



齐鲁高速公路股份有限公司

QILU EXPRESSWAY COMPANY LIMITED

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

Stock Code: 1576



2025

ANNUAL REPORT

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Definitions and Glossary of Technical Terms

“2025 AGM”	the 2025 annual general meeting of the Company to be convened and held on Friday, 26 June 2026 or the adjournment thereof
“2025 Final Dividend”	the final dividend proposed by the Board to be paid to the Shareholders in the form of a cash dividend of RMB0.12 (tax inclusive) per Share
“2024-2026 Financial Services Framework Agreement”	the Financial Services Framework Agreement dated 23 November 2023 and entered into between the Company and Shandong Hi-Speed Group in relation to, among other things, the provision of deposit services, other financial services and cross-border fund centralized operation and management services by Shandong Hi-Speed Group and its subsidiaries to the Group for the period from 1 January 2024 to 31 December 2026
“2024-2026 General Procurement Framework Agreement”	the General Procurement Framework Agreement dated 23 November 2023 and entered into between the Company and Shandong Hi-Speed Group in relation to, among other things, the procurement of certain types of goods by the Group from Shandong Hi-Speed Group and its subsidiaries for the period from 1 January 2024 to 31 December 2026
“Supplemental Agreement of the 2024-2026 General Procurement Framework Agreement”	The supplemental agreement of the 2024-2026 General Procurement Framework Agreement dated 24 July 2025 entered into between the Company and Shandong Hi-Speed Group, in relation to the revision of the annual caps for the two years ending 31 December 2026 under the 2024-2026 General Procurement Framework Agreement.
“2024-2026 General Sales Framework Agreement”	the General Sales Framework Agreement dated 23 November 2023 and entered into between the Company and Shandong Hi-Speed Group in relation to, among other things, the sale of certain types of goods by the Group to Shandong Hi-Speed Group and its subsidiaries for the period from 1 January 2024 to 31 December 2026
“Supplemental Agreement of the 2024-2026 General Sales Framework Agreement”	The supplemental agreement of the 2024-2026 General Sales Framework Agreement dated 24 July 2025 entered into between the Company and Shandong Hi-Speed Group, in relation to the revision of the annual caps for the two years ending 31 December 2026 under the 2024-2026 General Sales Framework Agreement.
“2024-2026 General Services Framework Agreement”	the General Services Framework Agreement dated 23 November 2023 and entered into between the Company and Shandong Hi-Speed Group in relation to, among other things, the provision of general highway business operation services by Shandong Hi-Speed Group and its relevant subordinated entities to the Group for the period from 1 January 2024 to 31 December 2026

Definitions and Glossary of Technical Terms

“Supplemental Agreement of the 2024-2026 General Services Framework Agreement”	The supplemental agreement of the 2024-2026 General Services Framework Agreement dated 24 July 2025 entered into between the Company and Shandong Hi-Speed Group, in relation to the revision of the annual caps for the two years ending 31 December 2026 under the 2024-2026 General Services Framework Agreement.
“2024-2026 Services Provision Framework Agreement”	the Services Provision Framework Agreement dated 23 November 2023 and entered into between the Company and Shandong Hi-Speed Group in relation to, among other things, the provision of specific services by the Group to Shandong Hi-Speed Group and its subsidiaries for the period from 1 January 2024 to 31 December 2026
“Supplemental Agreement of the 2024-2026 Services Provision Framework Agreement”	The supplemental agreement of the 2024-2026 Services Provision Framework Agreement dated 24 July 2025 entered into between the Company and Shandong Hi-Speed Group, in relation to the revision of the annual caps for the two years ending 31 December 2026 under the 2024-2026 Services Provision Framework Agreement.
“Acquisition Circular”	the circular of the Company dated 26 June 2020 in relation to, among others, the acquisition of the Deshang and Shennan Expressways Toll Collection Rights by the Company from Qilu Transportation
“Advertisement Business”	the business of the Group in relation to the leasing of advertisement billboards built along the Jihe Expressway and the provision of the advertisement publication services on those advertisement billboards
“Articles of Association”	the articles of association of the Company
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“China”, “PRC” or “State”	the People’s Republic of China, which for the purpose of this report excludes Hong Kong, Macao Special Administrative Regions of the PRC and Taiwan
“China Shipping”	China Shipping Group Company Limited, a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of COSCO SHIPPING, and is one of the controlling Shareholders of the Company
“Company”	Qilu Expressway Company Limited (齊魯高速公路股份有限公司), a joint stock company incorporated in the PRC with limited liability on 6 December 2016, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 01576)

Definitions and Glossary of Technical Terms

“Company Law”	Company Law of the People’s Republic of China 《中華人民共和國公司法》
“controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“COSCO SHIPPING”	China COSCO Shipping Corporation Limited (中國遠洋海運集團有限公司), a limited liability company incorporated in the PRC, the entire equity interest of which is held by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, and is one of the controlling Shareholders of the Company
“COSCO SHIPPING Holdings”	COSCO SHIPPING Holdings Co., Ltd.*(中遠海運控股股份有限公司), a company listed on the Stock Exchange (stock code: 01919) and the Shanghai Stock Exchange (stock code: 601919.SH)
“COSCO SHIPPING (Hong Kong)”	COSCO SHIPPING (Hong Kong) Co., Limited (中遠海運(香港)有限公司), a company incorporated in Hong Kong with limited liability, holding 30.00% equity interest of the Company as at the date of this report, and is one of the controlling Shareholders of the Company
“COSCO SHIPPING Industry & Trade”	COSCO SHIPPING (Hong Kong) Industry & Trade Limited, a limited company incorporated in Hong Kong, all of which is held by COSCO SHIPPING Hong Kong
“COSCO SHIPPING International”	COSCO SHIPPING International (Hong Kong) Co., Ltd., a company listed on the Stock Exchange (stock code: 00517), a subsidiary of COSCO SHIPPING (Hong Kong)
“Debt Assignment Agreements”	the agreements entered into among the Company, Qilu Transportation and each of the Lending Banks upon completion of the transactions under the Transfer Agreement, to transfer the rights and obligations under the relevant bank facilities in respect of the construction projects of the Deshang and Shennan Expressways from Qilu Transportation to the Company with effect from the Transfer Agreement Effective Date
“Debt Assumption Agreement”	the agreement entered into between the Company and Qilu Transportation on 2 June 2020 pursuant to which the Company agreed to assume the loans provided by Qilu Transportation for the Deshang and Shennan Expressways construction projects and the repayment thereof to Qilu Transportation with effect from the Transfer Agreement Effective Date

Definitions and Glossary of Technical Terms

“Deshang and Shennan Expressways”	collectively, the Deshang Expressway (Liaocheng – Fan County section) and the Shennan Expressway
“Deshang and Shennan Expressways Land Lease Agreement”	the land use right lease agreement entered into between the Company and Qilu Transportation on 2 June 2020 pursuant to which Qilu Transportation agreed to lease the land use rights in respect of a total of 27 parcels of land under the main line and the alongside facilities (excluding advertising and service facilities) of the Deshang and Shennan Expressways, details of which are set out in the Acquisition Circular
“Deshang and Shennan Expressways Service Agreement”	the agreement dated 2 June 2020 and entered into among the Company, Qilu Transportation Liaocheng Branch and Qilu Transportation for the secondment of the employees of Qilu Transportation Liaocheng Branch recruited under the public-institution staffing standards to provide the Company with services such as toll collection and maintenance of the Deshang and Shennan Expressways, details of which are set out in the Acquisition Circular
“Deshang and Shennan Expressways Toll Collection Rights”	the toll collection rights in respect of the Deshang and Shennan Expressways to be transferred to the Company under the Transfer Agreement, such rights comprise the rights in relation to (i) the operation, maintenance and management of the expressways and (ii) toll collection from vehicles passing along the expressways but do not include the operating rights in respect of the Advertisement Business (including the leasing of advertisement billboards built along the expressways and the provision of the advertisement publication services on those advertisement billboards) and operations of the service facilities along the expressways
“Deshang Expressway (Liaocheng – Fan County section)”	an expressway running from West Ring Expressway of Liaocheng City, Shandong Province to the intersection of Gucheng Town of Shen County and Yancunpu Town of Fan County (Shandong-Henan boundary), and connecting to the Fan County section of the Deshang Expressway in Henan Province, with a total length of approximately 68.942 kilometers
“Director(s)”	director(s) of the Company
“ETC”	electronic toll collection system to collect tolls electronically by using automatic vehicle identification technology without the need for vehicles to stop for payment
“Expressway Business”	our business in relation to the construction, maintenance, operation and management of the Jihe Expressway, the Deshang Expressway (Liaocheng – Fan County section) and the Shennan Expressway

Definitions and Glossary of Technical Terms

“Group”, “us” or “we”	the Company and its subsidiaries
“H Share(s)” or “Share(s)”	overseas listed foreign invested ordinary Share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which were listed and traded on the Stock Exchange
“H Shareholder(s)” or “Shareholder(s)”	holder(s) of Share(s)
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKAS(s)”	Hong Kong Accounting Standard(s)
“HKFRS”	Hong Kong Financial Reporting Standards (including HKASs and Interpretations) issued by HKICPA
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jihe Expressway”	Jinan – Guangzhou Expressway (Jinan to Heze Section), the expressway running through nine districts/counties under four cities from Jinan City to Heze City in Shandong Province, with a length of approximately 153.6 kilometers
“Jihe Expressway Land Lease Agreement”	the agreement entered into between the Company and Qilu Transportation on 12 December 2017, pursuant to which Qilu Transportation agreed to lease to the Company the land use rights in respect of the land parcels of the Jihe Expressway, details of which are set out in the Prospectus
“Jihe Expressway Property Lease Agreement”	the agreement entered into between the Company and Qilu Transportation on 12 December 2017, pursuant to which Qilu Transportation agreed to lease to the Company a total of 45 properties used by the seven management centres and one maintenance and emergency response centre on the Jihe Expressway, details of which are set out in the Prospectus
“Joint Restructuring”	the joint restructuring of Shandong Hi-Speed Group and Qilu Transportation by way of merger by absorption of Qilu Transportation by Shandong Hi-Speed Group pursuant to the Merger Agreement

Definitions and Glossary of Technical Terms

“Lending Bank(s)”	collectively, China Construction Bank Corporation Jinan Zhenzhuquan Subbranch (中國建設銀行股份有限公司濟南珍珠泉支行), Bank of China Limited Jinan Branch (中國銀行股份有限公司濟南分行), Agricultural Bank of China Limited Jinan Yinhe Subbranch (中國農業銀行股份有限公司濟南銀河支行), Industrial and Commercial Bank of China Limited Jinan Centre Subbranch (中國工商銀行股份有限公司濟南市中支行), Bank of Communications Co., Ltd. Jinan Long’ao Subbranch (交通銀行股份有限公司濟南龍奧支行) and Shanghai Pudong Development Bank Co. Ltd. Jinan Heping Road Subbranch (上海浦東發展銀行股份有限公司濟南和平路支行)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Merger Agreement”	the merger agreement dated 23 September 2020 and entered into between Shandong Hi-Speed Group and Qilu Transportation in relation to the Joint Restructuring
“Ministry of Transport”	the Ministry of Transport of the People’s Republic of China (中華人民共和國交通運輸部)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“NFRA”	National Financial Regulatory Administration
“Nomination Committee”	the nomination committee of the Board
“Other Financial Services”	services including bank acceptance notes, discounting of commercial bills, domestic letters of guarantees, letters of credit, online remittance, foreign exchange remittance and other financial services approved by NFRA
“PBOC”	the People’s Bank of China, the central bank of the PRC
“Prospectus”	the prospectus of the Company dated 29 June 2018 in connection with the Global Offering
“Qilu Expressway Assembly”	Qilu Expressway (Shandong) Assembly Company Limited (齊魯高速(山東)裝配有限公司), a limited liability company established under the laws of the PRC, and a subsidiary held by the Company directly and indirectly through Qilu Expressway (Hong Kong) Company Limited as to an aggregate of 60% of its equity interest as at the date of this report

Definitions and Glossary of Technical Terms

“Qilu Transportation”	Qilu Transportation Development Group Company Limited (齊魯交通發展集團有限公司), a limited liability company incorporated in the PRC on 30 June 2015 and deregistered by the PRC competent authorities upon completion of the Joint Restructuring on 16 November 2020, and a then controlling Shareholder before completion of the Joint Restructuring
“Qilu Transportation Liaocheng Branch”	Shandong Hi-Speed Group Company Limited Liaocheng Branch (山東高速集團有限公司聊城分公司) (formerly known as Qilu Transportation Development Group Company Limited Liaocheng Branch (齊魯交通發展集團有限公司聊城分公司)), formerly a branch company of Qilu Transportation before completion of the Joint Restructuring and currently a branch company of Shandong Hi-Speed Group
“R&E Project”	the Jihe Expressway reconstruction and expansion project
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“Reporting Period” or “Year”	the year ended 31 December 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shandong 12-8-11 Expressway Network”	the layout of the Shandong provincial expressway network with a main framework of “twelve-vertical; eight-traverse and eleven-radials (十二縱八橫十一射)” under the Notice of the People’s Government of Shandong Province on Issuing the Comprehensive Three-dimensional Transportation Network Planning Outline for Shandong Province (2023-2035) 《山東省人民政府關於印發山東省綜合立體交通網規劃綱要(2023-2035年)的通知》 issued by the Shandong Provincial Government
“Shandong Gangtong Construction”	Shandong Gangtong Construction Co., Ltd.* (山東港通建設有限公司), a company incorporated under the laws of the PRC with limited liability and a wholly owned subsidiary of the Company as at the date of this report
“Shandong Hi-Speed”	Shandong Hi-speed Company Limited (山東高速股份有限公司), a company incorporated in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600350.SH), directly holding approximately 38.93% of the total issued Shares of the Company as at the date of this report, and is one of the controlling Shareholders of the Company

Definitions and Glossary of Technical Terms

“Shandong Hi-Speed Group”	Shandong Hi-Speed Group Company Limited (山東高速集團有限公司), a limited liability company incorporated in the PRC, indirectly holding approximately 38.93% of the total issued Shares of the Company through its subsidiary Shandong Hi-Speed as at the date of this report, and is one of the controlling Shareholders of the Company
“Shandong Hi-Speed Group and its relevant subordinated entities”	Shandong Hi-Speed Group and its subsidiaries, branches and associates
“Shandong Hi-Speed Rail Transportation Group”	Shandong Hi-Speed Rail Transportation Group Co., Ltd. (山東高速軌道交通集團有限公司), a company incorporated in the PRC with limited liability, which is directly held as to 49% and 51% by Shandong Hi-speed Group and Shandong Hi-speed respectively, a subsidiary of Shandong Hi-speed Group
“Shandong Provincial Government”	People’s Government of Shandong Province, China (中國山東省人民政府)
“Shandong SASAC”	State-owned Assets Supervision and Administration Commission of the Shandong Province (山東省政府國有資產監督管理委員會)
“Shandong Shunguang Industrial”	Shandong Shunguang Industrial Development Company Limited (山東舜廣實業發展有限公司), a limited liability company incorporated under the laws of the PRC, a wholly-owned subsidiary of the Company as at the date of this report
“Shandong Transport Department”	Shandong Provincial Traffic Transport Department (山東省交通運輸廳)
“Shennan Expressway”	an expressway running from the K150+400 point of Deshang Expressway at the south of Beixuzhuang Village, Shen County, Shandong Province, the PRC, and connecting to the Henan-Shandong Boundary-Nanle section of Nanlin Expressway in Henan Province at the east bank of the Tuhai River in the south of Xiduantun Village, with a total length of approximately 18.267 kilometers
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy Committee”	the strategy committee of the Board
“Subsisting Agreements”	collectively the Jihe Expressway Property Lease Agreement, the Jihe Expressway Land Lease Agreement, the Deshang and Shennan Expressways Land Lease Agreement, the Debt Assignment Agreement, the Debt Assumption Agreement and the Deshang and Shennan Expressways Service Agreement

Definitions and Glossary of Technical Terms

“Supervisor(s)”	supervisor(s) of the Company
“Supervisory Committee”	supervisory committee of the Company, which was dissolved on 12 December 2025
“Tripartite Agreements”	the tripartite agreements of which Shandong Hi-Speed Group, Qilu Transportation and the Company completed the execution on 26 November 2020 in relation to, among other things, the confirmation of the assumption of all contractual rights and obligations of Qilu Transportation under the Subsisting Agreements by Shandong Hi-Speed Group
“%”	per cent
“Shandong Hi-Speed Information Group”	Shandong Hi-Speed Information Group Co., Ltd. (山東高速信息集團有限公司), a company incorporated under the PRC Law with limited liability, in which 65% and 35% of the equity interests are held by Shandong Hi-Speed and Shandong Hi-Speed Group respectively as at the date of this report
“Zhengchen Technology”	Shandong Zhengchen Technology Co., Ltd. (山東正晨科技股份有限公司), a joint stock limited liability company incorporated under the PRC Law and validly existing, in which 33.3944% equity interest is held by Shandong Hi-Tech Information Group as at the date of this report
“Shandong Hi-Speed Energy Development”	Shandong Hi-Speed Energy Development Co., Ltd. (山東高速能源發展有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Shandong Hi-Speed Group as at the date of this report
“Qilu Hong Kong”	Qilu Expressway (Hong Kong) Company Limited (齊魯高速(香港)有限公司), a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company as at the date of this report
“Qilu Energy Technology”	Qilu Expressway (Shandong) Energy Technology Company Limited (齊魯高速(山東)能源科技有限公司), a company incorporated in the PRC with limited liability, in which 51% and 49% equity interest are held by the Company and Zhengchen Technology as at the date of this report
“Ernst & Young”	Ernst & Young Hua Ming LLP and Ernst & Young, retired as the domestic and international auditors of the Company respectively
“ShineWing”	ShineWing Certified Public Accountants (Special General Partnership) and SHINEWING (HK) CPA Limited, appointed as the domestic and international auditors for the year of 2025 on 26 June 2025 respectively

Corporate Information

REGISTERED NAME OF THE COMPANY

In Chinese: 齊魯高速公路股份有限公司

In English: Qilu Expressway Company Limited

LEGAL REPRESENTATIVE

Mr. Wei Yong

BOARD OF DIRECTORS

(1) Executive Directors

Mr. Wei Yong (*Chairman of the Board*)

Mr. Duan Peng

Mr. Chen Xiulin

(2) Non-executive Directors

Mr. Gao Yongjun (*Vice Chairman of the Board*)

Ms. Kong Xia

Mr. Wang Gang

Mr. Shi Jinglei

Mr. Du Zhongming

Mr. Ren Wei

Mr. Wang Hongyi

(3) Independent Non-executive Directors

Mr. Liu Hongwei

Mr. He Jiale

Mr. Wang Lingfang

Mr. Leng Ping

Ms. Shen Chen

BOARD COMMITTEES

(1) Audit Committee

Mr. He Jiale (*Chairman*)

Mr. Shi Jinglei

Mr. Liu Hongwei

(2) Remuneration and Appraisal Committee

Mr. Liu Hongwei (*Chairman*)

Mr. Wang Lingfang

Mr. Leng Ping

(3) Nomination Committee

Mr. Wei Yong (*Chairman*)

Mr. Wang Lingfang

Mr. Leng Ping

Ms. Shen Chen

(4) Strategy Committee

Mr. Wei Yong (*Chairman*)

Mr. Duan Peng

Mr. Gao Yongjun

Ms. Kong Xia

Mr. Wang Gang

JOINT COMPANY SECRETARIES

Mr. Shi Wenjiang

Ms. Zhang Xiao (*ACG, HKACG*)

AUTHORISED REPRESENTATIVES

Mr. Wei Yong

Ms. Zhang Xiao (*ACG, HKACG*)

INTERNATIONAL AUDITOR

SHINEWING (HK) CPA Limited

17/F

Chubb Tower, Windsor House

311 Gloucester Road

Causeway Bay, Hong Kong

DOMESTIC AUDITOR

ShineWing Certified Public Accountants (Special General Partnership)

9/F, Block A, Fuhua Mansion

No.8 Chaoyangmen Beidajie

Dongcheng District

Beijing, the PRC

Corporate Information

LEGAL ADVISER AS TO PRC LAW

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Zhong Lun Law Firm LLP

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REGISTERED ADDRESS

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Shandong Province, the PRC

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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High-tech Zone, Jinan City
Shandong Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

China Construction Bank Corporation, Jinan
Changqing Sub-branch
China Merchants Bank Co. Ltd., Jinan Kaiyuan
Subbranch
Bank of China Limited, Jinan Shungeng Sub-branch
Bank of China (Hong Kong) Limited
Shanghai Pudong Development Bank Co., Ltd., Jinan
Heping Road Sub-branch
Agricultural Bank of China Limited, Jinan Yinhe
Subbranch
Industrial and Commercial Bank of China Limited, Jinan
Centre Subbranch
Bank of Communications Co., Ltd., Jinan Long'ao
Subbranch
China Development Bank, Shandong Branch
The Export-Import Bank of China, Shandong Branch
Qilu Bank Co., Ltd., Jinan Dianliu Subbranch
China Zheshang Bank Co., Ltd., Jinan Branch

H SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited

Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

COMPANY WEBSITE

www.qlccl.com

STOCK CODE

01576

Chairman's Statement

Dear valued Shareholders,

The passage of time has strengthened our foundation, and each year has marked new progress. Guided by clear purpose and sustained commitment, we continue to advance with confidence toward long-term excellence. In 2025, the Company moved forward with resilience and determination, maintaining stability while pursuing steady progress. We further upgraded our core businesses and accelerated industrial transformation, achieving tangible results across multiple fronts and successfully fulfilling the objectives set out under the 14th Five-Year Plan. As the concluding year of this strategic cycle, 2025 represented both a milestone and a new starting point. It provided a comprehensive review of our achievements over the past five years while laying a solid foundation for the 15th Five-Year Plan. Amid a complex and evolving environment, the Company demonstrated disciplined execution and strategic focus, delivering solid and sustainable performance underpinned by high-quality development.

The foundation of our core business has been further strengthened. Firmly rooted in our operational stronghold, the Company seized the opportunity presented by the upgrade and renovation of the Jihe Expressway to drive comprehensive improvements across all areas of work, including ensuring smooth traffic and increasing revenue, digital and intelligent empowerment, green operations, maintenance management, and traffic attraction. This has not only solidified the cornerstone of stable earnings of the Company but also demonstrated our “strong commitment” to serving society. Toll revenue has achieved steady growth. The total annual revenue amounted to RMB1.768 billion, exceeding the budgeted target. In particular, following the completion of the R&E Project of the Jihe Expressway, its supporting role has been fully realised, generating an annual toll revenue of RMB1.328 billion, firmly placing the Company among the province's frontrunners.

