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

2026
Interim Report

Contents

Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Chan Yeung Nam *(Chairman)*
Fu Jie Pin *(Chief Executive Officer)*
Liu Bao Hua
Zhang Tinghui

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chu Kin Wang, Peleus
Hu Lie Ge
Lam Hon Kuen

BOARD COMMITTEES

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

Lam Hon Kuen *(Chairman)*
Hu Lie Ge
Liu Bao Hua

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Sin Ka Man *HKICPA, FCCA*

AUTHORISED REPRESENTATIVES

Chan Yeung Nam
Sin Ka Man

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITORS

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

LEGAL ADVISERS AS TO HONG KONG LAW

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

PRINCIPAL BANKERS

China Merchants Bank
China Construction Bank Corporation
China Minsheng Bank

COMPANY WEBSITE

www.huayu.com.hk

STOCK CODE

1823

FINANCIAL REVIEW

REVENUE

During the Period, the Group recorded a revenue of approximately RMB62.6 million, decreased by about 17.4% from approximately RMB75.8 million for the corresponding period of last year. The slackened economic growth and weak domestic consumption market in the People's Republic of China (the "PRC") continue affecting the performance of the Group.

The total toll revenue received from the First Phase of Qing Ping Expressway (the "Qing Ping Expressway") for the Period was about RMB31.7 million, slightly increased by about 1.9% from about RMB31.1 million for the corresponding period of 2025. The total traffic flow of the Qing Ping Expressway was about 10.6 million vehicles, slightly increased by about 2.9% from about 10.3 million vehicles for the corresponding period of 2025.

The revenue generated from the sales of liquor and spirits was approximately RMB30.9 million for the Period, decreased by about 31.0% from about RMB44.8 million for the corresponding period of 2025. The economic slowdown dampened the discretionary spending in the PRC, particularly affecting the Chinese spirit and liquor market during the Period.

COST OF SALES AND GROSS PROFIT

The Group recorded a gross loss of approximately RMB7.2 million for the Period, as compared to gross profit of about RMB13.2 million for the corresponding period of last year. Such deterioration in performance was in line with the drop in the total revenue of the Group for the Period. The relevant gross loss ratio for the Period was about 11.5%, decreased by about 29.0% from about 17.5% for the corresponding period of last year.

For the Qing Ping Expressway, the segment gross loss was approximately RMB12.7 million and the gross loss ratio was about 40.1% for the Period, as compared to gross profit of approximately RMB1.2 million and gross profit ratio of 3.9% for the corresponding period of 2025. The drop in the segment gross profit and gross profit ratio was mainly due to the additional amortisation of intangible assets during the Period as the concession agreement was ended in July 2026 and the toll road had been returned to the government.

For the trading of liquor and spirits, the segment gross profit was about RMB5.5 million and the gross profit ratio was about 17.6% for the Period, representing a decrease of about 9.3% in the gross profit ratio from 26.9% for the corresponding period of last year.

OTHER REVENUE AND OTHER NET GAIN/(LOSS)

The Group recorded other revenue of approximately RMB0.3 million for the Period, as compared to an amount of approximately RMB1.0 million for the corresponding period of last year. Other revenue of the Group mainly comprised the rental income from the highway billboard advertising business and interest income from bank deposits.

In addition, the other net gain was about RMB3.7 million for the Period, as compared to an amount of approximately RMB1.3 million for the corresponding period of last year. Other net gain mainly reflected the exchange gain recorded during the Period.

ADMINISTRATIVE EXPENSES

Administrative expenses for the Period were approximately RMB34.5 million, increased by about 82.5% from approximately RMB18.9 million for the corresponding period of last year. The increase was mainly due to the provision of severance payment for the staff of the toll road operation and the development of new businesses during the Period, which led to higher staff cost and professional fee.

SELLING AND DISTRIBUTION COSTS

The Group recorded selling and distribution costs of about RMB3.5 million for the Period, decreased by about 32.7% from approximately RMB5.2 million for the corresponding period of last year. The selling and distribution costs mainly comprised the advertising expenses and staff costs for the liquor and spirits trading business.

FINANCE COSTS

During the Period, the finance costs of the Group amounted to about RMB1.5 million, decreased by about 50.0% from approximately RMB3.0 million for the corresponding period of last year. The amount was mainly utilised for the banking facility provided for the liquor and spirits trading business, especially for the construction of the manufacturing complex in Guizhou Renhuai during the Period.

LOSS FOR THE PERIOD

The loss for the Period amounted to approximately RMB49.7 million, increased by approximately 95.7% as compared to that of approximately RMB25.4 million for the corresponding period of 2025. The increase in the loss for the Period was mainly attributable to the decrease in the sales of spirits and liquors due to the continuous contraction of the consumer market in the PRC, the additional expenses for the return of the Qing Ping Expressway to the government and the increase of administrative expenses for the establishment of the new business.

LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the Group financed its operating and capital expenditures with its internal resources, bank loans and other borrowings and the proceeds from the placement of new share in February 2026. As at 30 June 2026, the total bank loans and other borrowings drawn by the Group amounted to approximately RMB361.4 million (as at 31 December 2025: approximately RMB294.2 million) and the total cash and cash equivalents, including bank deposits and cash on hand amounted to approximately RMB96.2 million (as at 31 December 2025: approximately RMB126.8 million).

The Group has always pursued a prudent treasury management policy and maintained its liquidity position with sufficient standby banking facilities to meet its daily operation and any demands for capital in the future development. As at 30 June 2026, the total banking facilities of the Group with the banks and other financial institutions in the PRC amounted to approximately RMB414.8 million (as at 31 December 2025: approximately RMB582.0 million), which were mainly for the working capital of the trading of liquor and spirits business segment. The ratio of total outstanding bank loans and other borrowings to total equity was 0.34 (as at 31 December 2025: 0.28).

The Group's borrowings were mainly arranged on a floating rate basis. During the Period, the Group did not enter into any hedging arrangements to hedge against exposure in the interest rate risk. Any substantial fluctuation of the interest rate may cause negative financial impacts on the Group. The management of the Company (the "Management") will continue to monitor the Group's interest rate risk exposure and will consider taking appropriate actions, including but not limited to hedging should the need arise.

PLACING OF NEW SHARES UNDER GENERAL MANDATE (THE "PLACING")

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 of the Company ("Shareholders") to the Directors at the annual general meeting of the Company held 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 strengthened the Group's liquidity position and ensured the availability of sufficient financial resources to meet the Group's 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. Up to 30 June 2026, approximately HK$7.6 million was utilised and the unutilised net proceeds are expected to be utilised by 31 December 2027.

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

INTANGIBLE ASSETS – SERVICE CONCESSION ARRANGEMENTS

The service concession arrangements confer the right of the Group to operate the Qing Ping Expressway and receive toll fees therefrom. According to the accounting policy adopted by the Group, the amount of the intangible assets is subject to the periodical impairment review. No further impairment was recognised for the Period.

EMPLOYEES AND EMOLUMENTS

As at 30 June 2026, the Group employed a total of 410 (as at 31 December 2025: 339) employees in the PRC and Hong Kong, which included the Management, engineers, technicians and general staff. During the Period, the Group's total expenses on the remuneration of employees amounted to approximately RMB33.2 million (six months ended 30 June 2025: approximately RMB16.9 million).

The Group's emolument policies are formulated based on the performance of individual employees and are subject to a periodical review. Apart from the provident fund scheme (pursuant to the provisions of the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for Hong Kong employees) or state-managed retirement pension scheme (for the PRC employees) and medical insurance, discretionary bonuses, restricted share award scheme and employee share options may also be awarded to employees according to the assessment of their individual performance.

FOREIGN EXCHANGE RISK

The Group mainly operates in the PRC with most of the transactions settled in Renminbi. Some of the Group's cash and bank deposits are denominated in Hong Kong dollars. As at 30 June 2026, the Group had not entered into any hedging arrangements to hedge against exposure in the foreign currency risk. Any substantial exchange rate fluctuation of foreign currencies against Renminbi may cause negative financial impacts on the Group. The Management 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.

CONTINGENT LIABILITIES

As at 30 June 2026, the Group did not have any material contingent liabilities.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this interim financial report, the Group did not make any material acquisitions or disposals of subsidiaries or associates during the Period.

PLEDGE OF ASSETS

As at 30 June 2026, secured bank loans of approximately RMB271.2 million were guaranteed by the Company, certain subsidiaries of the Company and certain directors of a subsidiary of the Company. In addition, the loans were secured by the Group's land and buildings with carrying amount of approximately RMB590 million.

As at 30 June 2026, secured bank loans of approximately RMB20.0 million were secured by the Group's inventories with equivalent amounts of the loans outstanding.

As at 30 June 2026, secured bank loans of approximately RMB15 million were guaranteed by the Company, a director of the Company, a subsidiary and a director of a subsidiary of the Company. In addition, the bank loans were secured by the Company's equity interests in Shenzhen Huayu Expressway Investment Co., Ltd.*（深圳市華昱高速公路投資有限公司）, a 60% non-wholly owned subsidiary of the Company, including any interest or dividend paid for the shares.

BUSINESS REVIEW

QING PING EXPRESSWAY

During the Period, the total toll revenue of the Qing Ping Expressway was about RMB31.7 million for the Period, slightly increased by approximately 1.9% from about RMB31.1 million for the corresponding period of last year. The average traffic flow was about 1.8 million vehicles per month, increased by about 5.9% from about 1.7 million vehicles per month for the corresponding period of last year. Average toll for the Period was about RMB3.0 per vehicle.

TRADING OF LIQUOR AND SPIRITS

Contraction of the consumer market in the PRC continued affecting the business of the trading of liquor and spirits during the Period. The Group recorded revenue of trading of liquor and spirits of approximately RMB30.9 million, decreased by approximately 31.0% from approximately RMB44.8 million for the corresponding period of last year. During the Period, 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. Segment loss (adjusted EBITDA) for the Period was about RMB7.1 million, as compared to that of about RMB11.9 million for the corresponding period of last year.

