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## HUAYU EXPRESSWAY GROUP LIMITED

### 華昱高速集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1823)

## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

The board of directors (the “Board”) of Huayu Expressway Group Limited (the “Company”) hereby announces the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2025, together with comparative figures for the year ended 31 December 2024 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 December 2025*

	Note	2025 RMB'000	2024 RMB'000
<b>Revenue</b>	4	<b>140,412</b>	198,145
Cost of sales		<u>(117,904)</u>	<u>(158,641)</u>
<b>Gross profit</b>		<b>22,508</b>	39,504
Other revenue	5	<b>1,380</b>	3,144
Other net loss	5	<b>(3,728)</b>	(1,596)
Administrative expenses		<b>(41,526)</b>	(47,216)
Selling and distribution costs		<u><b>(10,085)</b></u>	<u>(10,481)</u>
<b>Loss from operations</b>		<b>(31,451)</b>	(16,645)
Finance costs	6(a)	<b>(5,200)</b>	(5,102)
Share of profits less losses of associates		<u><b>(6,788)</b></u>	<u>12,526</u>
<b>Loss before taxation</b>	6	<b>(43,439)</b>	(9,221)
Income tax	7	<u><b>3,211</b></u>	<u>(4,064)</u>
<b>Loss for the year</b>		<u><b>(40,228)</b></u>	<u>(13,285)</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(36,143)</b>	(8,514)
Non-controlling interests		<u><b>(4,085)</b></u>	<u>(4,771)</u>
<b>Loss for the year</b>		<u><b>(40,228)</b></u>	<u>(13,285)</u>
<b>Basic and diluted loss per share (RMB Cents)</b>	8	<u><b>(8.76)</b></u>	<u>(2.06)</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	<i>Note</i>	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>536,642</b>	428,974
Intangible asset – service concession arrangement		<b>19,478</b>	49,134
Interests in associates		<b>146,658</b>	163,579
Deferred tax assets		<b>280</b>	266
Contingent consideration receivables		–	20,648
Prepayments		<b>34,147</b>	36,563
		<u><b>737,205</b></u>	<u>699,164</u>
<b>Current assets</b>			
Inventories		<b>401,792</b>	390,608
Trade and other receivables	9	<b>13,668</b>	10,393
Value added tax receivables		<b>41,443</b>	40,632
Prepayments		<b>43,273</b>	48,145
Amounts due from related parties		<b>48,685</b>	37,566
Contingent consideration receivables		<b>12,852</b>	545
Cash and cash equivalents		<b>126,813</b>	185,756
		<u><b>688,526</b></u>	<u>713,645</u>
<b>Current liabilities</b>			
Accruals and other payables		<b>63,885</b>	67,419
Amounts due to related parties		<b>14,064</b>	1,057
Contract liabilities		<b>12,016</b>	12,608
Bank loans and other borrowings		<b>111,411</b>	145,124
Lease liabilities		<b>1,231</b>	2,388
Current taxation		<b>2,459</b>	5,775
		<u><b>205,066</b></u>	<u>234,371</u>
<b>Net current assets</b>		<u><b>483,460</b></u>	<u>479,274</u>
<b>Total assets less current liabilities</b>		<u><b>1,220,665</b></u>	<u>1,178,438</u>

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

## NOTES

*(Expressed in Renminbi unless otherwise stated)*

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 21 April 2009 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Group is principally engaged in the construction, operation and management of expressways and the trading of liquor and spirits in the People's Republic of China ("PRC").

### 2. MATERIAL ACCOUNTING POLICIES

#### (a) Statement of compliance

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

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

#### (b) Basis of preparation of the financial statements

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

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

- contingent consideration receivables.

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

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

### 3. CHANGES IN ACCOUNTING POLICIES

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

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

### 4. REVENUE AND SEGMENT REPORTING

#### (a) Revenue

The principal activities of the Group are the trading of liquor and spirits and construction, operation and management of the First Phase of Qing Ping Expressway (the “Qing Ping Expressway”) in Mainland China. Further details regarding the Group’s principal activities are disclosed in Note 4(b).

#### (i) Disaggregation of revenue

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

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

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

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

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

	2025 <i>RMB’000</i>	2024 <i>RMB’000</i>
Customer A <sup>(aa)</sup>	N/A*	52,823
Customer B <sup>(aa)</sup>	8,243	N/A*
Customer C <sup>(aa)</sup>	9,611	N/A*

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

<sup>(aa)</sup> Revenue from liquor and spirits segment.

**(ii) Performance obligations for contracts with customers**

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

*Toll income*

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

*Sales of liquor and spirits*

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

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

**(b) Segment reporting**

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

Continuing reportable segments:

