	(96,229,424.09)

SHENZHEN EXPRESSWAY CORPORATION LIMITED

**SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2025**

1. Breakdown of non-recurring profit or loss for the current period

RMB

Item	Amount
Profit or loss on disposal of non-current assets, including those charged off for which provision for impairment of assets has been made	1,167,079.27
Government grants recognized in profit or loss (other than government grants which are closely related to the Company's business, in line with the national regulations, enjoyed under established standards and have a continuous impact on the Company's profit or loss)	31,698,241.59
Profit or loss on changes in fair value of financial assets and financial liabilities held by non-financial enterprises and profit or loss on disposal of financial assets and financial liabilities, other than those used in the effective hedging activities relating to normal operating business	94,015,371.64
Other non-operating income or expenses other than the above	(37,590,570.16)
Less: Tax effects	52,988,380.62
Effects attributable to minority interests	11,008,686.58
Total	25,293,055.14

Basis for preparation of the breakdown of non-recurring profit or loss

According to the *Explanatory Announcement on Information Disclosure by Companies Making Public Offering of Securities No. 1 - Non-Recurring Profit or Loss (Revised in 2023)* issued by China Securities Regulatory Commission, non-recurring profit or loss arises from transactions or events that are not directly related to the normal business operations, or transactions or events that are related to normal business operations but are so extraordinary that would have an impact on users of the financial statements when making proper judgments on the performance and profitability of the Company.

2. Return on net assets and earnings per share

The return on net assets and earnings per share have been prepared by Shenzhen Expressway Corporation Limited in accordance with the *Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings per Share* (revised in 2010) issued by China Securities Regulatory Commission.

RMB

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	4.86	0.429	0.429
Net profit after deducting non-recurring profit or loss attributable to ordinary shareholders of the Company	4.74	0.418	0.418