Industrial transformation took place steadily. The Company has continued to optimize and upgrade its business layout, establishing the first full-chain production line for wind power hybrid tower among provincial enterprises. The Weihai shared energy storage project was successfully launched, and Phase II of the smart transportation industrial park achieved full-scale production. Meanwhile, capital operations have progressed steadily, building sufficient momentum for the Company's sustainable development; market expansion efforts have continuously intensified, with scope of business expanded to 10 provinces and municipalities across the country. Throughout the year, revenue from non-road industries accounted for 32% of total revenue and its profits accounted for 15% of total profits, successfully breaking away from the single profit model during the period of the 13th Five-Year Plan.

Management standards have steadily improved. The Company has adopted a problem-oriented approach, thoroughly implementing initiatives to further enhance management capabilities. Two dedicated task forces, one for external markets and another for Pingyin operations, were established to accelerate the development of a management support system tailored to the demands of transformative development. Adhering to innovation-led development, the Company completed the first phase of its digital transformation, propelling it into the new stage of digital and intelligent empowerment; it deepened the integration of business and finance, actively expanding low-cost financing channels, and continuously strengthening strategic synergy capabilities. It coordinated the advancement of high-quality development with high safety level, steadfastly upholding the safe development objectives of “zero accidents in production and zero risks in operations”.

Chairman's Statement

The Company's brand influence continued to grow. It won eight major awards for listed companies in the "Golden Round Table Award", including Outstanding Board of Directors and the Top 100 ESG Companies. It has received over 40 honors at various levels throughout the year. It established a sound cooperative relationship with multiple local governments, central and state-owned enterprises and industry-leading companies, accelerating the formation of a new pattern of open cooperation. We successfully hosted the National Conference of Transportation and Energy Integration Development. The R&E Project of the Jihe Expressway was selected as one of three national model cases, with our practices and achievements featured as the front-page headline of the Dazhong Daily. We also drafted and published four group standards, further demonstrating our influence in the industry.

As we look back on the 14th Five-Year Plan period, the Company has moved forward with perseverance and discipline. Every milestone achieved reflects the dedication and hard work of our employees, and every accomplishment has been underpinned by the trust of our shareholders, the confidence of our investors, and the support of our partners. These achievements are not only the result of steadfast strategic focus and responsible corporate governance, but also our courage in deepening reform and driving innovative development. These efforts have laid a solid foundation and accumulated valuable experience to support the Company's leap forward in the 15th Five-Year Plan period.

As 2026 marks the inaugural year of the 15th Five-Year Plan period, establishing a strong start is of critical importance. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company will adhere to the guiding principle of "progressing steadily while enhancing quality and efficiency", anchored in the "Six First-Class" objectives. By combining efforts to expand incremental growth with the revitalisation of existing assets, and integrating strong management with quality enhancement, we will drive the "Six New Breakthroughs": (1) concentrating on our core business to achieve breakthroughs in operational quality and efficiency; (2) accelerating transformation to achieve breakthroughs in untapped potential and new opportunities; (3) promoting reform and innovation to achieve breakthroughs in organisational empowerment and capability building; (4) strengthening risk prevention and control to achieve breakthroughs in safe and sustainable development; (5) cultivating disciplined and high-performing work styles to achieve breakthroughs in execution and performance; and (6) strengthening Party-building to achieve breakthroughs in leadership and governance support. The Company will unite our efforts to secure a successful start to the 15th Five-Year Plan period, with a strong sense of urgency and responsibility.

The path to our success is simple in principle, yet requires steadfast action; continuous effort today ensures a promising future. At the outset of the 15th Five-Year Plan, the Company is presented with both opportunities and responsibilities. We are confident that, with the support of our shareholders and investors, the cooperation of our partners, and the commitment of all employees, we will overcome challenges, achieve the 15th Five-Year Plan objectives, and strive to become a leading integrated expressway service provider in China. In doing so, we will contribute to the high-quality development of the nation's transport sector and play a meaningful role in the comprehensive construction of a modern socialist country.

Qilu Expressway Company Limited

Chairman

Wei Yong

26 March 2026

Company Honours

OUTSTANDING CONTRIBUTION IN CORPORATE GOVERNANCE THE 20TH SESSION “GOLD ROUND TABLE AWARD” FOR THE BOARD OF DIRECTORS OF CHINESE LISTED COMPANIES

Directors and Boards Magazine

OUTSTANDING SOCIAL RESPONSIBILITY (ESG) REPORT OF TRANSPORTATION ENTERPRISES

China Association of Communication Enterprise Management

2025 OUTSTANDING CASES OF SOCIAL RESPONSIBILITY (ESG) IN TRANSPORTATION ENTERPRISES

China Association of Communication Enterprise Management

OUTSTANDING ESG AWARD: GOLD AWARD FOR LISTED COMPANIES

The Institute of ESG and Benchmark (IESGB)

“TOP 100 ESG COMPANIES” AND “TOP 100 IRM COMPANIES”

The Association of Board Secretaries of China and Judongmi

NATIONAL TYPICAL CASE OF INNOVATIVE DEVELOPMENT OF EXPRESSWAYS

People’s Communications Magazine and the “Lao Jiaotong” Think Tank of MOT, etc.

2025 NATIONAL TRANSPORTATION AND ENERGY INTEGRATION INNOVATION CASE

China Highway and Transportation Society, etc.

EXCELLENT AWARD – SHANDONG TRANSPORTATION SCIENCE AND TECHNOLOGY INNOVATION NEW APPLICATION COMPETITION

Shandong Province Transportation Research Board

JINAN INDUSTRIAL GREEN LOW-CARBON INNOVATION AND DEVELOPMENT COMPETITION THIRD PRIZE

Jinan Municipal Bureau of Industry and Information Technology

“OUTSTANDING UNIT FOR VOLUNTARY BLOOD DONATION IN THE PROVINCE” AWARDED TO JINAN-HEZE TRANSPORTATION MANAGEMENT CENTER

Shandong Red Cross Society

Financial Highlights

	Change <i>RMB'000</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Summary of consolidated statement of profit or loss and other comprehensive income						
Revenue	-4,647,231	2,374,592	7,021,823	5,608,829	2,931,294	1,995,309
Gross profit	78,596	819,186	740,590	811,984	1,159,387	1,323,681
Profit before income tax	-139,348	517,921	657,269	713,591	1,041,521	1,141,820
Profit and total comprehensive income attributable to owners of the Company	-112,390	386,002	498,392	533,903	780,056	853,434
Basic/diluted earnings per share (<i>RMB</i>)	-0.05	0.18	0.23	0.25	0.39	0.43
Summary of consolidated statement of financial position						
Cash and cash equivalents	12,763	229,454	216,691	398,957	679,607	587,477
Current liabilities	-1,494,497	3,357,037	4,851,534	1,722,537	1,108,270	900,279
Total assets	-578,542	20,497,075	21,075,617	14,507,032	10,412,562	6,632,886
Borrowings	344,825	10,953,614	10,608,789	7,102,515	3,765,104	2,575,958
Gearing ratio (%)	0.14%	63.21%	63.07%	53.08%	35.49%	36.96%
Net assets per Share (<i>RMB</i>)	0.10	3.21	3.11	3.03	2.86	1.7
Return on net assets (%)	-1.84%	6.05%	7.89%	8.92%	13.62%	25.16%
Summary of consolidated statement of cash flows						
Net cash flows from operating activities	551,485	1,405,286	853,801	964,302	730,479	1,346,890
Net cash flows from investing activities	2,874,615	-1,265,759	-4,140,374	-4,298,320	-3,140,078	336,473
Net cash flows from financing activities	-3,230,015	-125,704	3,104,311	3,055,897	2,505,603	-1,170,262
Net increase (decrease) in cash and cash equivalents	196,085	13,823	-182,262	-278,121	96,004	513,101

Management Discussion and Analysis

FINANCIAL REVIEW

Operations

The Group's principal businesses comprise (i) the construction, maintenance, operation and management of the expressways (including the Jihe Expressway, the Deshang Expressway (Liaocheng – Fan County section) and the Shennan Expressway); and (ii) highway engineering construction, expressway maintenance, municipal greening and other construction engineering work, and sales of industrial products and other businesses.

The Group continued to actively expand its business during the Reporting Period. During the Reporting Period, in addition to toll income from expressways administered by the Group, the Group recorded engineering service revenue through construction engineering work such as highway engineering and expressway supporting facilities undertaken by its subsidiaries, and recorded sales revenue through processing and selling industrial products and wind turbine hybrid towers. The Group also recorded certain service income from the leasing of the communication signal transmission pipelines and advertisement billboards along the expressways and the provision of advertisement publication services.

Revenue

During the Reporting Period, the Group recorded a revenue of approximately RMB2,374,592,000, representing a decrease of approximately 66.18% as compared with that of approximately RMB7,021,823,000 of last year. The decrease in revenue was mainly due to the decrease in revenue from construction business recognized as a result of the completion of the R&E Project. Of which, the Group recognised revenue in the amount of RMB15,115,000 from the R&E Project of the Jihe Expressway pursuant to HKFRS 15 – Revenue from Contracts with Customers.

Expressway

During the Reporting Period, revenue from the Expressway Business amounted to approximately RMB1,716,847,000, representing an increase of approximately 64.32% as compared with that of approximately RMB1,044,796,000 of last year. During the Reporting Period, the Group recorded toll income from the Jihe Expressway of approximately RMB1,289,026,000, representing an increase of approximately 152.68% as compared with that of approximately RMB510,135,000 of last year. The toll income from the Deshang and Shennan Expressways was approximately RMB427,821,000, representing a decrease of approximately 19.98% as compared with that of approximately RMB534,661,000 of last year.

Management Discussion and Analysis

Traffic volume on the Jihe Expressway during the Reporting Period increased by approximately 113.71% from approximately 37,200 vehicles per day of last year to approximately 79,500 vehicles per day during the Reporting Period. Traffic volume on the Deshang Expressway (Liaocheng – Fan County section) decreased by approximately 13.82% from approximately 55,000 vehicles per day of last year to approximately 47,400 vehicles per day during the Reporting Period. Traffic volume on the Shennan Expressway decreased by 20.91% from approximately 11,000 vehicles per day of last year to approximately 8,700 vehicles per day during the Reporting Period. The above changes in toll income and traffic volume were mainly attributable to the fact that the Jihe Expressway was upgraded to a dual eight-lane configuration following the completion of the R&E Project on 20 December 2024, which led to a year-on-year increase in traffic volume on the Jihe Expressway; meanwhile, the Deshang and Shennan Expressways experienced decrease in traffic volume due to some traffic returned to the Jihe Expressway after its reopening. For further details of the change in traffic volume of the above expressways during the period, please refer to the sub-section headed “Business Review – Expressway Business” under this section.

Construction and others

During the Reporting Period, the Group’s construction and other business mainly consists of revenue from the construction business and sales of industrial products relating to construction activities.

During the Reporting Period, revenue from engineering construction business and sales of industrial products relating to construction activities mainly originated from revenue from the construction of the R&E Project, revenue from the engineering construction business carried out by Shandong Gangtong Construction and the revenue from sales of industrial products carried out by Shandong Shunguang Industrial, Qilu Expressway Assembly, Shandong Gangtong Construction and Qilu Energy Technology.

During the Reporting Period, the Group recognised revenue from the construction business and sales of industrial products related to construction of approximately RMB653,148,000, representing a decrease of approximately 89.07% as compared with that of approximately RMB5,975,302,000 of last year, which was mainly attributable to the opening of the R&E Project leading to the decrease in revenue from construction business. For details of the construction business, please refer to the sub-section headed “Business Review – Construction and Other Business – Construction Business and Sale of Industrial Products” under this section.

Rental Income

During the Reporting Period, the Group recorded the rental income of approximately RMB4,597,000, representing an increase of approximately 166.49% from that of RMB1,725,000 of last year. The increase was mainly attributable to the significant increase in rental income as a result of the resume of advertisement billboards along both sides of the road following the construction and opening of the R&E Project of Jihe Expressway. The rental income mainly represented the service income arising from leasing of the advertisement billboards along both sides of the Jihe Expressway of approximately RMB3,249,000 (representing an increase of approximately 533.37% from that of approximately RMB513,000 of last year), and the rental income from the leasing of the communication signal transmission pipelines along the expressways and investment properties of approximately RMB1,348,000 (representing an increase of approximately 11.2% from that of RMB1,212,000 of last year).

Management Discussion and Analysis

Cost of Sales and Gross Profit

During the Reporting Period, the cost of sales and gross profit of the Group were approximately RMB1,555,406,000 and RMB819,186,000 respectively, as compared to those of approximately RMB6,281,233,000 and RMB740,590,000 of last year, representing a decrease of approximately 75.24% and an increase of approximately 10.61%, respectively. Gross profit margin of the Group was approximately 34.50% for the Reporting Period, representing a year-on-year increase of approximately 23.95 percentage points as compared with that of approximately 10.55% of last year. The cost of sales of the Group during the Reporting Period was mainly incurred from the amortisation of intangible assets, staff costs, construction costs, and maintenance costs and provisions for the Jihe Expressway and the Deshang and Shennan Expressways. As the Group's revenue from construction business services and sales of industrial products decreased during the Reporting Period as compared with that of the corresponding period of last year, the cost of sales has decreased significantly, thereby leading to an increase in both the Group's gross profit and gross profit margin for the Reporting Period when compared to those of the corresponding period of last year.

Other Income and Gains

During the Reporting Period, the Group recorded other income and gains of approximately RMB85,467,000, which mainly comprised gains on investment, bank interest income and income from road damage compensation. The year on-year decrease of approximately 20.47% in other income and gains from approximately RMB107,465,000 of last year was mainly attributable to the decrease in both the stock fund and the interest income of the Company.

Administrative Expenses

During the Reporting Period, administrative expenses from the Group's operations were approximately RMB100,514,000, representing a decrease of approximately 8.37% as compared to that of approximately RMB109,692,000 of last year. Such decrease was mainly attributable to the decrease in research and development expenses. The administrative expenses of the Group mainly comprised salaries and wages, depreciation of property, plant and equipment, transportation expenses and professional fees.

Impairment Losses on Financial Assets and Contract Assets

During the Reporting Period, the impairment losses on financial assets and contract assets were approximately RMB7,298,000, representing an increase of approximately 21.17% from RMB6,023,000 of last year, mainly attributable to the increase in impairment losses as a result of increase in contract assets.

Other Expenses

During the Reporting Period, the other expenses of the Group were approximately RMB1,945,000, representing an increase of approximately 238.85% as compared to approximately RMB574,000, which was mainly due to the impact of exchange loss.

Management Discussion and Analysis

Finance Costs

During the Reporting Period, the finance costs of the Group were approximately RMB274,569,000, representing an increase of approximately 276.93% as compared to approximately RMB72,843,000 of last year, which was mainly attributable to the expensing of loan interest of the R&E Project of the Jihe Expressway as the R&E Project of the Jihe Expressway fully resumed two-way traffic in December 2024.

Share of Profits and Losses of an Associate and Joint Ventures

During the Reporting Period, the Group's share of profit of an associate and joint ventures was approximately RMB923,000 (last year: approximately RMB801,000), representing the share of profit of the Group's associate and joint ventures in the Reporting Period accounted for under the equity method of accounting.

Net Profit Attributable to the Parent During the Year

During the Reporting Period, the profit attributable to owners of the parent was approximately RMB382,940,000, representing a decrease of approximately 20.98% as compared to that of approximately RMB484,586,000 for last year. The decrease in profit during the Reporting Period was primarily attributable to an increase in depreciation and amortisation as well as finance costs as a result of the completion of the R&E Project of the Jihe Expressway which has commenced its operation.

Changes in Revenue from Construction Business

During the Reporting Period, the Group recognised revenue from the construction business and the sale of industrial products business of approximately RMB653,148,000, representing a decrease of approximately 89.07% as compared with approximately RMB5,975,302,000 in the previous year. Among which, the Group recognised revenue from the R&E Project of the Jihe Expressway in accordance with HKFRS 15 — Revenue from Contracts with Customers of RMB15,115,000, representing a decrease of approximately 99.74% as compared with approximately RMB5,743,465,000 in the previous year, mainly due to the completion of the main line of the R&E Project of the Jihe Expressway, which resulted in a decrease in revenue from the construction business. If there are no new PPP road and bridge construction projects, such revenue will continue to drop to zero as the wrap-up works of the R&E Project of the Jihe Expressway are gradually completed.

Liquidity and Financial Resources

During the Reporting Period, the Group financed its operations and capital expenditures with the Group's internal resources, floating-rate bank loans and borrowings from Shandong Hi-Speed Group. As at 31 December 2025, the Group had total loans of approximately RMB10,953,614,000 (as at 31 December 2024: approximately RMB10,608,789,000), majority of which were based on floating interest rates and were denominated in RMB, and total cash and cash equivalents (including bank deposits and cash) of approximately RMB229,454,000 (as at 31 December 2024: approximately RMB216,691,000).

The Group adopts a prudent capital management policy and actively manages its liquidity position. It maintains sufficient standby banking facilities to meet its daily operation needs and capital requirements for future development. As at 31 December 2025, the Group's gearing ratio, as calculated by dividing net debt⁽¹⁾ by total capital⁽²⁾, was approximately 63.21% (as at 31 December 2024: 63.07%).

Management Discussion and Analysis

Notes:

- (1) Net debt = total borrowings – cash and cash equivalents
- (2) Total capital = equity attributable to owners of the parent + net debt

Pledge of Assets and Contingent Liabilities

As at 31 December 2025, the Group's toll collection rights in respect of the Deshang and Shennan Expressways were pledged to secure a bank loan granted by a financing bank for the related construction project financing. As at 31 December 2025, the net carrying amount of the toll collection rights in respect of (i) the Deshang Expressway (Liaocheng – Fan County section) and (ii) Shennan Expressway was RMB1,942,955,000 and RMB717,436,000, respectively. Save as mentioned above, as at 31 December 2025, the Group had no material pledge of assets or contingent liabilities.

Employees, Remuneration Policy and Pension Plans

As at 31 December 2025, the Group had a total of 678 (as at 31 December 2024: 672) employees in the PRC, including management staff, engineers and technicians, etc. During the Reporting Period, the Group's total staff remuneration expenses were approximately RMB210,796,000 (approximately RMB230,855,000 for last year).

The Group's remuneration for employees includes basic salaries, bonuses and other staff benefits, such as social insurance, housing provident fund, corporate annuity, supplementary medical insurance and group life accident insurance, etc. In general, the Group remunerates its employees based on their performance, qualification, position and seniority within the Group. The Group also provides the employees with continuing education and regular on-the-job training based on their job duties. In compliance with the requirements of the PRC laws and regulations, the Group contributes to the State-sponsored retirement scheme (i.e. pension insurance) for its employee in the PRC. The Group's employees make monthly contributions to the scheme at approximately 8% of the relevant income (comprising wages, salaries and bonuses), while the Group contributes 16% of the relevant income, subject to certain ceilings. The State-sponsored retirement scheme is responsible for all post-employment benefit obligations payable to the retired employees. In addition, the Group also operates an additional employee pension plan (that is, corporate annuity). All employees are entitled to an additional pension each year aggregating to 10% of the previous year's salaries.

Foreign Exchange Risk

The Group mainly operates in the PRC with most of its transactions settled in Renminbi.

As at 31 December 2025, the Group did not enter into any hedging arrangements to hedge against exposure in foreign currency risk. Renminbi is the presentation currency of the Company. As the Group principally operates in the PRC, and Renminbi is the currency of the primary economic environment in which the Group operates, the business of the Group is not exposed to material foreign exchange risk.

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Company did not have any significant investment, material acquisition or disposal of subsidiaries, associated companies or joint ventures during the Reporting Period.

BUSINESS REVIEW

During the Reporting Period, the Group achieved a revenue of approximately RMB2,374,592,000 representing a year-on-year decrease of approximately 66.18%. The Expressway Business remained as the Group's principal business, from which revenue from the Expressway Business was approximately RMB1,716,847,000, representing a year-on-year increase of approximately 64.32%. The revenue from the construction and other business was approximately RMB653,148,000, representing a year-on-year decrease of approximately 89.07%. During the Reporting Period, the Group recorded profit before tax of approximately RMB517,921,000, representing a year-on-year decrease of approximately 21.20%. Profit for the year was approximately RMB386,002,000 (last year: approximately RMB498,392,000), generating earnings per share of approximately RMB0.18 (last year: approximately RMB0.23).

Expressway Business

In 2025, the Company continued to strengthen the operational management of the Jihe Expressway and the Deshang and Shennan Expressways projects. The Jihe Expressway and the Deshang and Shennan Expressways are important components of the Shandong 12-8-11 Expressway Network, connecting to areas in Shandong Province with relatively eminent agricultural, commercial, tourism, other economic development.

Due to the completion of the R&E Project of the Jihe Expressway at the end of 2024 and the significant improvement in road environment, the traffic flow of the Jihe Expressway during the Reporting Period increased significantly compared with that of last year. The Jihe Expressway, the Deshang Expressway (Liaocheng – Fan County section) and the Shennan Expressway recorded daily traffic volume of approximately 79,500, 47,400 and 8,700 vehicle trips, respectively, during the Reporting Period. The Group recorded a toll income of RMB1,327,696,920 (tax inclusive) from the Jihe Expressway during the Reporting Period, representing an increase of approximately 152.68% from that of RMB525,439,250 of last year. The Deshang and Shennan Expressways recorded a toll income of approximately RMB440,655,860 (tax inclusive) during the Reporting Period, representing a decrease of approximately 19.98% from that of approximately RMB550,700,640 of last year.

Management Discussion and Analysis

Details of the traffic volume⁽¹⁾ of the above expressways are set out below:

Expressways managed by the Group during the Reporting Period	Total volume of passenger vehicle traffic throughout the year (<i>'000</i>)	Total volume of truck and special motor vehicle traffic throughout the year (<i>'000</i>)	Total traffic volume throughout the year (<i>'000</i>)	Daily average traffic volume⁽²⁾ (<i>'000</i>)
The Jihe Expressway	22,575.65	6,436.69	29,012.34	79,486
The Deshang Expressway (Liaocheng – Fan County section)	10,819.57	6,483.04	17,302.61	47,404
The Shennan Expressway	2,049.24	1,129.57	3,178.81	8,709

Notes:

- (1) The statistical scope of traffic volume covers data of vehicles on the Group's managed expressways with profit sharing in the expressway network. Traffic volume does not include toll-free vehicles.

The traffic volume includes data of the following four types of vehicles:

- ① Vehicles passing the toll stations at both entrance and exit on the expressways managed by the Group;
- ② Vehicles passing the toll stations at entrance on the expressways not managed by the Group but passing the toll stations at exit on the expressways managed by the Group;
- ③ Vehicles passing the toll stations at entrance on the expressways managed by the Group but passing the toll stations at exit on the expressways not managed by the Group; and
- ④ Vehicles passing driving on the expressways managed by the Group but not passing the toll stations at entrance or exit on the expressways managed by the Group.