MANUFACTURING COMPLEX IN GUIZHOU RENHUAI

The Group acquired three land parcels, collectively covering not less than 150,000 square meters, located and situating in Renhuai city of the Guizhou Province in the PRC in 2023. The land parcels were designated for development into a winery and a comprehensive operating centre comprising wine storage and packaging facilities, offices and carpark. The construction of the above-mentioned winery and operating centre commenced in 2023 and the structural construction completed as at 30 June 2025. For details of the winery and operating centre, please refer to the section entitled "Our winery and operating centre in Renhuai" in the Company's announcement dated 22 July 2026.

ACQUISITION OF LICENSED MONEY SERVICE BUSINESS

On 29 May 2026, the Group entered into a conditional share sale agreement to acquire the entire interest of a company which is mainly engaged in the provision of licensed money service business, such as foreign currency exchange (the "Licensed Money Service Company"). The Licensed Money Service Company holds a valid money service operator licence which was granted by the Hong Kong Customs and Excise Department. The operation is still in the preparation stage and expected to have revenue by the end of 2026.

Management Discussion and Analysis

PROSPECTS

Economic slowdown and contraction of the consumer market seriously affected the Group's business for the Period. However, accelerating growth momentum in the PRC and the recent developments in new business will bring a prosperous future to thew Group.

According to the concession agreement, the operation of the Qing Ping Expressway was returned to the PRC government in July 2026. Although the Group no longer has toll road business, the Group is still having interest in the industry and actively exploring potential projects involving the construction, operation, management and maintenance of the expressway business.

The business of trading of liquor and spirits is expected to improve in the near future after the accumulated inventory in the distribution channel is 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.

To increase the competitiveness and sustainability of liquor and spirits trading business and resolve the issue of suppliers concentration, the Group has expanded the business to the upstream of the industry through the investment in winery, winemaking, warehousing and logistics, packaging and operation centre through the Renhuai project in Guizhou Province, the PRC.

The construction work of Renhuai project is nearly completed in that the trial production has been carried out and a formal production will commence soon. The investment provided the Group with an opportunity to expand the business of trading liquors and spirits to the upstream of the industry. Following the scheduled completion and phased commissioning of the Renhuai distillery, the Group intends to develop its own brand of liquor and spirits. Such initiatives will diversify our product mix and gradually reduce the dependence on the exclusive distribution of Huamaojiu and reliance on a single supplier over time.

With the recent acquisition of the Licensed Money Service Company, the Group commenced to develop the financial related business. It is expected to bring a stable service fee income to the Group in the future.

With the experience of the Directors in successfully completing various PRC toll-expressway projects and entering the PRC liquor and spirit industry, 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 the said strategies, the Group may pursue other infrastructure projects in the PRC whenever suitable opportunity arises. Furthermore, the Group will also consider extending its operation to include some other prosperous businesses once favourable opportunity appears.

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

As at 30 June 2026, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Name of Director	Nature of Interest	Long Position in Ordinary Shares Held	Number of Share Options	Total	Percentage
Mr. Chan Yeung Nam *(Note)*	Interest of controlled corporation	300,000,000	–	300,000,000	63.68%

Note: Mr. Chan Yeung Nam, an executive Director and chairman of the board of Directors (the "Board"), is deemed to be interested in 300,000,000 shares of the Company (the "Shares") held by Velocity International Limited by virtue of it being wholly-owned by him.

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

Apart from the foregoing, as at 30 June 2026, none of the Directors or chief executive of the Company or any of their spouses or children under 18 years of age had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company, or any of its holding companies, subsidiaries or other associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

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

SHARE OPTION SCHEME

The Company adopted a share option scheme at the annual general meeting of the Company held on 11 June 2020 (the "Share Option Scheme") 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.

The maximum number of Shares which may be issued upon exercise of all share options (the "Option") to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at 11 June 2020, i.e. 41,260,800 Shares. No Option may be granted to any participant of the Share Option Scheme such that the total number of Shares issued and to be issued upon exercise of the Options granted and to be granted to the grantee in any 12-month period exceeds 1% of the Shares in issue from time to time.

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

(a) the nominal value of a Share;

(b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and

(c) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for a period of 10 years from 11 June 2020, after which no further Option will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All Options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

During the Period, no options were granted by the Company under the Share Option Scheme.

The total number of Shares available for issue under the Share Option Scheme is 41,260,800, representing approximately 8.76% of the Company's issued share capital as at the date of the Company's 2025 annual report and as at the date of this interim financial report, respectively.

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

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

As at 30 June 2026, so far as is known to any Directors or chief executive of the Company, the persons (other than the Directors and chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were directly or indirectly, interested in 10% of more of the nominal value of any shares of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

Name of Shareholders	Capacity/Nature of Interest	Long Position in Ordinary Shares Held	Percentage of Total Issued Shares
Velocity International Limited *(Note)*	Beneficial owner	300,000,000	63.68%
Integrated Capital (Asia) Limited *(Note)*	Person having security interest in shares	300,000,000	63.68%
Yam Tak Cheung *(Note)*	Interest of controlled corporation	300,000,000	63.68%

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Shares during the Period.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance in the interests of its shareholders. It has adopted the code provisions contained in the Corporate Governance Code (the "CG Code") in Appendix C1 to the Listing Rules. The Company has complied with the code provisions contained in the CG Code throughout the Period.