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

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

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

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

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

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

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

	<b>For the year ended 31 December 2025</b>		
	<b>Qing Ping Expressway RMB'000</b>	<b>Liquor and spirits RMB'000</b>	<b>Total RMB'000</b>
Reportable segment revenue	<u>66,257</u>	<u>74,155</u>	<u>140,412</u>
<b>Reportable segment profit/(loss) (adjusted EBITDA)</b>	<u>24,978</u>	<u>(4,354)</u>	<u>20,624</u>
Interest income from bank deposits	145	67	212
Interest expense	–	(5,185)	(5,185)
Depreciation and amortisation for the year	(30,783)	(6,862)	(37,645)
<b>As at 31 December 2025</b>			
Reportable segment assets	<u>169,856</u>	<u>1,283,520</u>	<u>1,453,376</u>
Reportable segment liabilities	<u>10,943</u>	<u>427,980</u>	<u>438,923</u>
	<b>For the year ended 31 December 2024</b>		
	<b>Qing Ping Expressway RMB'000</b>	<b>Liquor and spirits RMB'000</b>	<b>Total RMB'000</b>
Reportable segment revenue	<u>69,530</u>	<u>128,615</u>	<u>198,145</u>
<b>Reportable segment profit (adjusted EBITDA)</b>	<u>26,688</u>	<u>23,388</u>	<u>50,076</u>
Interest income from bank deposits	240	1,051	1,291
Interest expense	–	(5,048)	(5,048)
Depreciation and amortisation for the year	(31,957)	(7,263)	(39,220)
<b>As at 31 December 2024</b>			
Reportable segment assets	<u>174,235</u>	<u>1,233,779</u>	<u>1,408,014</u>
Reportable segment liabilities	<u>9,662</u>	<u>361,786</u>	<u>371,448</u>

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

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

## 5. OTHER REVENUE AND NET LOSS

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

## 6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

### (a) Finance costs:

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

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

(b) **Staff costs (including directors' emoluments):**

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

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

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

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

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

(c) **Other items:**

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

## 7. INCOME TAX

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

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

## 8. LOSS PER SHARE

### (a) Basic loss per share

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

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

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

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

	2025 <i>'000</i>	2024 <i>'000</i>
Weighted average number of ordinary shares for the year	<u>412,608</u>	<u>412,608</u>

### (b) Diluted loss per share

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

## 9. TRADE AND OTHER RECEIVABLES

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

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

During the year ended 31 December 2025 (the “Year”), the Group continued to engage in its principal businesses of expressway operation and liquor and spirits distribution in the People’s Republic of China (the “PRC”). The Group recorded a decline in overall performance during the Year, primarily attributable to the underperformance of the liquor and spirits segment and the deterioration in the results of associates. For the Year, the total revenue of the Group was about RMB140.4 million and the loss for the year was about RMB40.2 million.

### Revenue

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

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

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

### Cost of sales and gross profit

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

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

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

## **Other revenue and other net loss**

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

## **Administrative expenses**

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

## **Selling and distribution costs**

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

## **Finance costs**

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

## **Loss for the year**

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

## **Liquidity and financial resources**

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

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

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

### **Intangible asset – service concession arrangement**

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

### **Foreign currency risk**

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

### **Pledge of assets**

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

### **Capital commitments**

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

## **BUSINESS REVIEW**

### **Qing Ping Expressway**

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

### **Trading of Liquor and Spirits**

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

### **Winery and operating center in Renhuai**

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

### **Huajia Winery (Shenzhen) Co., Ltd. (“Huajia”)**

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

## **Employees and Emoluments**

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

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

## **EVENT AFTER REPORTING PERIOD**

### **Placing of new shares**

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

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

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

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

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

## **PROSPECTS**

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

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

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

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

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

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, the Company has maintained the prescribed public float of not less than 25% of the Company's entire issued share capital as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") for the Year.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Shares for the year ended 31 December 2025.

### **CODE ON CORPORATE GOVERNANCE PRACTICES**

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

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise interests of the shareholders of the Company.

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

### **REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE**

The Company has established an audit committee in compliance with Rule 3.21 of the Listing Rules (the "Audit Committee") with written terms of reference in compliance with the CG Code. The Audit Committee is accountable to the Board and its primary duties include the review and supervision of the Group's financial reporting process and internal control measures. The Audit Committee comprises all three independent non-executive Directors, namely Mr. Chu Kin Wang, Peleus, Mr. Lam Hon Kuen and Mr. Hu Lie Ge. Mr. Chu Kin Wang, Peleus is the chairman of the Audit Committee and has professional qualification and experience in financial matters in compliance with the requirements of the Listing Rules.

The Audit Committee has met and discussed with the external auditor of the Company, Crowe (HK) CPA Limited, and has reviewed the accounting principles and practices adopted by the Group and the results of the Group for the Year. The Audit Committee considered that the consolidated results of the Group for the Year are in compliance with the relevant accounting standards, rules and regulations and that appropriate disclosures have been duly made. The external auditor of the Company, Crowe (HK) CPA Limited, has agreed that the financial figures in respect of the Group's annual results for the Year contained in this announcement are consistent with the amounts set out in the Group's draft consolidated financial statements for the Year.

## **FINAL DIVIDEND**

The Board does not recommend any final dividend payment for the Year.

## **ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS**

The annual general meeting of the Company will be held on 3 June 2026. Notice of the annual general meeting will be issued and dispatched to shareholders of the Company in due course. The Company's register of members will be closed from 29 May 2026 to 3 June 2026 (both days inclusive), during such period no transfer of the Shares will be registered. The record date for the entitlement to attend and vote at the annual general meeting is 3 June 2026. In order to qualify to attend and vote at the forthcoming annual general meeting, all transfers of Shares accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on 28 May 2026.

## **PUBLICATION OF 2025 ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This announcement is also published on the website of the Company ([www.huayu.com.hk](http://www.huayu.com.hk)) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the 2025 annual report of the Company containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the respective websites of the Company and the Stock Exchange in due course.

## **APPRECIATION**

I would like to take this opportunity to express thanks and gratitude on behalf of the Company to the Group's management and staff who dedicated their endless efforts and devoted services, and to our shareholders, suppliers and bankers for their continuous support.

On behalf of the Board of  
**Huayu Expressway Group Limited**  
**Chan Yeung Nam**  
*Chairman*

Hong Kong, 26 March 2026

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