The expressways managed by the Group as mentioned above refer to the Jihe Expressway, the Deshang Expressway (Liaocheng – Fan County section) and the Shennan Expressway.

- (2) Daily average traffic volume is calculated by dividing the traffic volume on the respective expressways managed by the Group in the Reporting Period by the number of days of the Reporting Period.

Management Discussion and Analysis

In addition to the foregoing, the traffic volume and the corresponding toll income of the Jihe Expressway and the Deshang and Shennan Expressways during the Reporting Period were also affected by a combination of the following factors:

1. The R&E Project of Jihe Expressway was completed by the end of 2024, enhancing the road environment. During the Reporting Period, the traffic volume increased significantly compared with that of last year, with the toll income growing simultaneously.
2. The change in road network structure, including traffic diversion via the Jihe Expressway and surrounding national and provincial highways, led to reduced traffic volume and decreased toll revenue of the Deshang and Shennan Expressways.

Toll Collection Policy

Effective from 8 January 2021, the toll rates of the Jihe Expressway and the Deshang and Shennan Expressways are subject to the Notice of Shandong Provincial Department of Communications, Shandong Provincial Development and Reform Commission and Shandong Provincial Department of Finance on Matters Related to Expressway Tolls (Lu Jiao Cai [2021] No. 3) 《山東省交通廳山東省發展和改革委員會山東省財政廳關於高速公路通行費有關事項的通知》(魯交財[2021]3號)). The classification of vehicle types is conducted pursuant to the Notice on Matters Related to the Implementation of the Industry Standards (JT/T489-2019) for “Vehicle Classification of the Toll for Highway” (Jiao Ban Gong Lu [2019] No. 65) 《關於貫徹〈收費公路車輛通行費車型分類〉行業標準(JT/T489-2019)有關問題的通知》(交辦公路[2019]65號)).

In addition, according to the relevant rules and regulations, certain types of vehicles are entitled to toll fee discounts and exemption, including (i) with effect from 1 July 2019, as required by the Notice of the Shandong Provincial Transport Department on Clarifying Expressway ETC Preferential Policy (Lu Jiao Cai [2019] No. 26) 《山東省交通運輸廳關於明確高速公路ETC優惠政策的通知》(魯交財[2019]26號)), a toll fee discount of 5% is given to all ETC vehicles driving on expressways in Shandong province; (ii) the toll exemption for vehicles of the military and armed police forces and the like; (iii) the toll exemption for small passenger vehicles with 7 seats or fewer on major festivals and holidays; (iv) the toll exemption for vehicles legally fully loaded with the products within the national Catalogue of Fresh and Alive Agricultural Products 《鮮活農產品品種目錄》; (v) the toll exemptions for vehicles as required by other national policies; and (vi) according to the requirements of the Notice of the Shandong Provincial Department of Transportation on Continuing to Implement Expressway Toll Discounts for Certain Vehicles (Lu Jiao Cai Han [2024] No. 1) 《山東省交通運輸廳關於繼續對部分車輛實行高速公路通行費折扣優惠的通知》(魯交財函[2024]1號)), the toll discount of 15% will continue to be implemented for freight vehicles installed with ETC package equipment and operational large passenger buses integrated into the supervision platform that travel on expressways within Shandong Province.

Management Discussion and Analysis

On 17 December 2024, the Company received the Notice on Toll Standard for the Jinan-Heze R&E Section of the Ji-Guang Expressway (Lu Jiao Cai [2024] No. 64) 《關於濟廣高速濟南至菏澤改擴建段通行費標準的通知》(魯交財[2024]64號)) issued by Shandong Provincial Department of Communications and Shandong Provincial Development and Reform Commission, which stated that due to the completion of the R&E Project, a new toll rate will be applied to the R&E section of the Jihe Expressway on a trial basis, effective from 20 December 2024 until 19 December 2026. For details of the new toll rate applicable to the R&E section of the Jihe Expressway, please refer to the announcement of the Company dated 17 December 2024.

Construction and Other Business

Construction Business and Sale of Industrial Products

During the Reporting Period, the Group recognised revenue of approximately RMB653,148,000 from construction business and sales of industrial products. Revenue from the construction business was mainly from the construction revenue recognised from the R&E Project of the Jihe Expressway, revenue from highway construction and revenue from municipal greening services; during the Reporting Period, the Group recognised revenue of RMB15,115,000 for the R&E Project of the Jihe Expressway in accordance with HKFRS 15 – Revenue from Contracts with Customers. Revenue from the sale of industrial products was mainly from the trading business of industrial products such as geotechnical materials, construction equipment, engineering materials and wind turbine hybrid towers.

Rental Income

During the Reporting Period, the Group's rental income mainly represented the revenue from the Advertisement Business and the leasing of the communication signal transmission pipeline along the expressways and the investment properties of approximately RMB4,597,000. As at the end of the Reporting Period, there were 71 billboards in normal operation along the Jihe Expressway. Rental income accounted for a relatively small proportion of the Group's revenue during the Reporting Period. Meanwhile, the Group was actively nurturing new revenue growth points for the leasing business.

Management Discussion and Analysis

PROSPECT

As 2006 marks the inaugural year for implementing the 15th Five-Year Plan, grounded in industry trends and strategic priorities, the Company adheres to the overarching principle of “progressing steadily while enhancing quality and efficiency”. By pursuing both expansion of incremental growth and capacity and revitalization of existing assets, while strengthening its foundation through enhanced management alongside continuous quality improvement, the Company will tap into growth potential to deliver long-term, stable value for all shareholders. In light of evolving industry dynamics and our clearly defined strategic positioning, we have established our core priorities for the 15th Five-Year Plan period – to focus on the goal of becoming a first-class domestic integrated expressway service provider and to accelerate the formation of a modern industrial ecosystem defined by a solid core business foundation, dynamic emerging engines, and coordinated industrial advancement. To realise this vision, we are implementing a comprehensive “Six First-Class” strategic framework: (1) building a first-class integrated expressway service provider with strong comprehensive strength and with outstanding operating performance, consolidating our asset base; (2) building a first-class provider with efficient network operations and service excellence, upholding our missions; (3) building a first-class provider with optimised industrial structure and powerful growth drivers, activating sustainable momentum; (4) building a first-class provider with robust governance and strong innovation capabilities, enhancing operational effectiveness; (5) building a first-class provider supported by a high-calibre workforce and improved employee well-being, fostering collective strength; and (6) building a first-class provider under strong Party leadership and stable overall development, strengthening institutional support. Faced with increasingly fierce competition in the industry, the Company will be guided by the “Six First-Class” framework, proactively seeking change, expanding capacity and improving quality, and striving to achieve a new leap forward in transformative development.

Enhancing core business quality and efficiency to reinforce sustainable profitability – the Company is committed to strengthening its core expressway business by improving quality and efficiency, further solidifying the foundation for profitability. Centred on expressway operations, it embraces a “whole life-cycle management and comprehensive value creation” philosophy. We will transform the capacity expansion advantages of the Jihe Expressway R&E project into incremental traffic growth, shifting from a passive revenue model to a proactive value-creation approach. Through freight VIP programs and specialized value-added services, we will build differentiated competitiveness, while refined cost management and enhanced revenue assurance measures will further reinforce toll income as the cornerstone of stable earnings. By deeply aligning with the Group’s “Integrated Operations” strategy, we are developing an operating model characterized by “small scale but precise management; short mileage but high revenue generation”. Through revitalizing and better utilizing tangible and intangible assets, as well as promoting integration between the expressway network and related sectors such as logistics and cultural tourism, the Company will accelerate the conversion of traffic flow into diversified income streams, injecting sustained momentum into the profitability of its main business.

Advancing Transformation and Building Stronger Growth Engines – the Company is advancing its transformation in depth and building stronger growth momentum. With firm commitment, it is refining its industrial operations by unlocking production capacity at its assembly company and prioritizing key projects, while maximizing existing wind power capacity and actively capturing market allocation opportunities. Each subsidiary strengthens its contribution to overall profitability. We actively expanded into external markets, transitioning from a passive sales approach to a proactive, market-oriented strategy. Leveraging the Group’s integrated strengths, we broadened our market reach and enhanced competitiveness. We pursued prudent and strategic investments, focusing on our core road and bridge operations while advancing into emerging sectors. By fully leveraging our Hong Kong listing platform and strengthening post-investment management, we promoted effective synergy between industry and capital, cultivating sustainable new sources of profit growth.

Management Discussion and Analysis

Empowering growth through reform and Innovation – we deepened our transformation and advanced innovation, reshaping our headquarters into a more enabling, coordinated, supervisory, and specialized platform and improving governance and control capabilities. We refined our market-based remuneration and incentive systems, attracted and retained high-caliber talent essential to transformation, and energize our team and organizational vitality. At the same time, we embedded digital and intelligent technologies across our operational processes, driving measurable gains in cost efficiency and productivity. Through continued innovation in both technology and management, we addressed development bottlenecks and reinforced our long-term competitive strength. We strengthened technological innovation by embedding digital and intelligent solutions across our operational processes. By targeting cost reduction and efficiency enhancement, and by innovating management models to overcome structural constraints, we elevated our core competitiveness with innovation.

Strengthening risk management and governance to safeguard sustainable development – we maintained strict adherence to our safety and risk management principles, improving our ongoing risk evaluation framework and enhancing oversight in critical areas such as treasury management and workplace safety, while addressing legacy matters to safeguard corporate assets and protect shareholder interests. We also continued to strengthen corporate governance through the integration of the Party. By deepening disciplined governance and fostering a harmonious corporate culture, we reinforced the structural foundation supporting the Company's high-quality growth.

As we move into 2026, we see both opportunity and responsibility before us. Equipped with a clear strategic direction and robust execution capabilities, the Company is well positioned to seize emerging opportunities in the new five-year development period. With unwavering dedication from our team and steadfast support from our shareholders, we will pursue higher-quality growth, further enhance profitability, and deliver greater value for our investors.

EVENTS AFTER THE REPORTING PERIOD

The Group has no material events after the Reporting Period required to be disclosed as at the date of this report.

Corporate Governance Report

The Board is pleased to present the corporate governance report of the Company for the year ended 31 December 2025.

CORPORATE GOVERNANCE

The Group is committed to maintaining a high level of corporate governance. The Board is responsible for the implementation of corporate governance, including: (a) formulating, developing and reviewing the corporate governance policies and practices of the Company; (b) reviewing and supervising the training and continuous professional development of the Directors and senior management; (c) reviewing and supervising the policies and practices for the compliance of laws and regulatory requirements by the Company; (d) developing, reviewing and supervising the code of conduct and compliance manual, if any, for employees and the Directors; and (e) reviewing the compliance of the Corporate Governance Code by the Company and the disclosures in corporate governance reports. In the past year, actions and measures were taken by the Board to improve the corporate governance gradually and further strengthen the development of the Company's corporate governance system. The Board believes that an effective corporate governance system can safeguard the interests of Shareholders and promote the corporate value and accountability of the Group.

The Company has adopted all applicable code provisions of the Corporate Governance Code. Throughout the Year, the Company was in compliance with the applicable code provisions in Part 2 of the Corporate Governance Code.

The Board will continue to review and improve its corporate governance system to ensure continuous compliance of the Corporate Governance Code.

Corporate Governance Report

CORPORATE CULTURE

Since its establishment, the Group's business has continued to expand in an orderly manner with unique features. With the advent of the era of digital economy and the changes in the domestic and international economic environment and industry development situation, the Group has systematically formed its cultural concepts and value propositions in the new era, condensed into its unique corporate culture brand "Smart Beauty of Qilu", and realized the Group's goal of sustainable and high-quality development.

Smart

- In the future, the Company will implement a diversified development strategy, guided by intelligent transportation, driven by scientific and technological innovation, and industry-finance interaction. Meanwhile, it will cultivate intellectual-intensive professionals, promote high-quality development of enterprises, and strive to become an international and modern first-class enterprise.

Beauty

- The Company is a Hong Kong listed company with specialized main business and stable benefits, exquisite and beautiful. The mission of the Company is to connect the beautiful world, enable a better travel life and create a better future.

Travel

- The Company gained a heavy customer traffic and travels at high speed. The staff will continue to improve and forge ahead with good conduct.

The sound is the same as the "beauty", the ancients pursued "benevolent enjoys mountains, the wise man takes pleasure in water, and the Tao follows nature", which can be the best! The humanistic realm pursued by the business philosophy of the Group is "road – vehicle – people – network", which is in harmony with heaven and earth, nature and ecology. The Company adheres to the cultural concept of "Smart Beauty of Qilu", creates intelligent expressway, smooth, safe, comfortable and harmonious expressway, and pursues the goal of sustainable development, so as to make the development of the Group stable and far.

Corporate Governance Report

THE BOARD

Duties and Division of Responsibilities

The Board shall act in the interests of all Shareholders and shall be accountable to general meetings. The Board shall mainly be responsible for: implementing the resolutions of general meetings; determining the medium and long-term development plan of the Company; determining the operation plans and investment programmes of the Company; determining the annual financial budget plans and final accounting plans of the Company; formulating the profit distribution plans of the Company; determining the establishment of internal management bodies and formulating the basic management system of the Company. The Company has established four special committees under the Board to oversee specific matters of the Company, namely, the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee. The Board has delegated various duties to the respective committees, which are contained in the terms of reference of the relevant committees. Besides, management of the Company will provide sufficient consultation to the Board and the Board committees when appropriate to facilitate the Directors in making an informed decision.

Chairman of the Board and General Manager

The Board is responsible for decision making on important matters of the Company and the management is authorised to conduct and manage the daily operation of the Company. The Company does have the post of general manager. During the Year, Mr. Wei Yong and Mr. Duan Peng acted as the chairman of the Board and the general manager of the Company, respectively, with a clear division of responsibilities. The chairman of the Board shall oversee the work of the Board and monitor the implementation of the resolutions adopted by the Board, and the general manager shall mainly manage the operation and coordinate the business of the Company under the leadership of the Board. As such, the Company has complied with the Code Provision C.2.1 of the Corporate Governance Code. Save as disclosed in the section headed "Profiles of Directors and Senior Management" in this report, there was no financial, business, family or other material relationship between the Directors and between the chairman of the Board and the general manager.

Composition of the Board

As at 31 December 2025, the Board was comprised of 15 Directors, including 3 executive Directors, namely Mr. Wei Yong (Chairman of the Board), Mr. Duan Peng (General Manager) and Mr. Chen Xiulin; 7 non-executive Directors, namely Mr. Gao Yongjun (Vice Chairman of the Board), Ms. Kong Xia, Mr. Wang Gang, Mr. Shi Jinglei, Mr. Du Zhongming, Mr. Ren Wei and Mr. Wang Hongyi; and 5 independent non-executive Directors, namely Mr. Liu Hongwei, Mr. He Jiale, Mr. Wang Lingfang, Mr. Leng Ping and Ms. Shen Chen.

Brief biographies of each of the current Directors are set out in the section headed "Profiles of Directors and Senior Management" in this report.

Corporate Governance Report

During the Year, the Board has complied with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules to have at least three independent non-executive Directors and at least one of the independent non-executive Directors having the appropriate professional qualifications or accounting or related financial management expertise. Besides, Rule 3.10A of the Listing Rules stipulates that independent non-executive directors shall represent at least one-third of the board. The Company had five independent non-executive Directors, representing one-third of the total number of Directors; therefore, the Company has been in compliance with the relevant requirements.

In accordance with the Articles of Association, the Directors (including the non-executive Directors) shall have a term of office of three years from the date of passing the resolution of general meeting until the expiration of term of office of the Board. The Directors are eligible for re-election upon the expiration of term of office, provided that no independent non-executive Director shall serve consecutive terms for more than nine years.

Time Commitment of Directors

In addition to attending formal meetings, the Directors shall also review reports of the management and regular operation reports of the Company and understand all the affairs and matters of the Company through site visit and other channels, so as to effectively perform their duties. After due review, the Board is of the view that the Directors have devoted sufficient time and efforts to perform their duties as Directors during the Year.

Training and Professional Development of Directors

During the Year, all Directors have received trainings in the written form or by participating in seminars. The Directors shall be updated with the latest developments in legal and regulatory systems and the operation of the Company to facilitate the performance of their duties. Trainings are also provided for the Directors when necessary to ensure that the Directors have a proper understanding of the business and operation of the Group, and are fully aware of their responsibilities and obligations under the Listing Rules and the applicable legal requirements.

Corporate Governance Report

The individual training record of each Director received in the Year is summarised below:

Name	Attending or participating in seminars/reading materials relevant to the director's responsibilities
Executive Directors	
Mr. Wei Yong (<i>Chairman of the Board</i>)	✓
Mr. Duan Peng	✓
Mr. Chen Xiulin	✓
Non-executive Directors	
Mr. Gao Yongjun (<i>Vice Chairman of the Board</i>)	✓
Ms. Kong Xia	✓
Mr. Wang Gang	✓
Mr. Shi Jinglei	✓
Mr. Du Zhongming	✓
Mr. Ren Wei	✓
Mr. Wang Hongyi	✓
Independent Non-executive Directors	
Mr. Liu Hongwei	✓
Mr. He Jiale	✓
Mr. Wang Lingfang	✓
Mr. Leng Ping	✓
Ms. Shen Chen	✓

Corporate Governance Report

Meetings of the Board

Unless otherwise provided by the Articles of Association, a Board meeting shall only be held if more than one half of the Directors are present. A Director who is unable to attend a Board meeting may appoint another Director to attend on his behalf as a proxy by a power of attorney which shall contain the name and capacity of the proxy and the scope and duration of the appointment. No Director shall vote on any resolution for himself or on behalf of other Directors if he has interest in the parties or matters in relation to the resolution. An extraordinary Board meeting may be held and concluded resolutions through video conference, teleconference or using written circulations. Any Director who fails to attend a Board meeting in person or by proxy shall be deemed to have abstained from his voting right thereat. The Board shall prepare minutes of Board meetings after the meetings are concluded to record the matters resolved. The minutes shall be signed by all the Directors who attended the meetings and the persons who prepared the minutes.

All Directors are provided with all relevant information of matters to be discussed at the Board meetings in a timely manner, and they may seek independent professional advice and services from the company secretary and senior management of the Company. Upon reasonable request to the Board, any Director may seek independent professional advice, as and when necessary, at the Company's expense.

During the Year, the Board convened 11 meetings. The attendance record of the Directors at the Board meetings convened in the Year is as follows:

Name	Number of meetings attended/Number of meetings held during the Director's term of office	Number of meetings attended by appointing another Director as proxy	Attendance rate
Executive Directors			
– Mr. Wei Yong <i>(Chairman of the Board (appointed as an executive Director on 28 August 2025)</i>	3/3	0	100%
– Mr. Wang Zhenjiang <i>(resigned as an executive Director on 31 July 2025)</i>	7/7	0	100%
– Mr. Duan Peng <i>(appointed as an executive Director on 22 April 2025)</i>	6/6	0	100%
– Mr. Peng Hui <i>(resigned as an executive Director on 26 March 2025)</i>	4/4	0	100%
– Mr. Chen Xiulin <i>(appointed as an executive Director on 9 May 2025)</i>	5/5	0	100%
– Mr. Liu Qiang <i>(resigned as an executive Director on 9 April 2025)</i>	4/4	0	100%

Corporate Governance Report

Name	Number of meetings attended/Number of meetings held during the Director's term of office	Number of meetings attended by appointing another Director as proxy	Attendance rate
Non-executive Directors			
– Mr. Gao Yongjun <i>(Vice Chairman of the Board (appointed as a non-executive Director on 22 April 2025)</i>	6/6	0	100%
– Ms. Kong Xia	11/11	0	100%
– Mr. Wang Gang	11/11	0	100%
– Mr. Shi Jinglei	11/11	0	100%
– Mr. Du Zhongming	11/11	0	100%
– Mr. Ren Wei <i>(appointed as a non-executive Director on 22 April 2025)</i>	6/6	0	100%
– Mr. Su Xiaodong <i>(resigned as a non-executive Director on 24 January 2025)</i>	1/1	0	100%
– Mr. Wang Hongyi <i>(appointed as a non-executive Director on 28 August 2025)</i>	3/3	0	100%
– Mr. Kang Jian <i>(resigned as a non-executive Director on 4 July 2025)</i>	6/6	0	100%
Independent Non-executive Directors			
– Mr. Liu Hongwei	11/11	0	100%
– Mr. He Jiale	11/11	0	100%
– Mr. Wang Lingfang	11/11	0	100%
– Mr. Leng Ping	11/11	0	100%
– Ms. Shen Chen	11/11	0	100%

Corporate Governance Report

During the Year, the Company held 5 general meetings. The attendance record of the Directors at the general meetings during the Year is as follows:

Name	Number of meetings attended/Number of meetings held during the Director's term of office	Attendance rate
Executive Directors		
– Mr. Wei Yong (<i>Chairman of the Board</i> <i>(appointed as an executive Director on 28 August 2025)</i>)	2/2	100%
– Mr. Wang Zhenjiang (<i>resigned as an</i> <i>executive Director on 31 July 2025)</i>	3/3	100%
– Mr. Duan Peng (<i>appointed as an</i> <i>executive Director on 22 April 2025)</i>	5/5	100%
– Mr. Peng Hui (<i>resigned as an</i> <i>executive Director on 26 March 2025)</i>	0	–
– Mr. Chen Xiulin (<i>appointed as an</i> <i>executive Director on 9 May 2025)</i>	4/4	100%
– Mr. Liu Qiang (<i>resigned as an</i> <i>executive Director on 9 April 2025)</i>	0	–
Non-executive Directors		
– Mr. Gao Yongjun (<i>Vice Chairman of the Board</i> <i>(appointed as a non-executive Director on 22 April 2025)</i>)	5/5	100%
– Ms. Kong Xia	5/5	100%
– Mr. Wang Gang	5/5	100%
– Mr. Shi Jinglei	5/5	100%
– Mr. Du Zhongming	5/5	100%
– Mr. Ren Wei (<i>appointed as a non-executive</i> <i>Director on 22 April 2025)</i>	5/5	100%
– Mr. Su Xiaodong (<i>resigned as a non-executive</i> <i>Director on 24 January 2025)</i>	0	–
– Mr. Wang Hongyi (<i>appointed as a non-executive</i> <i>Director on 28 August 2025)</i>	2/2	100%
– Mr. Kang Jian (<i>resigned as a non-executive</i> <i>Director on 4 July 2025)</i>	3/3	100%
Independent Non-executive Directors		
– Mr. Liu Hongwei	5/5	100%
– Mr. He Jiale	5/5	100%
– Mr. Wang Lingfang	5/5	100%
– Mr. Leng Ping	5/5	100%
– Ms. Shen Chen	5/5	100%

Corporate Governance Report

Board Committees

The Board has four special committees, namely the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy Committee.