Corporate Governance and Other Information

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") which 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 consists of 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, who is the chairman of the Audit Committee, 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 auditors of the Company, Crowe (HK) CPA Limited, and has reviewed the accounting principles and practices adopted by the Group and the unaudited results of the Group for the Period. The Audit Committee considered that the unaudited consolidated results of the Group for the Period are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

REVIEW OF THE INTERIM REPORT

This interim financial report for the Period has not been audited, but has been reviewed by the Audit Committee and Crowe (HK) CPA Limited, Certified Public Accountants, the external auditors of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct for securities transactions. Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code adopted by the Company throughout the Period.

PUBLICATION AND DESPATCH OF INTERIM REPORT

This 2026 interim report of the Company is available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.huayu.com.hk) respectively.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group ceased the operation and toll collection of the Qing Ping Expressway in July 2026. In connection with the cessation of the toll road operation, the Group implemented an employee severance scheme, pursuant to which all personnel of the Qing Ping Expressway segment were terminated with total severance compensation of approximately RMB14,042,000 paid in August 2026.

On behalf of the Board of
Huayu Expressway Group Limited

Chan Yeung Nam
Chairman

Hong Kong, 28 August 2026

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2026 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June 2026 RMB'000	2025 RMB'000
Revenue	3	**62,567**	75,832
Cost of sales		**(69,792)**	(62,585)
Gross (loss)/profit		**(7,225)**	13,247
Other revenue	4	**269**	952
Other net gain	4	**3,674**	1,251
Administrative expenses		**(34,454)**	(18,869)
Selling and distribution costs		**(3,530)**	(5,222)
Loss from operations		**(41,266)**	(8,641)
Finance costs	5(a)	**(1,526)**	(3,013)
Share of profits less losses of associates		**(6,318)**	(13,807)
Loss before taxation	5	**(49,110)**	(25,461)
Income tax	6	**(624)**	102
Loss for the period		**(49,734)**	(25,359)
Loss attributable to:			
Equity shareholders of the Company		**(36,281)**	(23,320)
Non-controlling interests		**(13,453)**	(2,039)
Loss for the period		**(49,734)**	(25,359)
Basic and diluted loss per share (RMB cents)	7	**(8.05)**	(5.65)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2026 – unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Loss for the period	**(49,734)**	(25,359)
Other comprehensive income for the period:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
– financial statements of entities comprising the Group not using Renminbi as functional currency	**(1,793)**	(645)
Total comprehensive income for the period	**(51,527)**	(26,004)
Attributable to:		
Equity shareholders of the Company	**(38,074)**	(23,965)
Non-controlling interests	**(13,453)**	(2,039)
Total comprehensive income for the period	**(51,527)**	(26,004)

The notes on pages 19 to 34 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2026 – unaudited
(Expressed in Renminbi)

	Note	30 June 2026 RMB'000	31 December 2025 RMB'000
Non-current assets			
Property, plant and equipment	8	**594,699**	536,642
Intangible assets – service concession arrangements	9	**–**	19,478
Interests in associates		**136,838**	146,658
Deferred tax assets		**679**	280
Prepayments	10(b)	**43,974**	34,147
		776,190	737,205
Current assets			
Inventories		**395,960**	401,792
Value added tax receivables		**45,363**	41,443
Trade and other receivables	10(a)	**18,925**	13,668
Prepayments	10(b)	**84,379**	43,273
Amounts due from related parties	17(b)	**53,783**	48,685
Contingent consideration receivables	11	**12,823**	12,852
Cash and cash equivalents	12	**96,247**	126,813
		707,480	688,526
Current liabilities			
Accruals and other payables	13	**67,130**	63,885
Amounts due to related parties	17(b)	**10,845**	14,064
Contract liabilities		**11,950**	12,016
Bank loans and other borrowings	14	**72,656**	111,411
Lease liabilities		**205**	1,231
Current taxation		**3,469**	2,459
		166,255	205,066
Net current assets		**541,225**	483,460
Total assets less current liabilities		**1,317,415**	1,220,665

Consolidated Statement of Financial Position

At 30 June 2026 – unaudited
(Expressed in Renminbi)

	Note	30 June 2026 RMB'000	31 December 2025 RMB'000
Non-current liabilities			
Lease liabilities		**595**	603
Bank loans	14	**288,743**	182,759
		289,338	183,362
NET ASSETS		**1,028,077**	1,037,303
CAPITAL AND RESERVES			
Share capital	15(a)	**4,150**	3,634
Reserves		**716,770**	710,470
Total equity attributable to equity shareholders of the Company		**720,920**	714,104
Non-controlling interests		**307,157**	323,199
TOTAL EQUITY		**1,028,077**	1,037,303

Approved and authorised for issue by the Board of Directors on 28 August 2026.

Chan Yeung Nam
Chairman

Fu Jie Pin
Director

The notes on pages 19 to 34 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026 – unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company									
	Share capital	Share premium	Statutory reserve	Other reserve	Share-based compensation reserve	Exchange reserve	Retained profits/ (Accumulated losses)	Total	Non-controlling interests	Total
	Note 15(a)									
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2025	3,634	51,487	47,799	680,422	5,085	(19,068)	(18,214)	751,145	327,284	1,078,429
Changes in equity for the six months ended 30 June 2025:										
Loss for the period	–	–	–	–	–	–	(23,320)	(23,320)	(2,039)	(25,359)
Other comprehensive income	–	–	–	–	–	(645)	–	(645)	–	(645)
Total comprehensive income	–	–	–	–	–	(645)	(23,320)	(23,965)	(2,039)	(26,004)
Balance at 30 June 2025	3,634	51,487	47,799	680,422	5,085	(19,713)	(41,534)	727,180	325,245	1,052,425
Changes in equity for the six months ended 31 December 2025:										
Loss for the period	–	–	–	–	–	–	(12,823)	(12,823)	(2,046)	(14,869)
Other comprehensive income	–	–	–	–	–	(253)	–	(253)	–	(253)
Total comprehensive income	–	–	–	–	–	(253)	(12,823)	(13,076)	(2,046)	(15,122)
Appropriation to statutory reserve	–	–	185	–	–	–	(185)	–	–	–
Balance at 31 December 2025	3,634	51,487	47,984	680,422	5,085	(19,966)	(54,542)	714,104	323,199	1,037,303
Balance at 1 January 2026	3,634	51,487	47,984	680,422	5,085	(19,966)	(54,542)	714,104	323,199	1,037,303
Changes in equity for the six months ended 30 June 2026:										
Loss for the period	–	–	–	–	–	–	(36,281)	(36,281)	(13,453)	(49,734)
Other comprehensive income	–	–	–	–	–	(1,793)	–	(1,793)	–	(1,793)
Total comprehensive income	–	–	–	–	–	(1,793)	(36,281)	(38,074)	(13,453)	(51,527)
Issue of shares	516	44,374	–	–	–	–	–	44,890	–	44,890
Deregistration of a subsidiary	–	–	–	–	–	–	–	–	(2,589)	(2,589)
Balance at 30 June 2026	4,150	95,861	47,984	680,422	5,085	(21,759)	(90,823)	720,920	307,157	1,028,077

The notes on pages 19 to 34 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2026 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June 2026 RMB'000	Six months ended 30 June 2025 RMB'000
Operating activities			
Cash (used in)/generated from operations		**(54,237)**	11,611
PRC corporate income tax paid		**(13)**	–
Net cash (used in)/generated from operating activities		**(54,250)**	11,611
Investing activities			
Payment for the purchase of property, plant and equipment		**(88,431)**	(67,668)
Payment for investment in associates		**–**	(300)
Interest received		**118**	406
Payment to a related party		**–**	(4,720)
Net proceeds from deregistration of associates		**4,819**	–
Net proceeds from deregistration of a subsidiary		**120**	–
Dividends received from associates		**–**	5,633
Net cash used in investing activities		**(83,374)**	(66,649)
Financing activities			
Capital element of lease rentals paid		**(602)**	(1,186)
Interest element of lease rentals paid		**(28)**	(52)
Proceeds from new bank loans and other borrowings		**144,643**	128,025
Repayment of bank loans and other borrowings		**(77,415)**	(134,624)
Proceeds from issue of shares		**44,890**	–
Borrowing costs paid		**(3,365)**	(2,778)
Net cash generated from/(used in) financing activities		**108,123**	(10,615)
Net decrease in cash and cash equivalents		**(29,501)**	(65,653)
Cash and cash equivalents as stated in the statement of financial position at 1 January	12	**126,813**	185,756
Effect of foreign exchange rate changes		**(1,065)**	(864)
Cash and cash equivalents at 30 June	12	**96,247**	119,239

The notes on pages 19 to 34 form part of this interim financial report.

1 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 28 August 2026.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. The condensed consolidated interim financial statements and the accompanying notes do not include all of the information required for full set of financial statements prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA.

The interim financial report is unaudited, but has been reviewed by Crowe (HK) CPA Limited ("Crowe") in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. Crowe's independent review report to the Board of Directors is included on pages 35 to 36.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRS Accounting Standards that are first effective for the current accounting period. None of these developments have had a material effect on these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

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

– Qing Ping Expressway, construction, operation and management of the Qing Ping Expressway;

– Liquor and spirits, mainly distribution of Huamaojiu and Xijiushaofang.

(A) DISAGGREGATION OF REVENUE

Disaggregation of revenue from contracts with customers by major products or service lines and of customers is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Toll income	**31,658**	31,052
– Sales of liquor and spirits	**30,909**	44,780
	62,567	75,832

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.

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(B) 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 accruals, bills payable and lease liabilities attributable to the expressways operations and sales activities of the individual segments and bank loans and other borrowings managed directly by the segments.

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". 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.