During the Year, the attendance record of the Directors at the meetings of each Board committee is as follows:

Name	Number of meetings attended/Number of meetings held during the Director's term of office			
	Audit Committee	Remuneration and Appraisal Committee	Nomination Committee	Strategy Committee
Executive Directors				
– Mr. Wei Yong (<i>Chairman of the Board</i>) (<i>appointed as an executive Director on 28 August 2025</i>)	–	–	N/A	N/A
– Mr. Wang Zhenjiang (<i>resigned as an executive Director on 31 July 2025</i>)	–	–	4/4	1/1
– Mr. Duan Peng (<i>appointed as an executive Director on 22 April 2025</i>)	–	–	–	N/A
– Mr. Peng Hui (<i>resigned as an executive Director on 26 March 2025</i>)	–	–	–	1/1
Non-executive Directors				
– Mr. Gao Yongjun (<i>Vice Chairman of the Board</i>) (<i>appointed as a non-executive Director on 22 April 2025</i>)	–	–	–	N/A
– Ms. Kong Xia	–	–	–	1/1
– Mr. Wang Gang	–	–	–	1/1
– Mr. Shi Jinglei	3/3	–	–	–
Independent Non-executive Directors				
– Mr. Liu Hongwei	3/3	5/5	–	–
– Mr. He Jiale	3/3	–	–	–
– Mr. Wang Lingfang	–	5/5	5/5	–
– Mr. Leng Ping	–	5/5	5/5	–
– Ms. Shen Chen	–	–	5/5	–

Corporate Governance Report

Audit Committee

The major responsibilities and authorisations of the Audit Committee include but are not limited to: (i) reviewing and examining the financial affairs of the Company; (ii) supervising the performance of duties by Directors and senior management, and proposing the removal of any director or senior management member who has violated laws, administrative regulations, the Articles of Association of the Company, or resolutions of the general meeting; (iii) requiring Directors and senior management to rectify any conduct that is detrimental to the interests of the Company; (iv) proposing the convening of an extraordinary general meeting and, where the Board fails to perform its statutory duty to convene and preside over a general meeting, convening and presiding over such meeting in accordance with applicable laws; (v) submitting proposals to the general meeting; (vi) initiating legal proceedings against Directors and senior management in accordance with Article 189 of the Company Law; (vii) proposing the appointment, re-appointment or removal of external auditors; (viii) reviewing and supervising the independence and objectivity of external auditors and the effectiveness of the audit process in accordance with the applicable standards; (ix) reviewing the financial information of the Company and its disclosures; (x) supervising the financial reporting system, the risk management and the internal control procedures of the Company; and (xi) strengthening the communication between the internal auditor and external auditors. The terms of reference of the Audit Committee are available on the websites of the Company and the HKEXnews.

The Audit Committee comprises three Directors, namely Mr. He Jiale, Mr. Shi Jinglei and Mr. Liu Hongwei. Mr. He Jiale, an independent non-executive Director, acts as the chairman of the committee. All members of the Audit Committee are non-executive Directors, among whom, Mr. He Jiale and Mr. Liu Hongwei are independent non-executive Directors.

During the Year, the Audit Committee convened 3 meetings to, among other things, review the financial results of the Group for the year ended 31 December 2024 and the financial results of the Group for the six months ended 30 June 2025 before submission to the Board for approval, discuss the proposal for the change of the auditor for the year, discuss and consider the audit plan of the auditor for the year, and discuss the risk management and internal control systems of the Group currently in force.

The Audit Committee has reviewed and confirmed the audited consolidated financial statements in this report and has discussed with the management on the financial statements and the internal control of the Company. The Audit Committee is of the view that these financial statements are prepared in accordance with the applicable accounting standards and requirements and the disclosure is adequate.

The Audit Committee is also aware of the existing risk management and internal control systems of the Group, and is aware that such systems shall be reviewed annually.

Corporate Governance Report

Summary of work performed by the Audit Committee

- To consider and adopt the Company's profit distribution and dividend declaration plan for the year of 2024 and to ensure the profit distribution is legal and compliant;
- To consider the final financial report for the year of 2024 and the financial budget for the year of 2025 of the Company to ensure the preparation of the final financial report and financial budget is scientific and reasonable;
- To consider the 2024 financial statements, the management's representation letters and results announcement issued by the external auditor to ensure the truthfulness and completeness of the annual financial data of external disclosure;
- To consider the Company's 2024 internal control evaluation report and review the effectiveness of the internal controls;
- To consider and approve the re-appointment of the auditor for 2025 and to determine the related audit fees;
- To consider the report on the Company's related party transactions and continuing connected transactions for 2024 and to ensure the truthfulness of the external disclosure of connected transactions;
- To consider the Company's 2025 interim financial statements, statement and results announcement to ensure the truthfulness and integrity of the financial disclosure data;
- To consider the Company's 2025 interim report to ensure the truthfulness and reasonableness of the data in the interim report;
- To consider and approve the resolution of the Company not to distribute the interim dividend;
- To review the reasonableness of the annual audit plan of the external auditor and approve the implementation of the audit plan; and
- To invite external auditors to the meeting to discuss the 2024 annual results and 2025 interim results.

Corporate Governance Report

Remuneration and Appraisal Committee

The major responsibilities and authorisations of the Remuneration and Appraisal Committee include: (i) evaluating the remuneration structures and policies for all Directors and senior management of the Company and providing advice to the Board on establishing of formal and transparent procedures for the formulation of remuneration policy; (ii) studying the policy and structure of the remunerations (including non-monetary benefits, pensions and allowances) of Directors and senior management and formulating the procedures for remuneration policy, and providing advice to the Board in this regard; formulating the procedures for remuneration policy shall be normal and open; (iii) making recommendations to the Board on the remuneration of non-executive Directors; (iv) reviewing and approving the compensation arrangements for Directors who are dismissed or removed due to their misconduct so as to ensure that the arrangements are consistent with the contractual terms or are otherwise reasonable and appropriate if not consistent with the contractual terms; (v) monitoring the implementation of the remuneration policy for Directors and senior management; and (vi) reviewing and/or approving matters relating to share schemes as set out in Chapter 17 of the Listing Rules. The terms of reference of the Remuneration and Appraisal Committee are available on the websites of the Company and the HKEXnews.

The Remuneration and Appraisal Committee comprises three Directors, namely Mr. Liu Hongwei, Mr. Wang Lingfang and Mr. Leng Ping, all being independent non-executive Directors. Mr. Liu Hongwei, an independent non-executive Director, acts as chairman of the committee.

During the Year, the Remuneration and Appraisal Committee convened 5 meetings to discuss the remuneration packages of Directors and senior management and make recommendations to the Board in this regard.

Directors' Remuneration Policy

The Company provides remuneration in the form of salaries, social security, housing funds, enterprise annuity and other benefits to executive Directors, directors and senior management members who are also employees of the Company; provided fixed remuneration to the independent non-executive Directors with reference to the industry conditions and the actual situation of the Company's production and operation. No remuneration of any form will be provided to the non-executive Directors.

The Company will regularly review its remuneration based on the Company's development and operations and recommend remuneration adjustments where appropriate and seek the Board's endorsement for and Shareholders' approval of any recommended changes.

In accordance with the Code Provision E.1.5 of the Corporate Governance Code, the remunerations of the Directors, Supervisors and senior management by remuneration band for the year ended 31 December 2025 are set out below:

No. (Notes)	Remuneration band (RMB)	Number of persons
1	0 – 500,000	21
2	500,001 – 1,000,000	8
3	1,000,001 – 1,500,000	6

Corporate Governance Report

Notes:

No. 1 includes 15 Directors, 5 Supervisors and 1 senior management;

No. 2 includes 2 Directors, 3 Supervisors and 3 members of the senior management.

No. 3 includes 3 Directors and 3 members of the senior management

Further details of the remunerations of the Directors and the five highest-paid employees as required to be disclosed under Appendix D2 to the Listing Rules are set out in Notes 8 and 9 to the financial statements for the Year.

Nomination Committee

The responsibilities and authorisations of the Nomination Committee include: (i) reviewing the criteria and procedures for selection of Directors and senior management, and their structure, size and composition (including the skills, knowledge and experience) annually, assisting the Board in preparing the Board skills matrix, and making recommendations on any proposed changes to Directors and senior management to complement the Company's strategy; (ii) identifying individuals suitably qualified to become Board and senior management members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; (iii) making recommendations to the Board on the appointment, re-appointment and succession planning for Directors and senior management; (iv) assessing the independence of independent non-executive Directors; (v) assisting the Company in regularly evaluating the performance of the Board; and (vi) performing other duties delegated by the Board. The terms of reference of the Nomination Committee are available on the websites of the Company and the HKEXnews.

The Nomination Committee comprises four Directors, namely Mr. Wei Yong, being the chairman of the Board, and Mr. Wang Lingfang, Mr. Leng Ping and Ms. Shen Chen, being independent non-executive Directors. Independent non-executive Directors represent a majority of the committee. Mr. Wei Yong, the chairman of the Board, acts as the chairman of the committee.

During the Year, the Nomination Committee mainly performed the following tasks: assessing the suitability of the candidates nominated for the appointment as Directors or senior management of the Company and making recommendations to the Board on the appointment of the above personnel, and reviewing the composition of the Board in accordance with the requirements of the Board Diversity Policy of the Company.

During the Year, the Nomination Committee convened 5 meetings to discuss the nomination policy, the independence of independent non-executive Directors, and the eligibility of candidates for the appointment as Directors and senior management of the Company.

Nomination of Directors

In accordance with the Articles of Association, candidates of Directors shall be nominated or recommended by the existing Board or in the form of proposal by Shareholder(s) individually or in aggregate holding more than 1% of the Shares of the Company. The Nomination Committee shall verify the qualifications and conditions of the candidates of Directors, submit it to the Board for consideration on the appointment of the candidate upon determination, and a written resolution shall be proposed at a general meeting for approval by resolutions passed by the Board.

Corporate Governance Report

Strategy Committee

The major responsibilities and authorisations of the Strategy Committee include: (i) studying and making recommendations on the long-term development strategy of the Company; (ii) studying and making recommendations on major investment and financing plans that are subject to approval of the Board as required by the Articles of Association; (iii) studying and making recommendations on major capital operation and asset operation that are subject to approval of the Board as required by the Articles of Association; (iv) studying and making recommendations on the business plan and annual budget plan of the Company; (v) studying and making recommendations on other significant matters affecting the development of the Company; (vi) inspecting the implementation of the above matters; and (vii) performing other duties delegated by the Board. The terms of reference of the Strategy Committee are available on the websites of the Company and the HKEXnews.

The Strategy Committee comprises five Directors, including two executive Directors and three non-executive Directors, namely Mr. Wei Yong, being the chairman of the Board, Mr. Duan Peng, Mr. Gao Yongjun, Ms. Kong Xia and Mr. Wang Gang. Mr. Wei Yong, the chairman of the Board, acts as the chairman of the committee.

During the Year, the Strategy Committee convened 1 meeting to discuss the implementation of the investment plan for 2024 and the investment plan of the Company for 2025, the 2025 financial budget and the proposal to authorize cash management of idle funds.

Diversity of the Board

In accordance with the Listing Rules, the Board has developed and adopted the Board Diversity Policy. It emphasizes that in determining the Board's composition, Board diversity has been considered from a number of aspects. All the appointments to the Board will be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board, taking into account various factors including gender, age, culture and educational background, professional experience, skills, knowledge and length of service. The Company shall consider its own business model and specific needs from time to time and make final decisions based on merits and contributions that the candidates will bring to the Board.

With reference to the policy above, the Nomination Committee has reviewed the composition of the Board in accordance with the Listing Rules in terms of the following factors:

- **Age:** At present, the members of the Board cover the age group from more than 40 to 70. The diversity of age groups helps the members of the Board to bring a variety of thinking;
- **Educational backgrounds and professional knowledge:** The members of the Board come from different educational backgrounds, including business administration, law, marine engineering management, traffic and transportation management, chemical engineering related to polymer materials and thermodynamics equipment of power plant. A number of Directors have obtained master's and doctoral degrees and other professional accreditation qualifications, including certified public accountant in China, senior political analyst, professorate senior engineer and senior economist. It also reflects that the Group's expressway operation management and related supporting material supply businesses involve different professional fields. The educational background of the members of the Board helps to guarantee the professionalism of the Group's business; and

Corporate Governance Report

- **Industry experience:** The members of the Board have relatively sufficient industry experience in their respective fields, including participating in different domestic and cross-border businesses in the operation management, investment management and other enterprises of infrastructure projects such as expressway, energy and port transportation, which brings foresight to the Company's business development and international vision.

To sum up, the Directors are of the opinion that the composition of the Board is in compliance with the board diversity requirements of the Board Diversity Policy and the Listing Rules in terms of gender, age, educational background, industry experience, region and duration of service, and reflects an appropriate mix of skills, experience and diversity that are relevant to the Group's strategy, governance and business and contribute to the Board's effectiveness and efficiency. Information about the Board's current composition (including the skills and experience of Directors) is set out in the section headed "Profiles of Directors, Supervisors and Senior Management" in this report.

As at the end of the Reporting Period, the Board of the Company has two female members. During the renewal of the Board in 2023, the Company has introduced one more female member to the composition of the current Board. In addition, female directors have been appointed to both the Strategy Committee and the Nomination Committee, effectively satisfying the previously established diversity goals.

In terms of the employees of the Group, the Company adheres to the people-oriented management concept, respects and protects the rights and interests of employees, standardizes the career development path, accelerates the construction of talent team, and helps employees grow. During the Reporting Period, the Company followed the principle of "openness, fairness, competition and merit-based selection" to recruit and train employees. As of the end of the Reporting Period, the Group had 678 employees, including 254 female employees, accounting for about 37.46% of all employees. A total of 549 employees (accounting for about 80.97% of all employees) belong to the age group of 30 to 50, with 35 and 94 employees aged below 30 and above 50 respectively. During the Reporting Period, there were 13 new employees, of which 6 belonged to the age group under 30. This just reflects the Group's adherence to the principle of equality between men and women in social recruitment, and it will actively cultivate suitable talents from young employees, provide promotion opportunities, and strive to continuously improve the diversity of the Group's staff, senior management and Directors in terms of personal ability, professional background and gender. In conclusion, the Company believes it has achieved diversity in the fields of gender and age among its employees, and the Company is committed to progressively enhancing diversity in terms of gender and background in future renewal of the Board as well as employee training and promotion, ensuring a systematic and progressive manifestation of diversity.

Corporate Governance Report

DIRECTORS

Appointment and Re-election of Directors

Directors (including non-executive Directors and independent non-executive Directors) shall be elected at a general meeting with a term of office of three years from the date of passing the resolution at the general meeting until the expiration of term of office of the Board. Directors are eligible for re-election upon the expiration of term of office, provided that no independent non-executive Director shall serve consecutive terms for more than nine years.

Chairman of the Board and Vice Chairman of the Board shall be elected and removed by more than one half of the members of the Board, with a term of office of three years, and may be re-elected upon the expiration of term.

Each of the current Directors has entered into a service contract with the Company for a term of three years, commencing from the date of approval by Shareholders for the appointment, and subject to termination in accordance with the terms of the respective contracts. As of the date of this report, all Directors of the third session of the Board of the Company have signed service contracts with the Company.

None of the Directors has entered or proposed to enter into a service contract with any member of the Group, excluding those contracts expiring within one year or determinable by the relevant employers within one year without payment of compensation (other than statutory compensation).

Independence of Independent Non-executive Directors

The Company currently has five independent non-executive Directors, and none of them has served as an independent non-executive Director for more than nine years. The number and qualification of the independent non-executive Directors are in compliance with the requirements of the Listing Rules and the Articles of Association. Their independence is highly guaranteed as none of the independent non-executive Directors has any business or financial interest in the Company or its subsidiaries, nor do they hold any management position in the Company.

Each of the five independent non-executive Directors has given the Company a written confirmation of his/her independence for the Year pursuant to Rule 3.13 of the Listing Rules. Based on such confirmation and to the best knowledge of the Board, all current independent non-executive Directors are independent and are in compliance with the requirements of Rule 3.13 of the Listing Rules.

Corporate Governance Report

Independent Input Mechanisms

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| Board and committees' structure | <ul style="list-style-type: none"> As of the end of the Reporting Period, the Board of the Company composed of 15 members including 5 independent non-executive Directors. It complies with the requirements of the Listing Rules that independent non-executive directors should account for one-third of the number of directors and not less than three. |
| Independent non-executive Directors' tenure | <ul style="list-style-type: none"> In accordance with the requirements of the Articles of Association, the term of office for independent non-executive Directors shall be three years, and eligible to offer himself for re-election, but shall not exceed nine years. |
| Independent non-executive Directors' remuneration | <ul style="list-style-type: none"> Independent non-executive Directors receive fixed fee(s) for their roles as members of the Board and Board Committee(s) as appropriate. The Company has not established an incentive scheme related to its Shares. |
| Appointment of independent non-executive Directors | <ul style="list-style-type: none"> Independent search firm(s) can be engaged by the Nomination Committee to help identify potential candidates for appointment of independent non-executive Directors. In assessing suitability of the candidates, the Nomination Committee will review their profiles, including their qualification and time commitment, having regard to the Board's composition, the Directors' skills and experience, the list of selection criteria approved by the Board and the Board Diversity Policy. |
| Annual review of independent non-executive Directors' commitment and independence | <ul style="list-style-type: none"> The Nomination Committee reviews annually each Director's time commitment to HKEX's business. Directors' attendance records during the Reporting Period are disclosed in the section headed "Meetings of the Board" contained in the Corporate Governance Report. Independent non-executive Directors' independence is assessed upon appointment, annually, and as the circumstances require. |

Corporate Governance Report

Management of the conflict of interests

- The internal system of the Company contains provisions for the avoidance of conflicts of interest and provides guidance on the actions to be taken by Directors in relation to conflicts of interest.

Professional advice

- Directors may consult the Joint Company Secretaries of the Company or the Securities Investment Department on matters relating to the performance of their duties, as well as external professional advisers and legal advisers at the Company's expense.

Evaluation of the performance of the Board

- The quality and efficiency of discussions at Board meetings are assessed during the annual evaluation of the Board's performance.
- The Board is of the view that the implementation of the above mechanism can effectively ensure that the Board receives independent views and opinions.

Corporate Governance Report

Compliance with the Model Code

For the Year, the Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiries with all the Directors, it was confirmed that the Directors of the Company have complied with the Model Code in relation to securities transactions by the directors and its own standards of code of conduct and there has not been any non-compliance with the relevant requirements of the Model Code.

Directors' Responsibilities for Preparation of Financial Statements

The Directors acknowledge their responsibilities for preparing financial statements of the Group in accordance with the relevant statutory requirements and generally accepted accounting principles in Hong Kong and ensuring that the financial statements give a true and fair view of the Group's financial position.

According to the Code Provision C.5.9 of the Corporate Governance Code, management shall provide sufficient explanation and information to the Board so that the Board can make an informed assessment of financial and other information before such information is submitted to the Board for approval. The Company shall also provide all members of the Board with monthly updates on the performance, position and prospects of the Group.

SHAREHOLDERS AND GENERAL MEETINGS

Particulars of Controlling Shareholders and Ultimate Controlling Shareholders

During the Reporting Period, the controlling Shareholders of the Company were Shandong Hi-Speed Group, Shandong Hi-Speed, COSCO SHIPPING, China Shipping and COSCO SHIPPING (Hong Kong).

The Company operates its business independently from its controlling Shareholders and has separate personnel, organisation, assets and business. The behaviours of the controlling Shareholders are regulated, and they have not directly or indirectly intervened in the operation and decision-making of the Company without the approval at general meetings of Shareholders.

Particulars of the shareholding of substantial shareholders during the Year and Non-competition Agreement and commitments of controlling Shareholders are set out in the section headed "Report of the Board of Directors" in this report.

Corporate Governance Report

General Meetings

The Company is committed to ensuring that all Shareholders, in particular the minority Shareholders, are treated equally and are able to fully exercise their rights. A general meeting is the highest authority of the Company and exercises its power in accordance with the laws.

To safeguard the interests and rights of Shareholders, all major matters shall be proposed as separate resolutions at a general meeting for consideration in accordance with the requirements of the applicable laws and regulations and the Listing Rules. The rights of Shareholders and the procedures for voting at general meetings shall be contained in the relevant circular in accordance with the Articles of Association and the Listing Rules, which shall be despatched to Shareholders within a specified period of time and shall be published on the websites of the HKEXnews and the Company.

During the Reporting Period, the Company convened 1 annual general meeting and 4 extraordinary general meetings. For details of the proposals and resolutions considered at these meetings, please refer to the relevant announcements published on the websites of HKEXnews and the Company.

CONTROL SYSTEM

Supervisory Committee

Pursuant to the Company Law and other relevant laws and regulations, the Company has abolished the Supervisory Committee with effect from 12 December 2025. The powers and functions of the Supervisory Committee have been assumed by the Audit Committee of the Board. Accordingly, the duties of all Supervisors of the Company were automatically terminated with effect from 12 December 2025. For further details, please refer to the circular of the Company dated 25 November 2025 and the announcements of the Company dated 18 November 2025 and 12 December 2025.

Internal Control and Risk Management

The Board shall perform operational decision-making and is committed to establishing and improving the measures and plans for internal control and risk management. It shall also supervise the implementation of the risk management and internal control system, so as to safeguard the investment of Shareholders and the assets of the Group.

The Board recognises it is responsible for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has delegated its responsibility (together with the relevant authority) for risk management and internal control to the Audit Committee. The Audit Committee is responsible for supervising the design, implementation and monitoring of the management in respect of risk management and internal control systems. The management has confirmed to the Audit Committee (and the Board) the effectiveness of such systems for the year ended 31 December 2025.

Corporate Governance Report

Key Features of Risk Management and Internal Control Systems

The Board shall be responsible for the risk management and internal control systems of the Company, and shall review the effectiveness of such systems. The Audit Committee shall supervise the establishment and implementation of internal control system by the Board. The management is responsible for organising and leading the daily operation of internal control system.

Scope of responsibilities:

Board

1. Be responsible for the risk management and internal control systems and continuously review their effectiveness, to ensure that the Company can establish and maintain effective risk management and internal control systems;
2. Review the risk management and internal control systems of the Company at least once every year, and ensure that at each review, the Company has sufficient resources, staff qualifications and experience, staff training programmes and relevant budgets in terms of accounting, internal audit and financial reporting functions. In case of additional matters that need to be reported, the chairman of the Board shall determine whether to report such matters to the Board; and
3. Supervise the design, implementation and monitoring of the management in respect of the risk management and internal control systems.

Audit Committee

1. Review and assess the completeness and effectiveness of the financial control, internal control and risk management systems, mechanisms and regimes;
2. Evaluate the risk management and internal control assessment and audit results, and supervise the improvement regarding risk management and internal control defects;
3. Discuss with management about the internal control system to ensure that the management has set up an effective internal control system. The discussion shall cover the sufficiency of resources and staff qualifications and experience of accounting and financial reporting functions, and the adequacy of staff trainings and relevant budgets; and
4. Study, either initiatively or as assigned by the Board, the important review results related to risk management and internal control matters and the management's feedback about such review results.