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(B) SEGMENT RESULTS, ASSETS AND LIABILITIES (CONTINUED)

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as 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 period is set out below.

	Six months ended 30 June 2026		
	Qing Ping Expressway RMB'000	Liquor and spirits RMB'000	Total RMB'000
Reportable segment revenue	31,658	30,909	62,567
Reportable segment profit (adjusted EBITDA)	(10,489)	(7,139)	(17,628)
Interest income from bank deposits	69	5	74
Interest expense	–	(1,501)	(1,501)
Depreciation and amortisation	(20,476)	(2,439)	(22,915)
As at 30 June 2026			
Reportable segment assets	154,814	1,277,376	1,432,190
Reportable segment liabilities	26,796	422,513	449,309

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(B) SEGMENT RESULTS, ASSETS AND LIABILITIES (CONTINUED)

	Six months ended 30 June 2025		
	Qing Ping Expressway RMB'000	Liquor and spirits RMB'000	Total RMB'000
Reportable segment revenue	31,052	44,780	75,832
Reportable segment profit (adjusted EBITDA)	12,852	(11,879)	973
Interest income from bank deposits	35	56	91
Interest expense	–	(3,001)	(3,001)
Depreciation and amortisation	(14,602)	(3,479)	(18,081)
As at 30 June 2025			
Reportable segment assets	169,502	1,233,810	1,403,312
Reportable segment liabilities	6,645	380,239	386,884

(C) RECONCILIATIONS OF REPORTABLE SEGMENT PROFIT OR LOSS

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Reportable segment (loss)/profit	**(17,628)**	973
Other revenue	**269**	636
Other net gain	**3,674**	314
Depreciation and amortisation	**(23,215)**	(18,413)
Finance costs	**(1,526)**	(3,013)
Unallocated head office and corporate expenses	**(10,684)**	(5,958)
Consolidated loss before taxation	**(49,110)**	(25,461)

4 OTHER REVENUE AND NET GAIN

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Other revenue		
Interest income from bank deposits	**151**	407
Others	**118**	545
	269	952
Other net gain		
Net foreign exchange gain	**647**	604
(Loss)/gain on the changes in fair value of contingent consideration receivables	**(29)**	331
Gain on deregistration of associates	**1,527**	–
Gain on deregistration of a subsidiary	**493**	–
Government grants	**558**	–
Others	**478**	316
	3,674	1,251

5 LOSS BEFORE TAXATION

LOSS BEFORE TAXATION IS ARRIVED AT AFTER CHARGING:

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
(a) Finance costs:		
Interest on bank loans and other borrowings	**1,746**	5,102
Less: interest expense capitalised into construction in progress*	**(248)**	(2,141)
	1,498	2,961
Interest on lease liabilities	**28**	52
	1,526	3,013
(b) Staff costs:		
Salaries, wages and other benefits	**16,103**	14,729
Severance payments (note)	**14,042**	–
Contributions to defined contribution retirement plans	**3,074**	2,220
	33,219	16,949
(c) Other items:		
Depreciation charge		
– owned property, plant and equipment	**3,391**	3,089
– right-of-use assets	**346**	1,224
Amortisation	**19,478**	14,100

* The borrowing costs have been capitalised at a rate of 3.3% (six months ended 30 June 2025: 3.65%) per annum.

Note: In connection with the cessation of toll collection of the Qing Ping Expressway in July 2026, the Group recognised a provision for severance payments of approximately RMB14,042,000 for the termination of employment contracts of personnel attributable to the Qing Ping Expressway segment.

6 INCOME TAX

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Current tax – PRC Corporate Income Tax	**651**	(101)
Deferred tax – Origination and reversal of temporary differences	**(27)**	(1)
	624	(102)

(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 periods ended 30 June 2026 and 2025.

(iii) Pursuant to the income tax rules and regulations of Mainland China, the subsidiaries in Mainland China are liable to PRC Corporate Income Tax at a rate of 25% (six months ended 30 June 2025: 25%) on their assessable profits. Reversal and origination of temporary differences are in connection with the deductible tax losses and other deductible temporary differences.

7 LOSS PER SHARE

(A) BASIC LOSS PER SHARE

The calculation of basic loss per share is based on the following loss attributable to ordinary shareholders and weighted-average number of ordinary shares in issue during the period.

(i) Loss attributable to ordinary shareholders (basic)

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Loss attributable to ordinary shareholders	**(36,281)**	(23,320)

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

	2026	2025
	'000	'000
Issued ordinary shares at 1 January	**412,608**	412,608
Effect of shares issued under placing	**38,141**	–
Weighted average number of ordinary shares at 30 June	**450,749**	412,608

(B) DILUTED LOSS PER SHARE

There are no dilutive potential ordinary shares for the six months ended 30 June 2026 and 2025.

8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired items of equipment with a total cost of RMB6,000 (six months ended 30 June 2025: RMB422,000) and incurred costs for construction in progress of RMB82,190,000 (six months ended 30 June 2025: RMB55,290,000). No item was disposed of during the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

9 INTANGIBLE ASSETS – SERVICE CONCESSION ARRANGEMENTS

At 31 December 2025, the service concession arrangement represented the Group's rights to operate the Qing Ping Expressway to receive toll fees therefrom.

The operating period of the Qing Ping Expressway expired in July 2026. Consequently, an amortisation charge of approximately RMB19,478,000 was recognised in the consolidated statement of profit or loss for the six months ended 30 June 2026 to fully amortise the carrying amount of the intangible assets to nil as at 30 June 2026.

10 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

(A) TRADE AND OTHER RECEIVABLES

	30 June 2026 RMB'000	31 December 2025 RMB'000
Trade receivables	2,133	1,251
Other receivables	16,792	12,417
	18,925	13,668

All trade receivables, based on the invoice date, are aged within three months.

(B) PREPAYMENTS

	30 June 2026 RMB'000	31 December 2025 RMB'000
Prepayments for:		
– suppliers (note i)	84,379	43,273
– subcontractors (note ii)	43,974	34,147
	128,353	77,420
Less: amounts shown under non-current assets	(43,974)	(34,147)
Amounts shown under current assets	84,379	43,273

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

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

11 CONTINGENT CONSIDERATION RECEIVABLES

	30 June 2026 RMB'000	31 December 2025 RMB'000
At fair value:		
At beginning of the period/year	**12,852**	21,193
Fair value change	**(29)**	(8,341)
At end of the period/year	**12,823**	12,852

Reference is made to the Group's 2024 Annual Report. Pursuant to the Disposal Agreement, the Consideration in respect of disposal of Daoyue would be settled in three instalments and the Consideration for the Disposal are subject to an upwards or downwards adjustments (as the case may be) for the certain incidents ("Estimated Adjustments"). The first instalment of RMB444,560,000 and the second instalment of RMB63,086,000 was received during the year ended 31 December 2023 and 2024 respectively. The third instalment of the Consideration will be received upon fulfilment (or waiver) of the conditions precedent and adjusted in accordance with Estimated Adjustments as set out in Note 7 on Page 106 of the Group's 2024 Annual Report ("Consideration Receivables").

Accordingly, the Group recognised the Consideration Receivables as contingent consideration receivables.

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

The fair value of contingent consideration receivables is calculated as Consideration less Estimated Adjustments and discounted at an effective interest rate of 3% (31 December 2025: 3%) per annum by using discounted cash flow approach.

As at 30 June 2026, considering the progress of fulfilment of the conditions to the settlement of the Consideration Receivables, the directors assessed that the third instalment of Consideration Receivables will be recovered in one year.

At 30 June 2026 and 31 December 2025, the contingent consideration receivables fall into "Level 3 valuations" as defined in HKFRS 13, *Fair Value Measurement*. The significant unobservable input of the Level 3 valuations is the discount factor. The increase in discount rate used would also result in decrease in fair value measurement of contingent consideration receivable. A 5% increase or decrease in the discount rate used while holding all other variables constant would decrease or increase in the carrying amount of contingent consideration receivable by approximately RMB8,900 or RMB8,900 (31 December 2025: RMB7,460 or RMB7,480), respectively.

12 CASH AND CASH EQUIVALENTS

	30 June 2026 RMB'000	31 December 2025 RMB'000
Cash at bank and on hand	96,247	126,813

13 ACCRUALS AND OTHER PAYABLES

	30 June 2026 RMB'000	31 December 2025 RMB'000
Construction payables	22,746	41,445
Payroll and other staff benefits payable	4,359	6,866
Provision for severance payments (Note 5(b))	14,042	–
VAT and surcharges	1,790	340
Other payables	24,193	15,234
	67,130	63,885

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

14 BANK LOANS AND OTHER BORROWINGS

	30 June 2026 RMB'000	31 December 2025 RMB'000
Current liabilities		
Current portion of long-term secured bank loans (Note (i))	2,400	2,000
Short-term secured bank loans (Note (v))	14,596	28,000
Short-term unsecured bank loans (Note (ii))	7,920	33,994
Other borrowings		
– from a supplier (Note (iii))	–	18,377
– from other independent third parties (Note (iv))	47,740	29,040
	72,656	111,411
Non-current liabilities		
Long-term secured bank loans (Note (i))	288,743	182,759
Total	361,399	294,170

14 BANK LOANS AND OTHER BORROWINGS (CONTINUED)

At 30 June 2026, the bank loans was repayable as follows:

	30 June 2026 RMB'000	31 December 2025 RMB'000
Within 1 year or on demand	**72,656**	111,411
After 1 year but within 2 years	**3,350**	2,000
After 2 years but within 5 years	**29,250**	80,000
More than 5 years	**256,143**	100,759
	361,399	294,170

Notes:

(i) At 30 June 2026, secured bank loans of approximately RMB271 million (31 December 2025: RMB185 million) were guaranteed by the Company, certain subsidiaries and certain directors of a subsidiary, interest-bearing at 3.30% (31 December 2025: 3.30%) per annum and repayable within 8 years (31 December 2025: 9 years). In addition to the above, the loans were secured by the Group's land and buildings with carrying amount of approximately RMB590 million (31 December 2025: approximately RMB467 million).