Corporate Governance Report

Management

1. Be responsible for the risk management and internal control, and manage the affairs in connection therewith; and
2. Report the information about risk management and internal control to the Board and the Audit Committee.

Management of the Company reports the risk management and internal control of the Company to the Audit Committee and the Board at the annual meeting held each year, so that the Board is able to make judgement about the effectiveness of the internal control and risk management of the Company.

The Company applies relevant policies and procedures to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects, which include the requirement that management of the Company shall conduct regular evaluation and acquire latest information in this regard. In the meantime, the Company has developed a set of clean systems to offer guarantee for anti-corruption, reporting and supervision.

Specific procedures for identification, assessment and management of material risks

1. Risk Identification

Determine risk measurement criteria and identify risks which may have potential impact on the Company.

2. Risk Assessment

Assess risks identified and classify them by risk level.

3. Risk Response

Select a response strategy according to the risk level, and the risk management department tracks the effectiveness of such response strategy. At the same time, formulate relevant countermeasures to avoid recurrence of and to mitigate the risks.

4. Risk Monitoring

Monitor the risks continuously and regularly, and adjust the procedures for risk management and internal control when appropriate to ensure that the control procedures are appropriate and effective. Report the results of risk monitoring to the management and the Board regularly.

Corporate Governance Report

In a bid to become resilient to changes of external environment and maintain its profitability, the Company optimises its business flow and transforms its business and management modes through management innovation and business reform. It also exerts great efforts to mid – and long-term planning, cost reduction, organisation and procedure optimisation, capability improvement and other aspects to ensure that the strategy and annual plan are realised.

Internal Audit Function

The internal audit function of the Company is performed by the Audit and Legal Department, which directly reports to the Audit Committee.

Handling and Dissemination of Inside Information

In respect of the procedures for and internal control of handling and dissemination of inside information, the Company:

1. acknowledges its responsibilities under the SFO and the Listing Rules, the most important principle of which provides that where relevant information is determined as inside information, an announcement shall be published as soon as reasonably and practicably feasible; and
2. pays close attention to the applicable laws and regulations when handling with such information.

A self-evaluation report has been prepared by the Board in respect of the risk management and internal control matters of the Company during the Year. The Board has reviewed the control systems of the Company and is of the view that during the Year, such systems were effective and adequate and management of the Company should further perfect its risk management and internal control systems to promote a higher standard of corporate governance.

AUDITORS AND THEIR REMUNERATIONS

The remunerations paid or payable to the Company's auditors during the Year are set out as follows:

Service provided	Fee paid or payable <i>RMB'000</i>
Audit fee	400
Non-audit fee	
– Interim review	100

Corporate Governance Report

JOINT COMPANY SECRETARIES

Ms. Zhang Xiao and Mr. Shi Wenjiang have been appointed as the Joint Company Secretaries, with effect from 19 May 2023.

The biographical details of Ms. Zhang and Mr. Shi are set out in the section headed “Profiles of Directors, Supervisors and Senior Management” in this report.

Ms. Zhang serves as the assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited, and is responsible for making recommendations to the Board on corporate governance matters to ensure the compliance with the policies and procedures set by the Board, the applicable laws, rules and regulations. Mr. Shi is the main contact person of Ms. Zhang in the Company.

Both Ms. Zhang and Mr. Shi have confirmed that they have received not less than 15 hours of relevant professional training as required by Rule 3.29 of the Listing Rules during the Year.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONSHIP

Procedures for Convening Extraordinary General Meeting

Shareholder(s) individually or collectively holding 10% or above of the Company's Shares may request the Board to convene an extraordinary general meeting, which shall be made to the Board in writing. The Board shall, according to the laws, administrative regulations and provisions of the Articles of Association, give written feedback on whether it agrees or disagrees to convene an extraordinary general meeting within ten (10) days after receiving the request.

Procedures for Making Enquiry to the Board

The shareholder communication policy of the Company aims to maintain transparency and provide information about major developments of the Group to shareholders and investors in a timely fashion. General meetings are the formal channel of communication of the Company with shareholders and the Board. Chairman of the Board and chairmen of board committees (or another member of the respective committee if he fails to attend the meeting) will attend general meetings to have direct communication with Shareholders.

Corporate Governance Report

Shareholders may also make their enquiries and questions to the Board by sending them to the Securities Investment Department of the Company at the following address:

Address: Room 2212, Block 4, Zone 3, Hanyu Financial & Business Centre, No. 7000 Jingshi East Road, Hi-tech Zone, Jinan City, Shandong Province, the PRC

Telephone: +86 (531) 8720 7088

Procedures for Making Proposals at General Meetings

When the Company convenes a general meeting, the Board, the Audit Committee and Shareholders who individually or collectively hold more than 1% of the Company's shares are entitled to submit resolutions to the Company.

Shareholders who individually or collectively hold more than 1% of the Company's shares may put forward a provisional proposal and submit it in writing to the convenor ten days prior to the date of the general meeting. The convenor shall issue a supplementary notice of the general meeting within two days after receiving the proposal, announcing the contents of the provisional proposal.

Amendments to the Constitutional Documents

During the year, the Company made certain amendments to the Articles of Association and its appendices. Pursuant to the Company Law and other relevant laws and regulations, and with a view to further optimizing the Company's governance procedures, the Company convened an extraordinary general meeting on 12 December 2025 at which resolutions were considered and approved in relation to the proposed amendments to the Articles of Association, the Rules of Procedure for the General Meetings, and the Rules of Procedure for the Board of Directors. At the same time, the Supervisory Committee was abolished and the Rules of Procedure for the Supervisory Committee were repealed. For further details of the amendments to the Articles of Association, please refer to the circular of the Company dated 25 November 2025 and the announcements of the Company dated 18 November 2025 and 12 December 2025.

Communication with Investors and Investor Relationship

The Company's management highly values the investor relation management, and has established Measures for Information Disclosure, Investor Relation Management Policy and other regulatory systems to standardise and optimise the investor relation management of the Company.

By implementing the Investor Relation Management Policy, the Company enhances investors' and Shareholders' understanding and recognition of the Company through reasonable information disclosure and exchange. At the same time, transparent information disclosure helps to improve the level of corporate governance, so as to maximize the overall interests of the Company and protect the legitimate rights and interests of investors and Shareholders.

Corporate Governance Report

The Investor Relation Management Policy are summarized as follows:

Purposes of investor relationship management

- Promote the benign relationship between the Company and investors, and enhance investors' further understanding and familiarity with the Company;
- Establish a stable and high-quality investor base and obtain long-term market support;
- Form a corporate culture that serves and respects investors; and
- Promote the benign relationship between the Company and investors, increase the transparency of the Company's information disclosure and improve corporate governance.

Basic principles of investor relationship management

- The Company adheres to the following principles in the work of investor relationship management, including:
 - (i) **The principle of full and compliant disclosure of information:** actively disclose other relevant information that investors care about, and ensure that the information disclosure is true, accurate, complete and timely;
 - (ii) **The principle of equal opportunity for investors:** the Company shall treat all Shareholders and potential investors fairly and avoid selective information disclosure;
 - (iii) **The principle of honesty and trustworthiness:** the investor relationship work should be objective, true and accurate to avoid excessive publicity and misleading;
 - (iv) **The principle of high efficiency and low consumption:** when selecting the working mode of investor relations, the Company should fully consider improving communication efficiency and reducing communication costs; and
 - (v) **The principle of interactive communication:** the Company should actively listen to the opinions and suggestions of investors, realize two-way communication between the Company and investors, and form a positive interaction.

Corporate Governance Report

Targets of investor relationship management

- Investors, including existing shareholders and potential investors;
- Media such as securities analysts, financial media and industry media; and
- Securities regulatory authorities and other relevant government agencies.

Communication mode

- The Company discloses information to Shareholders and investors through announcements, Shareholders' meetings, company websites, mailing materials, telephone consultation, media interviews and reports, analyst meetings and performance briefings, one-to-one communication, on-site visits, roadshows and questionnaires and other channels;
- The Company attaches great importance to the construction of the network communication platform, opens a column on investor relations on the Company's website, and sets up an e-mail address to accept inquiries and suggestions from investors and responds in a timely manner;
- The Company timely enriches and updates the content of the Company's website, and can place information that investors care about on the Company's website, such as news release, company profile, expressway operation and related supporting services, legal information disclosure materials, contact methods of investor relations, special articles and executive speeches; and
- The Company allows the public to participate in the Company's investor relations exchange activities online and offline through modern communication tools such as the network, in combination with on-site visits and other models. During the implementation of the financing plan, the roadshow shall be held in accordance with the relevant regulations, and the time and place of the annual general meeting and the extraordinary general meeting shall be fully considered to facilitate the participation of Shareholders, allowing the Company to receive the opinions of Shareholders and other stakeholders in a timely manner.

During the Reporting Period, while earnestly performing statutory information disclosure obligations, the Company launched investor relation activities in various forms to provide investors with information which they were interested in, to promote the transparency of corporate operation and to build mutual understanding and trust. Meanwhile, the Company absorbed the advice from investors in the course of information delivery and collected feedback from investors to boost benign interactions between the Company and investors.

Corporate Governance Report

In conducting investor relation activities, the Securities Investment Department of the Company is dedicated to investor relation management. The channels adopted by it mainly include: answering phone call and e-mail enquiries through investor hotline and e-mail; hosting site visits for investors and securities analysis agencies; participating in investor promotion activities; organising roadshows; providing particulars about the Company, information disclosure and corporate governance through company website.

The Company regularly receives inquiries from relevant investment organisations and industry stakeholders, in relation to the Group's business development, industry prospects and financing proposals. On the premise of complying with applicable laws and regulations, the Company will strengthen its contact with all parties in accordance with the above Investor Relation Management Policy. In order to enhance the transparency of the Company's information disclosure, the Company will, as always, continue to provide relevant information on a regular basis and as necessary under the premise of compliance. In view of the above, having considered the various existing communication channels and feedback from Shareholders and investors, the Company believes that its communication policy with investors has been effectively implemented during the Reporting Period.

The Board is grateful to Shareholders and other stakeholders for their continued support to the Group and welcomes their views as well as any questions they may have about the management and governance of the Company.

Profiles of Directors and Senior Management

As at the date of this report, brief biographies of the Directors and senior management of the Company are as follows:

DIRECTORS

(1) Executive Directors

Mr. Wei Yong (魏勇), aged 55, is currently an executive Director of the Company. He concurrently serves as the chairman of the Board and the secretary of the party committee of the Company.

Mr. Wei successively served as a staff member and senior staff member of the policy and regulations research office and the policy and regulations division of the Shandong Provincial Township Enterprise Management Bureau (山東省鄉鎮企業管理局) from July 1993 to May 2001, a principal staff member of the policy research division of the Shandong Provincial Small and Medium Enterprises Office (山東省中小企業辦) from May 2001 to October 2001, a senior staff member and principal staff member of the enterprise division of the Shandong Provincial Commission of Commerce and Trade (山東省經貿委) from October 2001 to June 2004, a principal staff member and deputy director of the policy and regulations division, the enterprise reform division, and the office of the board and supervisory committee of the Shandong Provincial State-owned Assets Supervision and Administration Commission (山東省國資委) from June 2004 to October 2015, the director of the board office, the director of the work department of the party committee, the director (head officer) of the party and mass work department (office of the party committee) and the deputy secretary of the party committee of the headquarters of Qilu Transportation Development Group Company Limited (齊魯交通發展集團有限公司) from October 2015 to August 2020, the director of the human resources department, a member of the party committee of the headquarters, and the director (deputy secretary) of the organization department the party committee (united front work department of the party committee and party committee of the headquarters) of Shandong Hi-Speed Group Company Limited from August 2020 to March 2026, a member of the party committee of Shandong Hi-Speed Group since February 2024, and the chief expert of Shandong Hi-Speed Group since June 2025. He has been the secretary of the party committee of the Company since July 2025, and an executive Director and the chairman of the Board of the Company since August 2025.

Mr. Wei obtained a bachelor's degree in law from Shandong University in July 1993, majoring in economic law, and obtained a master's degree in business administration from Shandong University of Science and Technology in June 2012, majoring in business administration.

Profiles of Directors and Senior Management

Mr. Duan Peng (段鵬), aged 50, is currently an executive Director of the Company. He concurrently serves as the general manager of the Company and deputy secretary of the party committee.

Mr. Duan has extensive experience in corporate operations and management. He has held management positions in COSCO Bulk Carrier Co., Ltd. (中遠散貨運輸有限公司) and Ocean Hotel Tianjin (天津遠洋賓館). From May 2014 to June 2022, Mr. Duan served as the deputy general manager of Tianjin Tianyong Expressway Co., Ltd. (天津天永高速公路有限公司). From June 2022 to April 2025, he successively served as the deputy general manager of the industrial and trade business department and the deputy general manager of the operations management department in COSCO SHIPPING (Hong Kong) Co., Limited and COSCO SHIPPING International (Hong Kong) Co., Ltd. (a company listed on the Main Board of the Stock Exchange, stock code: 00517). He has served as the general manager of the Company and deputy secretary of the party committee since March 2025, and served as an executive Director of the Company since April 2025.

Mr. Duan obtained a bachelor's degree in engineering from Tianjin University in July 1998, majoring in heating, ventilation, and air conditioning engineering, and obtained a master's degree in business administration from Tianjin University in June 2006.

Mr. Chen Xiulin (陳修林), aged 53, is currently an executive Director of the Company. He concurrently serves as the deputy general manager, a member of the party committee of the Company and the secretary to the Board.

Mr. Chen was a member of the political affairs department of Shandong Dezhou Machine Tool Factory (山東德州機床廠) from July 1994 to January 1999, a member and vice head of political affairs division of Jining Highway Management Bureau (濟寧市公路管理局) from January 1999 to October 2004. He was an officer of the political affairs division of the Highway Bureau of the Shandong Provincial Transport Department from October 2004 to March 2005. He served as the deputy manager of the political affairs division of the Highway Bureau of the Shandong Provincial Transport Department from March 2005 to October 2006. He worked as the manager of the political affairs division of the Highway Bureau of the Shandong Provincial Transport Department from October 2006 to June 2014 and concurrently served as the head of the general department of Shandong Binde Expressway Projects Office (山東省濱德高速公路項目辦). Mr. Chen has served as the deputy general manager and a member of the party committee of the Company since November 2014, and as the secretary to the Board since April 2016. He has also served as an executive Director of the Company since May 2025.

Profiles of Directors and Senior Management

Mr. Chen concurrently served as the standing deputy general manager of Shandong Malong Expressway Company Limited (山東馬龍高速公路有限公司) from June 2014 to April 2016, a director of Dongying Yellow River Bridge Co., Ltd. (formerly known as Dongying Yellow River Bridge Expressway Co., Ltd.) from March 2015 to July 2016, and a supervisor of Shandong Jizou Highway Company Limited (山東省濟鄒公路有限公司) from September 2015 to July 2016.

Mr. Chen graduated from Northeast Forestry University (東北林業大學), the PRC in June 1994 with a bachelor's degree of engineering majoring in forestry engineering. In September 2004, Mr. Chen was qualified as a senior political analyst by the Senior Assessment Committee for Ideological and Political Staff at Enterprises in Shandong (山東省企業思想政治工作人員專業職務高級評審委員會).

(2) Non-Executive Directors

Mr. Gao Yongjun (高勇軍), aged 55, is currently a non-executive Director. He concurrently serves as the vice chairman of the Board of the Company, a general manager of the operations management department of COSCO SHIPPING (Hong Kong) Limited and COSCO SHIPPING International (Hong Kong) Co., Limited; an executive director of COSCO SHIPPING (Hong Kong) Insurance Brokers Limited; and the chairman of Tianjin Tian'ang Expressway Co., Ltd..

Mr. Gao has extensive experience in the management of production and operation. Prior to July 2016, he held various managerial positions in China Ocean Shipping (Group) Company and China COSCO Shipping Corporation Limited. From July 2016 to May 2019, Mr. Gao worked as a deputy general manager of COSCO SHIPPING (Hong Kong) Ship Trading Company Limited. From May 2019 to June 2022, he worked as a general manager of the shipping services department of COSCO SHIPPING (Hong Kong) Limited and COSCO SHIPPING International (Hong Kong) Co., Limited (a company listed on the Main Board of the Stock Exchange, stock code: 00517), and he has served as the general manager of their operations management department since June 2022. Since 2019, he has concurrently served as an executive director of COSCO SHIPPING (Hong Kong) Insurance Brokers Limited, and since 2022, he has served as the chairman of Tianjin Tian'ang Expressway Co., Ltd.. He has served as a non-executive Director and the vice chairman of the Board of the Company since April 2025.

Mr. Gao holds a master's degree from Dalian Maritime University, majoring in turbine management engineering.

Profiles of Directors and Senior Management

Ms. Kong Xia (孔霞), aged 55, is currently a non-executive Director of the Company. She concurrently serves as the deputy head of the organisation department of the party committee (the party committee of the head office) of Shandong Hi-Speed Group.

Ms. Kong served as a cadre of Shandong Provincial Transport Projects Supervision and Consultation Ltd. from July 1993 to June 1997. From June 1997 to November 2000, she served successively as a civil servant and the deputy section chief of the planning and infrastructure department of Shandong Transport Department. She served successively as the deputy section chief, section chief and deputy director of the planning and infrastructure department of Shandong Transport Department from November 2000 to July 2010. She served successively as the deputy director and a researcher of the integrated planning department of Shandong Provincial Traffic Transport Department from July 2010 to October 2015. She served as the temporary person-in-charge of the maintenance technology department of Qilu Transportation from October 2015 to December 2015. She served successively as the presiding expert and department head of the corporate management department of Qilu Transportation from December 2015 to April 2018. She served as the department head of the human resources department of Qilu Transportation and a member of the party committee of the headquarters of Qilu Transportation from April 2018 to August 2020. From August 2020 to June 2021, she served as the secretary of the party committee of the head office of Shandong Hi-Speed Group. She has been the deputy head of the organisation department of the party committee (the party committee of the head office) of Shandong HiSpeed Group since June 2021. Ms. Kong has been a non-executive Director of the Company since November 2019.

Ms. Kong holds a bachelor's degree of engineering in highways and urban roads from Southeast University, and a master's degree and postgraduate degree in business administration from Shandong University.

Profiles of Directors and Senior Management

Mr. Wang Gang (王剛), aged 55, is currently a non-executive Director of the Company. He concurrently serves as a deputy general manager of Guoneng Power Technology & Engineering Co., Ltd. (國能電力技術工程有限公司).

Mr. Wang worked at SEPCOII Electric Power Construction Co., Ltd. (山東電力建設第二工程公司) (currently known as POWERCHINA Nuclear Engineering Co., Ltd. (中國電建集團核電工程有限公司) from August 1991 to November 2002, and successively served as a technician of high-voltage experimental class of the electric engineering department, leader of operation group of the electric engineering department and installation budget supervisor of the accounting department; he worked in Shenzhen Shandong Hedian Engineering Co., Ltd. (深圳山東核電工程有限責任公司) from November 2002 to October 2007, and successively served as a director of the accounting department of Huizhou Project and a budget estimate director of the accounting department; from October 2007 to May 2011, he worked in Guowang Resources Shandong Construction Group Limited (國網能源山東建設集團有限公司) (formerly known as Shandong Luneng Construction Group Company Limited (山東魯能建設集團有限公司)) and served as a deputy manager (person in charge) of the accounting department of Shenzhen Shandong Hedian Engineering Co., Ltd. (深圳山東核電工程有限責任公司); he also served as a general manager of the operation department of Shenhua National Power Shandong Construction Group Limited (神華國能山東建設集團有限公司) from May 2011 to May 2022. Mr. Wang has been a deputy general manager of Guoneng Power Technology & Engineering Co., Ltd. (國能電力技術工程有限公司) since May 2022. He has been a non-executive Director of the Company since June 2023.

Mr. Wang graduated from Shanghai University of Electric Power (上海電力學院) in June 1991 with a college degree majoring in power system and generation and graduated from Shandong Academy of Governance (山東行政學院) with a bachelor's degree in economic management in July 2004.

Mr. Shi Jinglei (施驚雷), aged 59, is currently a non-executive Director of the Company. He concurrently serves as a senior consultant of the board of directors' office of China Merchants Expressway Network & Technology Holdings Co., Ltd.

Mr. Shi has extensive experience in management and securities affairs. He successively served as a member of the securities department and securities affairs representative of Beijing Hua'er Company Limited (北京化二股份有限公司) during January 1998 to January 2008; a clerk of the secretary office of the board, deputy head, head and securities affairs representative of Huabei Expressway Company Limited from January 2008 to July 2018; and the vice general manager of the board office of China Merchants Expressway Network & Technology Holdings Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 001965.SZ) from July 2018 to January 2026. Since January 2026, he has served as a senior consultant of the board of directors' office of China Merchants Expressway Network & Technology Holdings Co., Ltd. He has been a non-executive Director of the Company since March 2022.

Mr. Shi holds a bachelor's degree in polymer materials from College of Biochemical Engineering of Beijing Union University.

Profiles of Directors and Senior Management

Mr. Du Zhongming (杜中明), aged 43, is currently a non-executive Director of the Company. He is also a departmental general manager of CITIC-Prudential Asset Management Company Limited (中信保誠資產管理有限責任公司).

From July 2011 to September 2015, Mr. Du successively worked as a vehicle researcher and a traffic and transportation researcher at the research and development department of CSC Financial Co., Ltd. (中信建投證券股份有限公司) (a company listed on the Stock Exchange, stock code: 06066). From May 2015, he has successively served as an equity investment industry researcher and an investment manager, and the general manager at the equity investment department of CITIC-Prudential Asset Management Company Limited (中信保誠資產管理有限責任公司) (including its predecessor namely the asset management company under CITIC-Prudential Life Insurance Company Limited (中信保誠人壽保險有限公司資產管理公司)). He has been a non-executive Director of the Company since March 2021.

Mr. Du holds a bachelor's degree in engineering from Beijing Jiaotong University majoring in traffic and transportation management, and a doctorate degree in economics from Peking University majoring in national economics.

Mr. Ren Wei (任璋), aged 46, is currently a non-executive Director of the Company. He concurrently serves as a deputy general manager of the capital and investment operations department in COSCO SHIPPING (Hong Kong) Co., Limited and COSCO SHIPPING International (Hong Kong) Co., Ltd., and the vice chairman of the board of directors of Shenzhen Guangju Energy Co., Ltd. (深圳市廣聚能源股份有限公司).

Mr. Ren has extensive experience in finance and capital operation. From 2008 to 2010, he successively worked in the Department of Economics and Finance of the City University of Hong Kong and the Department of Finance of The Chinese University of Hong Kong, respectively. From December 2010 to April 2018, Mr. Ren served as an investment project officer of the corporate planning department in COSCO (Hong Kong) Group Limited, and from April 2018 to January 2021, he successively served as the senior officer and senior manager of the capital operation division of the capital and investment operations department in COSCO SHIPPING (Hong Kong) Co., Limited and COSCO SHIPPING International (Hong Kong) Co., Ltd. (a company listed on the Main Board of the Stock Exchange, stock code: 00517), and he has served as a deputy general manager of the capital and investment operations department since January 2021. He has served as the vice chairman of the board of directors of Shenzhen Guangju Energy Co., Ltd. (深圳市廣聚能源股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000096.SZ), since June 2024. He has been a non-executive Director of the Company since April 2025.

Mr. Ren obtained a bachelor's degree in Economics from Nankai University in June 2002, majoring in international economics, and a master's degree in finance from the City University of Hong Kong in August 2008.

Profiles of Directors and Senior Management

Mr. Wang Hongyi (王紅毅), aged 44, is currently a non-executive Director of the Company. He concurrently serves as the deputy general manager of Shandong Hi-Speed Company Limited, a director of Shandong Hi-Speed Information Group Co., Ltd., the chairman and legal representative of Shandong Hi-Speed Sulianyun Technology Co., Ltd. (山東高速速鏈雲科技有限公司), and an executive director and legal representative of Shangao Yunchuang (Shandong) Commercial Factoring Co., Ltd. (山高雲創(山東)商業保理有限公司).

Mr. Wang has extensive experience in financial and investment management. Mr. Wang worked in Weihai Bank Co., Ltd. (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), stock code: 09677) from July 2008 to September 2012 and served as the business manager of the financial planning department of Shandong Hi-Speed Group Company Limited from September 2012 to August 2019. Since August 2019, Mr. Wang successively served as the deputy manager (person in charge) and head of the investment management department of Shandong Hi-Speed Company Limited (a company listed on the Shanghai Stock Exchange, stock code: 600350), and the deputy general manager of Shandong Hi-Speed Company Limited. Meanwhile, since April 2020 and November 2022, Mr. Wang served as the chairman and legal representative of Shandong Hi-Speed Sulianyun Technology Co., Ltd. (山東高速速鏈雲科技有限公司), and an executive director and legal representative of Shangao Yunchuang (Shandong) Commercial Factoring Co., Ltd. (山高雲創(山東)商業保理有限公司), respectively. Mr. Wang has served as a director of Shandong Hi-Speed Information Group Co., Ltd. since January 2026, and as a non-executive Director of the Company since August 2025.

Mr. Wang obtained a bachelor's degree in management from Shandong University of Finance and Economics in July 2004, majoring in financial management, and obtained a master's degree in management from Shandong University of Finance and Economics in July 2008, majoring in accounting. Mr. Wang obtained the qualification of economist in November 2017.

Profiles of Directors and Senior Management

(3) Independent Non-Executive Directors

Mr. Liu Hongwei (劉洪渭), aged 63, is currently an independent non-executive Director of the Company. He concurrently is an independent director of Shandong Weigao Orthopaedic Device Company Limited (山東威高骨科材料股份有限公司) and Yintai Gold Co., Ltd. (銀泰黃金股份有限公司).

Mr. Liu served as an associate professor and the deputy director of the department of economics at Shandong University of Science and Technology (formerly known as Shandong Institute of Mining and Technology) from July 1983 to September 1998; he worked at Shandong University from September 1998 to November 2019, and served as a professor, deputy dean and department head of the department of accounting at the school of management from 1998 to May 2012; as a minister and professor of the department of finance from June 2012 to June 2015; as a minister and professor of the department of discipline construction and development planning from June 2015 to November 2019; as a secretary (書記) and professor of Cheeloo College of Medicine of Shandong University (山東大學齊魯醫學院) from November 2019 to March 2023. He has been an independent director of Shandong Weigao Orthopaedic Device Company Limited (a company listed on the Shanghai Stock Exchange, stock code: 688161.SH) since December 2022 and an independent director of Yintai Gold Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000975.SZ) since November 2023. He has been an independent non-executive Director of the Company since June 2023.

Mr. Liu graduated from the mining department of Shandong University of Science and Technology (formerly known as Shandong Institute of Mining and Technology) in July 1983, majoring in coal mining and obtaining a bachelor's degree in engineering. He graduated from Jinan Graduate School (濟南研究生部) of Shandong Institute of Mining and Technology in July 1985, majoring in management engineering and obtaining a bachelor's degree in economics. He graduated from the School of Economics of Xiamen University in February 1990, majoring in international accounting and taxation. He graduated from the international business school of China University of Mining and Technology in July 1997 and obtained a master's degree in accounting. He graduated from the School of Economics and Management of Southeast University in September 2010 and obtained a doctoral degree in management science and engineering.

Profiles of Directors and Senior Management

Mr. He Jiale (何家樂), aged 71, is currently an independent non-executive Director of the Company.

Mr. He served as the director of the finance department and the deputy general manager of COSCO (Group) Company (中國遠洋運輸(集團)總公司) (currently known as China Ocean Shipping Company Limited (中國遠洋運輸有限公司)) from October 1994 to December 1997; and the chief accountant of COSCO Container Lines Co., Ltd. (中遠集裝箱運輸有限公司) (currently known as COSCO Shipping Lines Co. Ltd. (中遠海運集裝箱運輸有限公司)) from January 1998 to September 2003. He also served as the chief financial officer of COSCO (Hong Kong) Group Limited (中遠(香港)集團有限公司) (currently known as COSCO SHIPPING (Hong Kong) Co., Ltd. (中遠海運(香港)有限公司)) from October 2003 to November 2005, and served as its director and chief financial officer from February 2012 to November 2015. He served as an executive director of COSCO International Holdings Limited (中遠國際控股有限公司) (currently known as COSCO SHIPPING International (Hong Kong) Co., Ltd. (中遠海運國際(香港)有限公司)), a company listed on the Stock Exchange, stock code: 00517 from November 2003 to January 2006 and from April 2012 to December 2015. He was the chief financial officer of China COSCO Holdings Company Limited (中國遠洋控股股份有限公司) (currently known as COSCO SHIPPING Holdings Co., Ltd. (中遠海運控股股份有限公司)), a company listed on the Stock Exchange, stock code: 01919, and a company listed on the Shanghai Stock Exchange, stock code: 601919.SH) from November 2005 to January 2012. In addition, he served as a non-executive director of Chong Hing Bank Limited (創興銀行有限公司) (a company then listed on the Hong Kong Stock Exchange, stock code: 01111), which was delisted from the Stock Exchange after privatization on 30 September 2021 from May 2012 to February 2014 and an executive director of COSCO Pacific Limited (中遠太平洋有限公司) (currently known as COSCO SHIPPING Ports Limited (中遠海運港口有限公司)), a company listed on the Stock Exchange, stock code: 01199) from November 2003 to June 2005 and from January 2009 to March 2013. He served as a supervisor of China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司) (a company then listed on the Stock Exchange, stock code: 02039, and a company listed on the Shenzhen Stock Exchange, stock code: 000039.SZ) from September 2013 to May 2016, and was an independent non-executive director of the company from June 2019 to June 2022. From December 2017 to December 2023, he served as an independent non-executive director of Shanghai Zhonggu Logistics Co., Ltd. (上海中谷物流股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 603565.SH). Mr. He has been an independent non-executive Director of the Company since December 2018.

Mr. He graduated from the postgraduate studies of international business, management science and engineering from Shanghai University and is a senior accountant.

Profiles of Directors and Senior Management

Mr. Wang Lingfang (王令方), aged 69, is currently an independent non-executive Director of the Company.

Mr. Wang served successively as a supervisor and specialised engineer of the boiler team, and deputy head, officer of the quality inspection department, deputy manager, deputy manager and chief engineer, acting manager and chief engineer, party committee member and manager in SEPCOII Electric Power Construction Co., Ltd. (山東電力建設第二工程公司) from September 1987 to July 2005. He served as the chairman of the board of directors in Guoneng Power Technology & Engineering Co., Ltd. from July 2005 to June 2009. Mr. Wang served as the chairman of the Board of the Company from October 2005 to March 2008, and served as the general manager and a member of the party committee in SEPCO Nuclear Power Construction Group Corp. (山東電力核電建設集團公司) from June 2009 to April 2014. Mr. Wang served as the deputy general manager in the electrical engineering business unit of Powerchina Limited (中國電力建設股份有限公司) (a company listed on the Shanghai Stock Exchange, stock code: 601669.SH) from April 2014 to August 2015, and served as a consultant of SEPCO Electric Power Construction Corporation (山東電力基本建設總公司)/SEPCO Nuclear Power Construction Group Corporation from August 2015 to March 2017. Mr. Wang has been an independent non-executive Director of the Company since July 2018.

Mr. Wang was recognised as an Outstanding Entrepreneur in Shandong jointly by Shandong Enterprise Confederation (山東省企業聯合會), Shandong Entrepreneur Association (山東省企業家協會), Shandong Industrial and Economics Confederation (山東省工業經濟聯合會) and Shandong Quality Management Association (山東省質量管理協會) in April 2011. In May 2013, he was recognised as an Outstanding Entrepreneur of National Power Construction of 2012 (2012 年度全國電力建設優秀施工企業家) by China Electric Power Construction Association. Mr. Wang was also recognised as a National Outstanding Entrepreneur in Construction Industry of 2012 (2012 年度全國優秀施工企業家) by China Association of Construction Enterprise Management in September 2013.

Mr. Wang graduated from Shandong Engineering Institute (山東工學院) (currently known as Shandong University) in January 1982, with a bachelor's degree majoring in thermodynamics equipment of power plant, and graduated from Shandong University in June 2002, with a master's degree majoring in power engineering. Mr. Wang was recognised as a senior engineer by the Senior Engineering Profession Qualification Evaluation Committee of Shandong Electric Power Industry Bureau (山東省電力工業局工程技術職務高級評審委員會) in January 1995 and a professorate senior engineer by Power Construction Corporation of China Ltd. in December 2013.

Profiles of Directors and Senior Management

Mr. Leng Ping (冷平), aged 70, is currently an independent non-executive Director of the Company.

Mr. Leng served as the deputy general manager and general manager of COSCO International Trading Company Limited (中遠國際貿易有限公司) from January 1997 to February 2000 and from February 2000 to September 2001, respectively. He served as the general manager of China Marine Bunker Supply Company (中國船舶燃料供應總公司) from September 2001 to January 2004 and worked as the general manager of China Marine Bunker (PetroChina) Co., Ltd. (中國船舶燃料有限責任公司) from January 2004 to August 2007. He served as the secretary of the party committee and the standing deputy general manager of China Marine Bunker (PetroChina) Co., Ltd. from August 2007 to June 2009. He served as the general manager of COSCO Africa (Pty) Ltd. (中遠非洲有限公司) from July 2009 to June 2012 and the general manager of COSCO (HK) Industry & Trade Holdings Ltd. (中遠(香港)工貿控股有限公司) (namely known as COSCO SHIPPING Industry & Trade) from July 2012 to June 2016. Meanwhile, Mr. Leng was the vice chairman of the Company from November 2014 to November 2017. Mr. Leng has been an independent non-executive Director of the Company since June 2023.

Mr. Leng obtained his degree in marine engineering management from Dalian Maritime University in July 1982.

Ms. Shen Chen (沈塵), aged 62, is currently an independent non-executive Director of the Company.

Ms. Shen served as an associate director and director of Qingdao East Asia Economic Research Office (青島市東亞經濟研究室) from January 1997 to October 2012 and served as an assistant general manager of China Travel Service (Hong Kong) Limited (香港中國旅行社有限公司) from March 2013 to January 2015. She served successively as a researcher in general manager's office and director of China Travel Service (Holdings) Hong Kong Limited (香港中旅(集團)有限公司) from January 2015 to February 2020. She has been the president of the Asia Pacific region of China New Economy Fund Limited (a company listed on the Stock Exchange, stock code: 00080) from November 2022 to November 2024. She has served as an independent director of Allystar Technology (Shenzhen) Co., Ltd. since June 2025. She has served as a director of INTCO Medical International (Hong Kong) Co., Ltd. since November 2025. She has been an independent non-executive Director of the Company since June 2023.

Ms. Shen graduated from the Department of Economics (majoring in politics and economics) of Zhongnan University of Economics and Law (formerly known as Zhongnan University of Economics) with a bachelor's degree in economics in July 1986 and obtained an on-job postgraduate degree from Qingdao University in October 2007, majoring in international relations.

Profiles of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Duan Peng (段鵬), aged 50, is currently an executive Director, the general manager and deputy secretary of the party committee of the Company. For further details of the profile of Mr. Duan, please refer to the subsection headed “Directors” in this section.

Mr. Chen Xiulin (陳修林), aged 53, is currently an executive Director, the deputy general manager, a member of the party committee of the Company and the secretary to the Board. For further details of the profile of Mr. Chen, please refer to the subsection headed “Directors” in this section.

Mr. Li Guangbo (李光波), aged 55, is a member of the party committee and secretary of disciplinary committee of the Company.

Mr. Li previously worked in the publicity office of Shandong Sanjian Real Estate Group (山東三箭置業集團), the political office of Shandong Hi-Speed Ludong Branch, and served as an officer in the Political Department and the Party Affairs Department of Shandong Hi-Speed Group. From November 2011 to October 2018, he successively served as deputy head of the Political Work Department (Discipline Inspection Office), head (officer), head of the Party and Mass Work Department (Discipline Inspection Office), a member of the party committee and deputy secretary of the disciplinary committee of Shandong Hi-Speed Rail Transportation Group. From October 2018 to July 2025, he served as a member of the party committee and secretary of the disciplinary committee of Shandong Hi-Speed Xinlian Technology Co., Ltd. (formerly known as Shandong Hi-Speed Xinlian Payment Co., Ltd. and Shandong Hi-Speed Xinlian Technology Co., Ltd.). He has been a member of the party committee and secretary of disciplinary committee of the Company since July 2025.

Mr. Li graduated from the Department of Sociology of Shandong University in July 1995 with a Bachelor's degree in Law, majoring in Sociology.

Profiles of Directors and Senior Management

Mr. Lian Shengguo (連勝國), aged 48, currently serves as the deputy general manager and a member of the party committee of the Company.

Mr. Lian worked at Jining Highway Management Bureau (濟寧市公路管理局) from February 1999 to January 2008, served as the deputy officer of the management office of Jiexiang branch, deputy manager of the infrastructure office, manager of the human resources department, deputy secretary of branch of the party committee of general affairs office, vice chairman of the labour union, manager of the administration department and secretary of branch of the party committee of general affairs office from January 2008 to October 2016. He served as a member of the disciplinary committee of the Company from December 2014 to July 2022 and served as an employee Supervisor from October 2016 to October 2019. Mr. Lian acted as the officer of the office of the Board from June 2017 to August 2020. He served as a joint company secretary of the Company from June 2018 to May 2023. He served as the chairman of the labor union from June 2019 to June 2022. He has served as a member of the party committee of the Company since June 2019 and as the deputy general manager of the Company since July 2022.

Mr. Lian graduated from Chang'an University (長安大學) in June 2004 and obtained a bachelor's degree majoring in civil engineering, and graduated from Central Party School (中共中央黨校) in July 2014 with a master's degree majoring in sociology.

Mr. Gao Pu (高璞), aged 54, currently serves as the chief financial officer and a member of the party committee of the Company.

Mr. Gao served as the manager of the financial department of Laizhou City Beilai Highway Investment Co., Ltd. (萊州市北萊公路投資有限公司), the manager of the financial management department of Shandong Highway & Bridge Construction Co., Ltd. (山東省公路橋樑建設有限公司). From April 2017 to February 2020, he was the manager of the finance department, a member of the party committee and the chief accountant of Shandong Luqiao Construction Co., Ltd. (山東魯橋建設有限公司). From February 2020 to November 2021, he served as the head and director of the financial management department of the Shandong Hi-Speed Road & Bridge Group Co., Ltd. (山東高速路橋集團股份有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 000498.SZ). He has served as a member of the party committee of the Company since November 2021. He has been the chief financial officer of the Company since December 2021.

Mr. Gao holds a bachelor's degree in finance management from Changsha University of Science and Technology, and he is a senior accountant and a senior economist in the PRC.

Profiles of Directors and Senior Management

Ms. Liu Yan (劉妍), aged 52, currently serves as the deputy general manager and a member of the party committee of the Company.

Ms. Liu was a section member of the finance department and the head of the settlement section of COSCO Tianjin International Freight Co., Ltd. (天津中遠國際貨運有限公司) from July 1996 to April 2000; the manager of the finance department of Tianjin Tianyi Enterprises Co., Ltd. (天津天怡企業有限公司) from April 2000 to October 2000; the head of the fund section, the deputy manager of the finance department and the head of the accounting section of COSCO Tianjin International Freight Co., Ltd. from October 2000 to April 2004; the domestic project manager of COSCO Shipping Ports Limited (中遠海運港口有限公司) from April 2004 to March 2005; the chief accountant of Tianjin Tianyong Expressway Co., Ltd. (天津天永高速公路有限公司) and Tianjin Tian'ang Expressway Co., Ltd. (天津天昂高速公路有限公司) from March 2005 to August 2008; and the chief accountant of Tianjin Tian'ang Expressway Co., Ltd. from August 2008 to March 2024. She has served as a member of the party committee of the Company since February 2024 and as the deputy general manager of the Company since March 2024.

Ms. Liu graduated from Tianjin University of Finance and Economics in July 1996 and obtained a bachelor's degree in economics (majoring in accounting), and obtained a master's degree in economics from Tianjin University of Finance and Economics in July 1999, majoring in international trade. Ms. Liu is a senior accountant.

Mr. Zhao Guangmin (趙廣民), aged 56, currently serves as the safety director of the Company.

Mr. Zhao served as the director of Dongping management centre of the Company from November 2007 to June 2017, the director of Changqing management centre of the Company from June 2017 to March 2020, and a director and general manager of Shandong Gangtong Construction Co., Ltd. (山東港通建設有限公司), a wholly-owned subsidiary of the Company, from March 2020 to December 2021. Mr. Zhao has served as the safety director of the Company since January 2022.

Mr. Zhao holds a bachelor's degree in transportation engineering from Changsha University of Science and Technology, the Certificate of Registration of Constructor awarded by the Ministry of Housing and Urban-Rural Development of the PRC, and a senior engineer qualification awarded by the Shandong Provincial Department of Human Resources and Social Security.

Profiles of Directors and Senior Management

JOINT COMPANY SECRETARIES

Mr. Shi Wenjiang (時文江), currently serves as the joint company secretary of the Company, the head of the securities investment department of the Company and an executive director of Qilu Expressway Investment.

Mr. Shi joined the Company in July 2005 and served successively as a clerk of the operation department, a technician of the operation dispatch centre, a clerk and business assistant of operation management department, and a business assistant, business supervisor, deputy principal and principal of the office of the Board. Mr. Shi has served as a director of Shandong Gangtong Construction since May 2022, and has been the head of the securities investment department of the Company and an executive director of Qilu Expressway Investment since June 2022. He served as a joint company secretary of the Company since May 2023.

Mr. Shi obtained a bachelor of engineering degree in computer science and technology from Wuhan University of Technology in July 2005 and a master of engineering degree in computer technology from Shandong University in June 2012. In addition, Mr. Shi obtained the qualification as a senior engineer in March 2017.

Ms. Zhang Xiao (張瀟), currently serves as the joint company secretary of the Company and an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional service provider specializing in corporate services. She served as the joint company secretary of the Company since May 2023.

Ms. Zhang has over ten years of experience in the corporate secretarial field. Ms. Zhang has been admitted as an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom in 2019.

Ms. Zhang obtained a bachelor's degree in computer science from The Chinese University of Hong Kong in 2010, a master's degree in corporate governance from Hong Kong Metropolitan University in 2018 and a master's degree in accounting from Hong Kong Baptist University in 2024.

Report of the Board of Directors

The Board hereby presents the report of the Board of Directors and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL BUSINESSES

The Company is principally engaged in Shandong Province, the PRC in (i) the construction, maintenance, operation and management of the Jihe Expressway, and is entitled to toll collection from vehicles passing through the Jihe Expressway for the period from 26 September 2004 to 25 September 2034. Subsidiaries of the Company are engaged in the business of outdoor advertising production and distribution along the Jihe Expressway; and (ii) the maintenance, operation and management of the Deshang and Shennan Expressways, and is entitled to toll collection from vehicles passing through the expressways, for the period, in respect of the Deshang Expressway (Liaocheng-Fan County section), from 24:00 on 31 December 2019 to 15 November 2040, and in respect of the Shennan Expressway, from 24:00 on 31 December 2019 to 27 September 2043.

On 17 December 2024, the Company received the Notice on Toll Standard for the Jinan-Heze R&E Section of the Ji-Guang Expressway (Lu Jiao Cai [2024] No. 64) 《關於濟廣高速濟南至菏澤改擴建段通行費標準的通知》(魯交財[2024]64 號) issued by Shandong Provincial Department of Communications and Shandong Provincial Development and Reform Commission, which stated that due to the completion of the R&E Project, a new toll rate will be applied to the R&E section of the Jihe Expressway on a trial basis, effective from 20 December 2024 until 19 December 2026.

The Company's principal activities include construction engineering such as highway engineering construction, expressway maintenance and municipal greening; and sales of industrial products. The Group principally carried out business in Shandong Province, the PRC.

FINANCIAL POSITION AND RESULTS

During the Year, the revenue from our operation was approximately RMB2,374,592,000, representing a decrease of approximately 66.18% as compared to approximately RMB7,021,823,000 for the previous year. The cost and gross profit from our operation were approximately RMB1,555,406,000 and RMB819,186,000, respectively, as compared to those of approximately RMB6,281,233,000 and RMB740,590,000 for the previous year, respectively, representing a decrease of approximately 75.24% and an increase of approximately 10.61%, respectively. Net profit from operation amounted to RMB386,002,000, representing a decrease of approximately RMB112,390,000 or 22.55% as compared to that of 2024 (approximately RMB498,392,000).

The Group's earnings per Share from operation for the Year was RMB0.18, representing a decrease of 21.74% as compared to that of 2024 (RMB0.23).

Report of the Board of Directors

CLOSURES OF REGISTER OF MEMBERS

2025 AGM

The 2025 AGM is scheduled to be held on Friday, 26 June 2026. The register of members of the Company will be closed from Tuesday, 23 June 2026 to Friday, 26 June 2026 (both days inclusive), during which no transfer of Shares will be registered. In order to qualify to attend the 2025 AGM, unregistered Shareholders should ensure that all transfer documents, accompanied by the relevant share certificates, are lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration, not later than 4:30 p.m. on Monday, 22 June 2026. Shareholders whose names appear on the register of members of the Company on Friday, 26 June 2026 will be entitled to attend and vote at the 2025 annual general meeting.