At 30 June 2026, secured bank loans of approximately RMB20 million were secured by the Group's inventories with equivalent amounts of the loans outstanding, interest-bearing at 5.5% per annum and repayable within 3 years.

(ii) At 30 June 2026, the short-term bank loans were unsecured, interest-bearing at 3.1% to 3.5% (31 December 2025: 2.3% to 3.5%) per annum and repayable within 1 year. The bank loans were guaranteed by the Company and a director of a subsidiary.

(iii) At 31 December 2025, the borrowings from a supplier of approximately RMB18 million were secured by the Group's inventories with equivalent amounts of the loans outstanding, interest-bearing at 3.7% per annum and repayable within 1 year.

The borrowings from a supplier were fully repaid during the six months ended 30 June 2026.

(iv) At 30 June 2026, the borrowings from other independent third parties of approximately RMB48 million (31 December 2025: RMB29 million) were unsecured, interest-bearing at 5% (31 December 2025: 5%) per annum and repayable within 1 year.

(v) At 30 June 2026, secured bank loans of approximately RMB15 million (31 December 2025: RMB28 million) were guaranteed by the Company, a director of the Company, a subsidiary and a director of a subsidiary (31 December 2025: the Company and a director of a subsidiary), interest-bearing at 4.8% (31 December 2025: 4.8%) per annum and repayable within 1 year (31 December 2025: 1 year). In addition to the above, the bank loans were secured by the Group's equity interests in a subsidiary and an associate.

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

15 CAPITAL AND DIVIDENDS

(A) SHARE CAPITAL

	Number of shares	Amount $'000
Ordinary shares of HK$0.01 each		
Authorised:		
As at 30 June 2026 and 31 December 2025	10,000,000,000	100,000

	Number of shares	Amount $'000	Amount RMB'000 (equivalent)
Ordinary shares of HK$0.01 each			
Ordinary shares, issued and fully paid:			
As at 30 June 2025 and 31 December 2025	412,608,000	4,126	3,634
Issue of shares under placing (Note)	58,500,000	585	516
At 30 June 2026	471,108,000	4,711	4,150

Note:

On 5 March 2026, the Company completed the placing of 58,500,000 new ordinary shares of par value HK$0.01 each at a placing price of HK$0.88 per share. Accordingly, RMB516,000 and RMB44,374,000 were credited to the Company's share capital and share premium, respectively.

The net proceeds from the placing, after deducting transaction costs directly attributable to the issue of shares, amounted to approximately HK$50,556,000 (equivalent to approximately RMB44,890,000).

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

(B) DIVIDENDS

No dividend was declared or paid by the Company during the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

16 COMMITMENTS

Capital commitments representing the construction of a winery and operating centre outstanding at 30 June 2026 not provided for in the interim financial report, were as follows:

	30 June 2026 RMB'000	31 December 2025 RMB'000
Contracted but not provided for	**53,161**	99,171

17 MATERIAL RELATED PARTY TRANSACTIONS

(A) PARTICULARS OF SIGNIFICANT TRANSACTIONS BETWEEN THE GROUP AND RELATED PARTIES DURING THE PERIOD ARE AS FOLLOWS:

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Sales to associates	**–**	3,564
Sales to companies controlled by ultimate controlling shareholder	**3,269**	2,269
Expense paid on behalf by – Companies controlled by ultimate controlling shareholder	**713**	574
Receiving services from companies controlled by ultimate controlling shareholder	**860**	589

17 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(B) BALANCES WITH RELATED PARTIES

As at 30 June 2026 and 31 December 2025, the Group had the following balances with related parties:

	30 June 2026 RMB'000	31 December 2025 RMB'000
Amounts due from related parties		
Non-trade nature		
– Companies controlled by ultimate controlling shareholder	4,283	4,283
– Non-controlling interests	40,331	40,330
Trade nature		
– Companies controlled by ultimate controlling shareholder	9,169	4,072
	53,783	48,685
Amounts due to related parties		
Non-trade nature		
– Companies controlled by ultimate controlling shareholder	7,145	7,067
– Companies controlled by a non-controlling interest	400	56
– Associates	3,000	6,341
Trade nature		
– Associates	300	600
	10,845	14,064
Contract liabilities		
– Associates	–	8,866

All the balances with related parties are unsecured and interest-free.

18 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group ceased the operation and toll collection of the Qing Ping Expressway in July 2026. In connection with the cessation of the toll road operation, the Group implemented an employee severance scheme, pursuant to which all personnel of the Qing Ping Expressway segment were terminated with total severance compensation of approximately RMB14,042,000 paid in August 2026.

Review Report of Interim Financial Report

國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

Review report to the board of directors of Huayu Expressway Group Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 13 to 34 which comprises the consolidated statement of financial position of Huayu Expressway Group Limited ("the Company") and its subsidiaries (together "the Group") as of 30 June 2026 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Review Report of Interim Financial Report

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2026 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 28 August 2026

Kwok Cheuk Yuen
Practising Certificate Number: P02412