Proposed Distribution of 2025 Final Dividend

The Board proposes a payment of a cash dividend of RMB0.12 (tax inclusive) per Share to all Shareholders in an aggregate amount of RMB240,000,000 (tax inclusive) as the 2025 Final Dividend for the year ended 31 December 2025. The proposal for such dividend payment is subject to consideration and approval by the Shareholders at the 2025 AGM, and, if approved, such dividend will be payable to the Shareholders whose names appeared on the register of members of the Company on Wednesday, 8 July 2026. Such dividend will be denominated and declared in Renminbi, will be paid to Shareholders holding H Shares of the Company through H Share "Full Circulation" in Renminbi, and will be paid to the other Shareholders in Hong Kong dollars. The exchange rate shall be the average middle rate for the five working days preceding the date of declaration of such dividend at the 2025 AGM (that is, Friday, 26 June 2026) as announced by the People's Bank of China. The share register of the Company will be closed from Monday, 6 July 2026 to Wednesday, 8 July 2026 (both days inclusive), during which no transfer of Shares will be registered. In order to be entitled to the 2025 Final Dividend distribution, Shareholders who have not registered are required to deposit all transfer documents together with relevant share certificates at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Friday, 3 July 2026.

The Board has scheduled to distribute the 2025 Final Dividend on Monday, 31 August 2026. Announcement(s) will be published by the Company as soon as practicable and in accordance with the Listing Rules for any changes to the expected date of dividend payment.

Report of the Board of Directors

Tax on Dividends

According to the relevant provisions of the Law of the People's Republic of China on Enterprise Income Tax 《中華人民共和國企業所得稅法》 which came into effect on 29 December 2008 and its implementation regulations, non-resident enterprises are enterprises which are set up in accordance with the law of a foreign country (region) and whose actual administrative institution is not in China, but which have institutions or establishments in China, or which have no such institutions or establishments but have income generated from inside China. According to the provisions of the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to Holders of H Shares Who Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) 《關於中國居民企業向境外 H 股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897 號)) issued by the State Taxation Administration, a PRC resident enterprise, when distributing dividends for 2008 and for the years afterwards to holders of H Shares who are overseas non-resident enterprises, shall be subject to the enterprise income tax withheld at a uniform rate of 10%. Therefore, when distributing dividends to holders of H shares who are non-resident enterprises, the Company withholds the enterprise income tax at the uniform rate of 10% in accordance with the law.

In accordance with the Circular on Certain Issues Concerning the Policies of Individual Income Tax (Cai Shui Zi [1994] No. 020) 《關於個人所得稅若干政策問題的通知》(財稅字[1994]020 號)) promulgated by the Ministry of Finance and the State Administration of Taxation on 13 May 1994, overseas individuals are, temporarily, exempted from the PRC individual income tax for dividend or bonuses received from foreign invested enterprises. As the Company is a foreign-invested enterprise, the Company will not withhold and pay the individual income tax on behalf of individual shareholders when the Company distributes the dividends to overseas individual shareholders whose names appear on the register of members of H shares of the Company. In accordance with the provisions of the Individual Income Tax Law of the People's Republic of China 《中華人民共和國個人所得稅法》(2018 Revised) which came into effect on 1 January 2019 and its implementation regulations, when distributing dividends to shareholders whose names appear on the register of members of H shares of the Company who are resident individuals ("Resident Individuals"), the Company shall withhold and pay the individual income tax at the rate of 20% on their behalf. Resident individuals refer to individuals who have domiciles in China or who have no domicile but have resided in the PRC for a total of 183 days or more in a tax year.

If H Shareholders intend to change their shareholder status, please enquire about the relevant procedures with your agents or transferee agent. The Company will strictly comply with the law or the requirements of the relevant government authority to withhold and pay enterprise income tax and individual income tax on behalf of the relevant shareholders based on the register of members for H Shares as at the dividend registration date. The Company assumes no responsibility and will not entertain any claims arising from any failure to timely determine, or inaccurate determination of, the status of the Shareholders or any dispute over the arrangement of withholding and paying enterprise tax and individual income tax on behalf of such Shareholders. Shareholders should consult their tax advisers regarding the PRC, Hong Kong and other tax implications of owning and disposing of the H Shares.

Report of the Board of Directors

If H Shareholders consider that the tax rate adopted by the Company for the withholding and payment of enterprise income tax or individual income tax on their behalf is not the same as the tax rate stipulated in relevant laws and regulations or any tax treaties between the PRC and the countries (regions) in which they are domiciled, please submit promptly to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, on or before 4:30 p.m. on Friday, 3 July 2026, a letter of entrustment and a legal opinion certifying that they are resident enterprise as stipulated in the Enterprise Income Tax Law of the People's Republic of China or all application materials showing that they are residents of a country (region) for individual H Shareholders which has entered into a tax treaty with the PRC. The Company will then submit the above documents to competent tax authorities for confirmation and proceed with the subsequent tax related arrangements.

DIVIDEND POLICY

The Company may pay dividends by cash or by shares (or in combination of both). The proposal for dividend distribution will be formulated by our Board at their discretion and shall be subject to approval at the Shareholders' general meeting. In any circumstances, the Company will pay dividends out of net profit only after it has made the following allocations:

- cover accumulated losses, if any;
- allot to the statutory common reserve fund an amount equivalent to 10% of our net profit, as determined under PRC GAAP; and
- allot, if any, to a discretionary common reserve fund an amount approved by the Shareholders in a Shareholders' general meeting.

The minimum allocation to the statutory common reserve fund shall be 10% of our net profit according to the PRC GAAP. When the statutory common reserve fund reaches and is maintained at or above 50% of our registered capital, no further allocation to the statutory common reserve fund will be required. Any distributable profits that are not distributed in any given year will be retained and become available for distribution in subsequent years.

The Company expects to distribute dividends of approximately 60.0% to 70.0% of its annual distributable profits. Where there are significant investment or acquisition plans in such year, the Company will decrease its dividend payment ratio accordingly. However, there is no assurance that the Company will be able to distribute such dividends of such amount or any amount in each year or any year. The dividend policy of the Company in the future will be determined by the Board based on operating results, cash flow, financial position, business prospects, statutory and regulatory restrictions relating to dividend distribution of the Company and such other factors that the Board may consider relevant.

FIXED ASSETS AND CONSTRUCTION-IN-PROGRESS

Details of the Group's fixed assets and construction-in-progress for the Year are set out in Note 13 to the financial statements in this report.

Report of the Board of Directors

UNDISTRIBUTED PROFITS AT THE END OF THE YEAR

Details of the undistributed profits of the Group for the Year are set out in the “Consolidated Statement of Changes in Equity” in this report. As at 31 December 2025, undistributed profits at the end of the Year distributable to Shareholders amounted to approximately RMB1,881,463,000.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, revenue of the Group mainly derived from toll income collected from expressway users, all of them were individuals, they are relatively random and none of them were major customers. Therefore, given the nature of the Group’s Expressway Business, there was no single customer who contributed more than 5% to the revenue or was otherwise material to our business during the Reporting Period, and accordingly, there was no major customer who was also a major supplier.

During the Year, the purchases made by the Group from the five largest suppliers of goods or services (i.e. its suppliers of non-capital goods) accounted for approximately 14.53% of its cost of sales, and the purchases made by the Group from the largest supplier of non-capital goods accounted for approximately 6.06% of its cost of sales. The purchases made by the Group from the five largest suppliers of equipment and construction services (i.e. its suppliers of capital goods) amounted to approximately RMB748,965,000, and the purchases made by the Group from the largest supplier of equipment and construction services amounted to approximately RMB176,026,000.

Therefore, during the Reporting Period, purchases from the Group’s top five suppliers collectively accounted for less than 30% of the Group’s cost of sales.

During the Year, none of the Directors, Supervisors or their respective associates or any Shareholders (who to the knowledge of the Directors, own more than 5% of the Company’s equity interest) had any beneficial interest in the Group’s five largest customers and five largest suppliers of capital or non-capital goods.

ENVIRONMENTAL POLICY AND PERFORMANCE

For details of the environmental policy and performance of the Group during the Reporting Period, please refer to “Environmental, Social and Governance Report” published by the Company, which forms a part of this Report of the Board of Directors.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company understands the importance of complying with laws and regulations, and the failure in complying with such requirements may result in the termination of business licence. The Company has deployed systems and human resources to ensure compliance with rules and regulations on ongoing basis, and has maintained good working relationship with regulatory authorities through effective communication. During the year ended 31 December 2025, to the best knowledge of the Directors, the Company has complied with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Highway Law of the People’s Republic of China, the SFO, the Listing Rules, and other relevant laws and regulations.

Report of the Board of Directors

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

For details of the Group's relationships with employees, customers and suppliers during the Reporting Period, please refer to "Environmental, Social and Governance Report" published by the Company, which forms a part of this Report of the Board of Directors.

PROMINENT RISK FACTORS

Risk exposure of a company refers to the impact of future uncertainties on a company in achieving its business goals. The Company is mainly engaged in the construction, operation and management of expressways; construction engineering such as highway engineering construction, expressway maintenance and municipal greening; and sales of industrial products. We believe that the Company is primarily exposed to policy, market and management risks. The Company attaches great importance to the above risks by taking the initiative to identify, evaluate and respond to the risks arising in the course of operation and establishing and improving its systematic risk management mechanism.

(1) Policy risk and countermeasures

In terms of toll collection, the Company derived its profit mainly from the operation of toll roads. Expressway companies do not have an independent pricing right of toll rates, and the determination and adjustments of toll rates of expressways under their control shall be reported to the competent transport authority and pricing authorities at the provincial level for review and approval. If there is any significant change in the operating environment, price level and operating costs and other factors, the Company may apply to the above authorities for adjustment to toll rates. However, there is no assurance that the application will be approved in a timely manner.

To counter policy risk, the Company, on the one hand, shall take the initiative to strengthen the communication and reporting with the competent government authorities, and strive to win support and understanding from the government and society; and, on the other hand, with the objective of nurturing and building our Company's core competitiveness, the Company will closely adapt to the market changes. Based on our solid foundation in highway operation, we will establish a strategic approach of "leading by principal business and industry-finance integration and two-wheel drive (主業引領、產融結合、雙輪驅動)". This approach will allow us to explore new way for new opportunities, cultivate innovative models, expand into relevant diversified industries, and drive the Company's transformation and upgrading efforts.

Report of the Board of Directors

(2) Changes in macroeconomic environment and countermeasures

The expressway industry is strongly sensitive to macroeconomic changes. Macroeconomic Fluctuations will directly influence the demand for road transportation, subsequently affecting the traffic volume on highways and the overall business performance of the Company.

We analyze and study relevant macroeconomic changes, and actively adjust our business strategies, striving to improve our ability to resist risks. At present, we are endeavouring to transform our development approach, optimize the industrial structure, and shift our growth drivers. We will expedite the transformation of our business model, intensify efforts in upgrading and transformation, and accelerate the shift from being a “road company” to a “capital operation company.” We remain steadfast in our commitment to strengthening investments, optimising capital utilization, and expanding our asset base, while upholding the principles of high-quality and sustainable development.

(3) Diversified travel patterns and changes in road network

With the rapid construction of the national railway network and pipeline transportation, the highway passenger transportation services were affected to a certain extent. In addition, the development of pipeline transportation will change the modes of transportation for oil and gas and other resources, which in turn will have an impact on cargo transportation on highways. On the other hand, road network diversions will bring negative impacts on the growth of the Company’s toll income. Meanwhile, the overhaul of the roads surrounding our toll road projects, modification and extension of road network as well as the treatment works on the surrounding road and bridge projects will cause changes in traffic flow of the road network, which will in turn have an impact on the operating performance of the Company’s expressway projects.

The Company will keep abreast of the road network planning and the construction status of projects in a timely manner, conduct specialised analysis on road network in advance, and make reasonable predictions on the impact of relevant projects on the traffic flow of the existing projects of the Company. The Company will make good use of its advantage in informatisation to carry out marketing activities for road sections while maintaining effective publicity and diversion to attract traffic flow. By pushing forward Traffic Attraction (引車上路), we focused on the “transportation and tourism integration” and continuously improved its marketing efforts and service level with a view to enhancing the competitiveness of the road sections operated by the Company in the road network.

Report of the Board of Directors

(4) Management risk and countermeasures

In the course of operation, the expressway is highly probable to incur serious damage on occurrence of floods, earthquakes and other unforeseeable natural disasters, which may result in the failure of the expressway to maintain normal operation for a period of time. Further, the expressway will be closed for a short period of time due to extreme weather. Major traffic incidents may cause traffic jams, weakened traffic capacity and damages to roads and bridges. These situations will directly lead to decreased toll income and increased maintenance costs, which will affect the operating results of the Company.

In light of the management risk, the Company has adopted and will continue to adopt the following precautionary and responsive measures: strengthening the preventive road maintenance and repair works, making reasonable arrangements for the construction and maintenance project implementation plans; purchasing high-quality road-related assets to secure stable and broaden the source of income; effectively playing the role in linkage coordination mechanism with the traffic police, road administration and other departments, as well as reinforcing road patrol system under bad weather conditions, so as to ensure smooth and safe traffic on its managed expressways.

In addition, our company is dedicated to implementing a transformative development strategy guided by the principles of strategic approach of “leading by principal business and industry-finance integration and two-wheel drive (主業引領、產融結合、雙輪驅動)”. This strategy includes the following aspects: (i) Consolidating the advantages of our principal business in highway operation by expanding the scale of our main operations through asset injections from group companies and pursuing external market acquisitions; (ii) Maintaining strategic focus and continuously deepening our transformation efforts. We will identify new opportunities and entry points in the industry, fostering new business models and cultivating emerging growth drivers. Our aim is to enhance our secondary core business, creating internal synergies with highway operation; (iii) Leveraging information technology to drive innovation and progress, we will engage in technological breakthroughs, implementing low-carbon and environmentally friendly solutions. Our focus will be on nurturing and harnessing new productive forces. Additionally, we will prioritise empowering business development, improving management efficiency, reducing operational costs, and enhancing the customer experience across various dimensions. We will strategically target areas such as digital infrastructure and industrial digitalization to accelerate our digital transformation journey; and (iv) establishing an optimised human resources system to attract, motivate and nurture high-quality talents in road operation and management.

Report of the Board of Directors

(5) Environmental, social and governance risks and countermeasures

Climate change is materially affecting societies and economies around the world and therefore it also impacts upon the Group's business. In recent years, China has become increasingly concerned about the issue of climate change. In 2020, China clearly set the targets of "carbon dioxide peaking" by 2030 and "carbon neutralization" by 2060, advocating a green, environmentally friendly and low-carbon lifestyle. In order to achieve the dual carbon strategy, it is the trend of the China's economic development and green transformation to accelerate the pace of carbon emission reduction, guide green technology innovation and continuously promote the adjustment of industrial structure and energy structure. This trend will inevitably lead to the introduction of relevant measures, which may bring about changes in laws, regulations or policies. As an expressway comprehensive services provider, the actual needs of the customers served by the Company are inextricably linked to the topic of energy. Changes in energy prices, the research and development and promotion of green energy, and the extent of construction of green energy supporting facilities along the expressway will have an impact on traffic travel and goods transportation, which in turn will have certain risks on the traffic flow and road tolls from the Company's expressway. In the long run, the potential impact of extreme events (e.g., floods, storms, pandemics), as well as the physical risks of climate-affected energy and water supplies, may pose a risk to the Company's assets such as infrastructure. At present, we are not aware of any specific current policy requirements related to the dual carbon strategy or trends in climate change that would pose an immediate or material risk to the Company's development.

Meanwhile, the Company has always been committed to providing safe, fast, economical and comfortable transport services to the general public, and effectively promoting regional integration and social and economic development, which is the primary social responsibility of the Company. While paying attention to economic efficiency, we also focus on the environmental and social impacts of our operations and the interests of our internal and external stakeholders, so as to achieve sustainable development by incorporating environmental, social and governance (ESG) concepts into every aspect of our business operations. In the future, the Company will continue to adhere to its goals of ecological priority and pursuing green development, and make continuous contributions to society.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group during the Year are set out in Note 33 to the financial statements in this report.

SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

Particulars are set out in Note 1 and 17 to the consolidated financial statements in this report.

DONATIONS

During the Year, the Group contributed RMB20,000 to public welfare.

Report of the Board of Directors

CONNECTED TRANSACTIONS

During the Reporting Period, Shandong Hi-Speed Group, through its subsidiary, Shandong Hi-Speed, indirectly holds approximately 38.93% of the issued shares of the Company, and therefore, Shandong Hi-Speed Group and Shandong Hi-Speed are controlling Shareholders of the Company as defined in the Listing Rules. As Shandong Hi-Speed Group and Shandong Hi-Speed hold more than 10% of the issued share capital of the Company, both of them are substantial shareholders of the Company as defined in the Listing Rules and are connected persons of the Company under the requirements of Chapter 14A of the Listing Rules. Therefore, all the Company's transactions with Shandong Hi-Speed Group (and its subsidiaries and associates) are connected transactions or continuing connected transactions of the Company as defined in Chapter 14A of the Listing Rules.

Non-Exempted Connected Transactions

(1) *Establishment of a Joint Venture Company with Zhengchen Technology*

On 9 January 2025, the Company and Zhengchen Technology entered into the Capital Contribution Agreement to establish a joint venture company, which will invest in a wind power hybrid tower industrial base project. Pursuant to which, the joint venture company shall be established with a capital commitment of RMB100 million, of which the Company and Zhengchen Technology shall commit to contributing in cash RMB51 million and RMB49 million, respectively.

Given Shandong Hi-Speed and Shandong Hi-Speed Group held 65% and 35% of the equity interests in Shandong Hi-Speed Information Group respectively, and as Shandong Hi-Speed Information Group held approximately 33.39% of the equity interest in Zhengchen Technology, Zhengchen Technology is a 30%-controlled company of Shandong Hi-Speed Group and thus an associate of Shandong Hi-Speed Group, and therefore constitutes a connected person of the Company under the requirements of Chapter 14A of the Listing Rules. Accordingly, the entering into of the Capital Contribution Agreement and the transaction contemplated thereunder constitutes a connected transaction under Chapter 14A of the Listing Rules. For further details of the transaction, please refer to the announcement of the Company dated 9 January 2025.

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(2) Establishment of a Joint Venture Company with Shandong Hi-Speed Energy Development

On 14 March 2025, Shandong Hi-Speed Energy Development and Qilu Hong Kong entered into the Investment and Cooperation Agreement to establish a joint venture company, which will invest in a Weihai 200MW/400MWh shared energy storage power station project. Pursuant to which, the joint venture company shall be established with the committed capital contribution of RMB110 million, of which Shandong Hi-Speed Energy Development and Qilu Hong Kong shall commit to contributing in cash RMB56.1 million and RMB53.9 million, respectively.

Given Shandong Hi-Speed Energy Development is a wholly-owned subsidiary of Shandong Hi-Speed Group, and therefore constitutes a connected person of the Company under the requirements of Chapter 14A of the Listing Rules. Accordingly, the entering into of the Investment and Cooperation Agreement and the transaction contemplated thereunder constitutes a connected transaction under Chapter 14A of the Listing Rules. For further details of the transaction, please refer to the announcement of the Company dated 14 March 2025.

(3) Provision a Loan to Qilu Energy Technology

On 18 December 2025, the Company (as the Lender) entered into the Loan Agreement with Qilu Energy Technology (as the Borrower), and provided a loan to Qilu Energy Technology of an aggregate amount not exceeding RMB50,000,000 for the production and operation activities of Qilu Energy Technology as approved by the Company, with an agreed loan term of one year. The loan interest rate shall be one-year LPR loan market quoted rate. The daily interest rate shall be the annual interest rate divided by 360. The loan interest shall be accrued monthly, and the principal and its interest shall be repaid in a lump sum upon maturity. On the same date, the Company entered into the Guarantee Contract with Zhengchen Technology in respect of the loan. Zhengchen Technology, as the Guarantor, will provide joint and several liability guarantees for the loan. The guarantee period shall be 3 years commencing from the date of expiration of the loan.

Given (1) Qilu Energy Technology is a non-wholly-owned subsidiary of the Company; and (2) Shandong Hi-Speed and Shandong Hi-Speed Group indirectly hold approximately 33.39% equity interest in Zhengchen Technology through Shandong Hi-Speed Information Group, making Zhengchen Technology a 30% controlled company of Shandong Hi-Speed Group, which is an associate of Shandong Hi-Speed Group, and therefore a connected person of the Company at the issuer level, and Zhengchen Technology holds 49% equity interest in Qilu Energy Technology. Therefore, pursuant to Chapter 14A of the Listing Rules, Qilu Energy Technology is a connected subsidiary and a connected person of the Company. Accordingly, the Loan Agreement, the Guarantee Contract and the transactions contemplated thereunder constitute connected transactions of the Company. For further details of the transactions, please refer to the announcement of the Company dated 18 December 2025.

Report of the Board of Directors

Non-fully Exempted Continuing Connected Transactions

(1) *Jihe Expressway Land Lease Agreement*

The Company and Qilu Transportation entered into the Jihe Expressway Land Lease Agreement on 12 December 2017, pursuant to which, Qilu Transportation agreed to lease to the Company the land use rights of the 29 parcels of land of the Jihe Expressway with an aggregate GFA of 10,181,936.30 sq.m. in nine districts and counties of Shandong Province (collectively the “Leased Lands”) for a term commencing from 1 January 2017 until 25 September 2034 (i.e. the expiry date of the concession period) to ensure the Group’s exclusive and unrestricted right to use the lands of the Jihe Expressway during the remaining term of the concession period and the smooth and stable operation thereof, which is in the interests of the Group and our Shareholders as a whole. In accordance with the Jihe Expressway Land Lease Agreement, the Company may use the Leased Lands from 1 January 2017 to the execution date of the Jihe Expressway Land Lease Agreement at nil cost. The total rent for the land use right of the Leased Lands from the execution date of the Jihe Expressway Land Lease Agreement to 25 September 2034 is RMB40.956 million. The Company shall pay RMB2.310 million to Qilu Transportation within 15 days from the date on which the Jihe Expressway Land Lease Agreement is executed and the rest of the rent shall be paid by the Company to Qilu Transportation in 17 instalments from 2018 to 2034. The Company shall pay RMB2.310 million to Qilu Transportation by 31 March of each of the years from 2018 to 2033 and shall pay RMB1.686 million to Qilu Transportation by 31 March 2034.

Subsequently on 26 November 2020, Shandong Hi-Speed Group, Qilu Transportation and the Company completed the execution of the Tripartite Agreements, confirming that Shandong Hi-Speed Group shall assume all contractual rights and obligations of Qilu Transportation under the Jihe Expressway Land Lease Agreement.

Pricing policies:

The rent payable under the Jihe Expressway Land Lease Agreement was determined by both parties to the agreement through arm’s length negotiation with reference to (i) the cost of application for the real estate right certificates of the lands of the Jihe Expressway by Qilu Transportation; (ii) the area leased, geographic location and condition of surrounding area, and the prevailing market rent in respect of the land parcels of the same or similar nature in the same region; and (iii) the estimated changes in the prevailing market rent in the future.

Report of the Board of Directors

Annual caps:

According to the above pricing policies and based on the terms of the Jihe Expressway Land Lease Agreement, it is estimated that the maximum annual rental to be paid by the Company under the Jihe Expressway Land Lease Agreement for the year ended 31 December 2025 to the year ending 31 December 2034 (i.e. until 25 September 2034, being the expiry date of the concession period) shall not exceed the annual caps set out below:

Year	Annual caps for the year ending 31 December <i>RMB million</i>
2025	2.310
2026	2.310
2027	2.310
2028	2.310
2029	2.310
2030	2.310
2031	2.310
2032	2.310
2033	2.310
2034 (until 25 September 2034, i.e. the expiry date of the concession period)	1.686

The amount payable to Shandong Hi-Speed Group in the sum of RMB2.310 million under the Jihe Expressway Land Lease Agreement for the year ended 31 December 2025 has been paid in February 2025.

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(2) *Jihe Expressway Property Lease Agreement*

The Company and Qilu Transportation entered into the Jihe Expressway Property Lease Agreement on 12 December 2017, pursuant to which Qilu Transportation agreed to lease 45 properties used as 7 management centres and 1 maintenance and emergency response centre with an aggregate GFA of 26,427.59 sq.m. (collectively, the “45 Leased Properties”) to the Company. The lease term is approximately 17.4 years commencing from 1 May 2017 to 25 September 2034 (i.e. the expiry date of the concession period) to ensure that the Group has the exclusive and unrestricted right to use the 45 Leased Properties as offices and residence for the staff of the management centre and as the storage of maintenance and emergency during the remaining term of the concession period to ensure the smooth and stable operation thereof, which is in the interests of the Group and our Shareholders as a whole. In accordance with the Jihe Expressway Property Lease Agreement, the total rent payable during the lease term is RMB65.65 million. The Company shall pay RMB58.00 million to Qilu Transportation within 15 days from the date on which the Jihe Expressway Property Lease Agreement is executed and the rest of the rent shall be paid by the Company to Qilu Transportation in 17 equal instalments of RMB0.45 million each by 31 March from 2018 to 2034.

Subsequently on 26 November 2020, Shandong Hi-Speed Group, Qilu Transportation and the Company completed the execution of the Tripartite Agreements, confirming that Shandong Hi-Speed Group shall assume all contractual rights and obligations of Qilu Transportation under the Jihe Expressway Property Lease Agreement.

Pricing policies:

The rent payable under the Jihe Expressway Property Lease Agreement was determined by both parties to the agreement through arm’s length negotiation with reference to (i) the area leased, geographic location and condition of surrounding area; (ii) the prevailing market rent in respect of the properties of the same or similar nature in the same region; (iii) the appraised value of such leased properties; and (iv) the estimated changes in the prevailing market rent in the future.

Report of the Board of Directors

Annual caps:

According to the above pricing policies and based upon the terms of the Jihe Expressway Property Lease Agreement, it is estimated that the maximum annual rental to be paid by the Company under the Jihe Expressway Property Lease Agreement for the year ended 31 December 2025 to the year ending 31 December 2034 (i.e. until 25 September 2034, being the expiry date of the concession period) shall not exceed the annual caps set out below:

Year	Annual caps for the year ending 31 December <i>RMB</i>
2025	450,000
2026	450,000
2027	450,000
2028	450,000
2029	450,000
2030	450,000
2031	450,000
2032	450,000
2033	450,000
2034 (until 25 September 2034, i.e. the expiry date of the concession period)	450,000

The amount payable to Shandong Hi-Speed Group in the sum of RMB450,000 under the Jihe Expressway Property Lease Agreement for the year ended 31 December 2025 has been paid in February 2025.

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(3) *2024-2026 General Services Framework Agreement and its Supplemental Agreement*

On 23 November 2023, the Company entered into the 2024-2026 General Services Framework Agreement with Shandong Hi-Speed Group from 1 January 2024 to 31 December 2026. Pursuant to the 2024-2026 General Services Framework Agreement, Shandong Hi-Speed Group and its relevant subordinated entities will provide the Group with general highway business operation services, including the planning, renovation, engineering, survey and system design of highways and ancillary facilities; highway technology inspections, and regular and ad-hoc inspections of bridges and tunnels; repair and maintenance of highways and ancillary facilities; survey and analysis of road sections; research on treatment measures and techniques; projection of and research on traffic volume and toll amount; operational management of toll collection; project supervision; project contracting and supply of bulk materials; and other related or similar services.

In view of the Company's continuing expansion of expressway business, the R&E Project as well as construction engineering requirements, the Company and Shandong Hi-Speed Group entered into the Supplemental Agreement of the 2024-2026 General Services Framework Agreement on 24 July 2025. Accordingly, the Company and Shandong Hi-Speed Group agreed to adjust the annual cap for the year ending 31 December 2026 to RMB400,000,000. Save for the aforesaid revision, all other terms and conditions of the 2024-2026 General Services Framework Agreement remain unchanged.

Pricing policies:

The fees for various services under the 2024-2026 General Services Framework Agreement shall be determined on the basis of the following principles and sequences:

- (i) government-prescribed price: where the central or local government imposes price control on services, the fees for services shall be determined in accordance with the prescribed price published on the website of the relevant government authority or the authoritative price list;
- (ii) government-guided price: where a guided price standard imposed by the central or local government is available for services and such a guided price standard has been published on the website of the relevant government authority or via authoritative price list, the price of services shall be determined within the range of the government-guided price through negotiation; and
- (iii) market price: where the above two price standards are not available for services or the previous government-prescribed price or government-guided price is no longer applicable to such services, and such services do not fall within those subject to tender process pursuant to laws and regulations, the fee for the services shall be determined with reference to the market price and the general principle for pricing shall be fair and reasonable. If the services fall within those subject to tender process pursuant to laws and regulations or the party receiving the procurement must apply the bidding procedure according to its internal code, the price shall be determined by tender process. When the relevant project meets the required standards, the Company must conduct bidding to determine the counterparty of the transaction, and if Shandong Hi-Speed Group and its relevant subordinated entities win the bid, they must also satisfy the bid winning conditions.

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For prices that shall be determined through mutual negotiation, both parties shall take into consideration the following key factors:

- (a) the prevailing market price charged by any third party selling a similar service in the region taking into account the quotation from other service suppliers providing the similar service and a minimum of two comparable transactions carried out with independent third parties during the same period; and
- (b) the lowest quotation in respect of the same or similar service sold by both parties and their relevant subordinated entities to any third party.

Annual caps:

Pursuant to the terms and pricing policies of the 2024-2026 General Services Framework Agreement and its supplemental agreement, the annual caps under the 2024-2026 General Services Framework Agreement and its supplemental agreement of the Company for the three years ending 31 December 2026 shall be:

Year	Annual caps for the year ending 31 December (RMB'000)
2024	2,600,000
2025	600,000
2026	400,000

For the year ended 31 December 2025, the actual transaction amount under the 2024-2026 General Services Framework Agreement and its supplemental agreement was RMB301,035 thousand.

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(4) 2024-2026 Financial Services Framework Agreement

On 23 November 2023, the Company entered into the 2024-2026 Financial Services Framework Agreement with Shandong Hi-Speed Group from 1 January 2024 to 31 December 2026. Pursuant to the 2024-2026 Financial Services Framework Agreement, Shandong Hi-Speed Group and its subsidiaries agreed to provide the Group with the following financial services:

- (i) deposit services, including but not limited to demand deposit, time deposit, call deposit and agreement deposit and other deposit types;
- (ii) other financial services, including bank acceptance notes, discounting of commercial bills, domestic letters of guarantees, letters of credit, online remittance, foreign exchange remittance, etc; and
- (iii) cross-border fund centralised operation and management services, that is, Shandong Hi-Speed Group agrees to provide the Group with cross-border fund centralised operation and management services as the lead enterprise without compensation, for the purpose of handling cross-border remittance-related matters such as the foreign debt and offshore lending, centralised collection and payment of recurring project funds and netting settlement.

Pricing policies:

Shandong Hi-Speed Group and its subsidiaries have undertaken to provide the above financial services to the Group in accordance with the following pricing policies:

- (1) Deposit services: the deposit interest rates applicable to the deposit services shall not be lower than any of the following: the interest rates offered by Shandong Hi-Speed Group's subordinated financial institutions to other members of Shandong Hi-Speed Group for the same type of deposits on the same conditions; and the interest rates offered by other commercial banks in the PRC to the Company and its subsidiaries for the same type of deposits;
- (2) Other financial services shall meet all of the following criteria:
 - (i) it shall not be higher than the standard interest rates as issued by the PBOC or the National Administration of Financial Regulation from time to time (if applicable);
 - (ii) it shall not be higher than or shall be equivalent to the interest or service fees charged by other commercial banks or other financial institutions in respect of the provision of similar services; and
 - (iii) it shall not be higher than the interest or service fees of similar services provided to other members of Shandong Hi-Speed Group; and
- (3) No service fee was charged by Shandong Hi-Speed Group for the provision of cross-border fund centralised operation and management services to the Group.

Report of the Board of Directors

Annual caps:

(1) Deposit Services

Pursuant to the terms and pricing policies of the 2024-2026 Financial Services Framework Agreement, the annual caps for deposit services under the 2024-2026 Financial Services Framework Agreement of the Company for the three years ending 31 December 2026 shall be:

Year	Annual caps for the year ending 31 December <i>(RMB'000)</i>
2024	1,000,000
2025	1,000,000
2026	1,000,000

For the year ended 31 December 2025, the daily maximum deposit balance (including accrued interest) of the Group with Shandong Hi-Speed Group and its subsidiaries under the 2024-2026 Financial Services Framework Agreement was RMB181,903 thousand.

(2) Other Financial Services

Pursuant to the terms and pricing policies of the 2024-2026 Financial Services Framework Agreement, the annual caps for other financial services under the 2024-2026 Financial Services Framework Agreement of the Company for the three years ending 31 December 2026 shall be:

Year	Annual caps for the year ending 31 December <i>(RMB'000)</i>
2024	5,000
2025	5,000
2026	5,000

For the year ended 31 December 2025, the actual transaction amount of other financial services under the 2024-2026 Financial Services Framework Agreement was RMB0.02 thousand.

Report of the Board of Directors

(3) Cross-border Fund Centralised Operation and Management Services

Pursuant to the terms and pricing policies of the 2024-2026 Financial Services Framework Agreement, the annual caps for cross-border fund centralised operation and management services under the 2024-2026 Financial Services Framework Agreement of the Company for the three years ending 31 December 2026 shall be:

Year	Annual caps for the year ending 31 December <i>(RMB'000)</i>
2024	140,000
2025	140,000
2026	140,000

For the year ended 31 December 2025, the daily maximum fund balance (including accrued interest) of cross-border centralised fund operation and management services under the 2024-2026 Financial Services Framework Agreement was RMB90,000 thousand.

(5) *2024-2026 Services Provision Framework Agreement and its Supplemental Agreement*

On 23 November 2023, the Company entered into the 2024-2026 Services Provision Framework Agreement with Shandong Hi-Speed Group from 1 January 2024 to 31 December 2026. Pursuant to the 2024-2026 Services Provision Framework Agreement, the Group provided or may provide services for Shandong Hi-Speed Group and its subordinated entities, including but not limited to: labour subcontracting, consulting services, lease services, warehousing and logistics services, installation services, trade services, agent construction services, import and export of goods, project management service and landscaping services, as well as all other services prescribed under the registered business scopes of Shandong Hi-Speed Group and its subordinated entities and as permitted by applicable laws.

In view of the continued expansion of the construction business segment's operational scale and the Group's enhanced qualifications enabling it to undertake more construction projects and provide related services, the Company and Shandong Hi-Speed Group entered into the Supplemental Agreement of the 2024-2026 Services Provision Framework Agreement on 24 July 2025. Accordingly, the Company and Shandong Hi-Speed Group agreed to adjust the annual caps for the two years ending 31 December 2026 to RMB180,000,000. Save for the aforesaid revision, all other terms and conditions of the 2024-2026 Services Provision Framework Agreement remain unchanged.

Report of the Board of Directors

Pricing policies:

The pricing of each of the services provided under the 2024-2026 Services Provision Framework Agreement shall be determined in accordance with the following principles and sequences:

- (i) government-prescribed price: where the central or local government imposes price control on a particular service, the price of such service shall be determined in accordance with the prescribed price published on the website of the relevant government authority or the authoritative price list;
- (ii) government-guided price: where a guided price standard imposed by the central or local government is available for a particular service and such a guided price standard has been published on the website of the relevant government authority or via authoritative price list, the price of such service shall be determined within the range of the government-guided price through negotiation; and
- (iii) market price: where the above two price standards are not available for a particular service or the previous government-prescribed price or government-guided price is no longer applicable to such service, and such service does not fall within those services subject to tender process pursuant to laws and regulations, the price of such service shall be determined with reference to the market price and the general principle for pricing shall be fair and reasonable. If the service falls within those services subject to tender process pursuant to laws and regulations or the party receiving the service must apply the bidding procedure according to its internal code, the price shall be determined by tender process.

For prices that shall be determined through mutual negotiation, both parties shall take into consideration the following key factors:

- (a) the prevailing market price charged by any third party providing a similar service in the region where the service is provided by one of the parties, the quotation from other service suppliers providing the same service and a minimum of two comparable transactions carried out with independent third parties during the same period; and
- (b) the lowest quotation in respect of the same or similar service sold by the parties and their relevant subordinate entities to any third party.

Report of the Board of Directors

Annual caps:

Pursuant to the terms and pricing policies of the 2024-2026 Services Provision Framework Agreement and its supplemental agreement, the annual caps under the 2024-2026 Services Provision Framework Agreement and its supplemental agreement of the Company for the three years ending 31 December 2026 shall be:

Year	Annual caps for the year ending 31 December <i>(RMB'000)</i>
2024	65,000
2025	180,000
2026	180,000

For the year ended 31 December 2025, the actual transaction amount of the 2024-2026 Services Provision Framework Agreement and its supplemental agreement was RMB114,279 thousand.

(6) *2024-2026 General Procurement Framework Agreement and its Supplemental Agreement*

On 23 November 2023, the Company entered into the 2024-2026 General Procurement Framework Agreement with Shandong Hi-Speed Group from 1 January 2024 to 31 December 2026. Pursuant to the 2024-2026 General Procurement Framework Agreement, the goods procured by the Group from Shandong Hi-Speed Group and its subordinated entities include but not limited to steel reinforcement bars, strand, cement, geomaterials, asphalt, concrete and other building materials, construction equipment and their accessories, as well as all other items prescribed under the registered business scopes of Shandong Hi-Speed Group and its subordinated entities and as permitted by applicable laws.

In view of the expansion of the Group's industrial product sales business which has led to increased demand for material procurement, the Company and Shandong Hi-Speed Group entered into the Supplemental Agreement of the 2024-2026 General Procurement Framework Agreement on 24 July 2025. Accordingly, the Company and Shandong Hi-Speed Group agreed to adjust the annual caps for the two years ending 31 December 2026 to RMB120,000,000. Save for the aforesaid revision, all other terms and conditions of the 2024-2026 General Procurement Framework Agreement remain unchanged.

Report of the Board of Directors

Pricing policies:

The pricing of each of the goods procured under the 2024-2026 General Procurement Framework Agreement shall be determined on the basis of the following principles and sequences:

- (i) government-prescribed price: where the central or local government imposes price control on a particular product, the price of such product shall be determined in accordance with the prescribed price published on the website of the relevant government authority or the authoritative price list;
- (ii) government-guided price: where a guided price standard imposed by the central or local government is available for a particular product and such a guided price standard has been published on the website of the relevant government authority or via authoritative price list, the price of such product shall be determined within the range of the government-guided price through negotiation; and
- (iii) market price: where the above two price standards are not available for a particular product or the previous government-prescribed price or government-guided price is no longer applicable to such product, and such product does not fall within those subject to tender process pursuant to laws and regulations, the price of such product shall be determined with reference to the market price and the general principle for pricing shall be fair and reasonable. If the product falls within those subject to tender process pursuant to laws and regulations or the party receiving the procurement must apply the bidding procedure according to its internal code, the price shall be determined by tender process.

For prices that shall be determined through mutual negotiation, both parties shall take into consideration the following key factors:

- (a) the prevailing market price charged by any third party selling a similar product in the region taking into account the quotation from other product suppliers providing the similar product and a minimum of two comparable transactions carried out with independent third parties during the same period; and
- (b) the lowest quotation in respect of the same or similar product sold/procured by both parties and their relevant subordinated entities to any third party.

Report of the Board of Directors

Annual caps:

Pursuant to the terms and pricing policies of the 2024-2026 General Procurement Framework Agreement and its supplemental agreement, the annual caps under the 2024-2026 General Procurement Framework Agreement and its supplemental agreement of the Company for the three years ending 31 December 2026 shall be:

Year	Annual caps for the year ending 31 December <i>(RMB'000)</i>
2024	650,000
2025	120,000
2026	120,000

For the year ended 31 December 2025, the actual transaction amount under the 2024-2026 General Procurement Framework Agreement and its supplemental agreement was RMB56,806 thousand.

(7) 2024-2026 General Sales Framework Agreement and its Supplemental Agreement

On 23 November 2023, the Company entered into the 2024-2026 General Sales Framework Agreement with Shandong Hi-Speed Group from 1 January 2024 to 31 December 2026. Pursuant to the 2024-2026 General Sales Framework Agreement, the goods sold by the Group to Shandong Hi-Speed Group and its subordinated entities primarily include but not limited to asphalt, asphalt mixture, cement, concrete and other building materials, construction equipment and their accessories, plants as well as other goods as permitted by laws and permitted to be sold by the Group under the Group's registered business scope.

In view of the continuous enhancement of the Group's market competitiveness and the improvement of its product quality, which enables increased sales of relevant construction materials and products to Shandong Hi-Speed Group and its subordinated companies, the Company and Shandong Hi-Speed Group entered into the Supplemental Agreement of the 2024-2026 General Sales Framework Agreement on 24 July 2025. Accordingly, the Company and Shandong Hi-Speed Group agreed to adjust the annual caps for the two years ending 31 December 2026 to RMB500,000,000. Save for the aforesaid revision, all other terms and conditions of the 2024-2026 General Sales Framework Agreement remain unchanged.

Report of the Board of Directors

Pricing policies:

The pricing of each of the goods provided under the 2024-2026 General Sales Framework Agreement shall be determined on the basis of the following principles and sequences:

- (i) government-prescribed price: where the central or local government imposes price control on a particular product, the price of such product shall be determined in accordance with the prescribed price published on the website of the relevant government authority or the authoritative price list;
- (ii) government-guided price: where a guided price standard imposed by the central or local government is available for a particular product and such a guided price standard has been published on the website of the relevant government authority or via authoritative price list, the price of such product shall be determined within the range of the government-guided price through negotiation; and
- (iii) market price: where the above two price standards are not available for a particular product or the previous government-prescribed price or government-guided price is no longer applicable to such product, and such product does not fall within those subject to tender process pursuant to laws and regulations, the price of such product shall be determined with reference to the market price and the general principle for pricing shall be fair and reasonable. If the product falls within those subject to tender process pursuant to laws and regulations or the party receiving the procurement must apply the bidding procedure according to its internal code, the price shall be determined by tender process.

For prices that shall be determined through mutual negotiation, both parties shall take into consideration the following key factors:

- (a) the prevailing market price charged by any third party selling a similar product in the region taking into account the quotation from other product suppliers providing the similar product and a minimum of two comparable transactions carried out with independent third parties during the same period; and
- (b) the lowest quotation in respect of the same or similar product sold/procured by both parties and their relevant subordinated entities to any third party.

Report of the Board of Directors

Annual caps:

Pursuant to the terms and pricing policies of the 2024-2026 General Sales Framework Agreement and its supplemental agreement, the annual caps under the 2024-2026 General Sales Framework Agreement and its supplemental agreement of the Company for the three years ending 31 December 2026 shall be:

Year	Annual caps for the year ending 31 December <i>(RMB'000)</i>
2024	700,000
2025	500,000
2026	500,000

For the year ended 31 December 2025, the actual transaction amount under the 2024-2026 General Sales Framework Agreement and its supplemental agreement was RMB178,942 thousand.

The Company's independent non-executive Directors have reviewed each of the aforementioned continuing connected transactions and confirmed that these transactions have been entered into:

- (1) in the ordinary and usual course of business of the Company;
- (2) on normal commercial terms, or, in the absence of similar transactions to judge whether the terms are normal commercial terms, on terms no less favourable to those under the transactions between the Company and independent third parties; and
- (3) in accordance with the terms of the relevant agreements governing the transactions and on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Report of the Board of Directors

ShineWing, the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board confirmed that ShineWing has issued the unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Hong Kong Listing Rules. That is, nothing has come to the auditor's attention that causes it to believe that the continuing connected transactions: (1) have not been approved by the Board; (2) were not conducted in all material respects in accordance with the pricing policies of the Group where the transactions involve the provision of goods or services by the Group; (3) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (4) have exceeded the caps.

The significant related party transactions set out in Note 34 to the consolidated financial statements (except for the income collection arrangement in relation to the toll income related trade receivables from the Shandong Transport Department) which also constitute connected transactions/continuing connected transactions under Chapter 14A of the Listing Rules are in compliance with the disclosure requirements under Chapter 14A of the Listing Rules.

Save as disclosed in this report, during the Reporting Period, none of the connected transactions or continuing connected transactions of the Company shall be disclosed pursuant to the provisions in respect of connected transaction disclosure requirements under Chapter 14A of the Listing Rules.

Report of the Board of Directors

COMPLIANCE WITH THE NON-COMPETITION AGREEMENTS

The Company has entered into with each of Qilu Transportation and COSCO SHIPPING (Hong Kong), the Non-competition Agreement, under which each of Qilu Transportation and COSCO SHIPPING (Hong Kong), as our controlling Shareholder, has undertaken that, save for the existing business of Qilu Transportation and COSCO SHIPPING (Hong Kong) as at 12 December 2017, it would not, in any way, directly or indirectly, procure a third party to engage in or otherwise participate in, any business that competes, or is likely to compete with the existing and future business which is engaged in or intended to be engaged in by the Company and its subsidiaries according to our business development (the “Principal Businesses of the Company and its Subsidiaries”).

The foregoing restrictions shall not apply to the following circumstances:

- (i) the acquisition or holding by Qilu Transportation or COSCO SHIPPING (Hong Kong) or its subsidiaries of non-convertible bonds of other listed companies or unlisted companies whose businesses compete or may compete with the Principal Businesses of the Company and its Subsidiaries, or convertible bond interests not exceeding 5.00% of their equity interests for investment purposes;
- (ii) according to the Non-competition Agreements, in the event that the Company decides not to take up the New Business Opportunity (as defined below), and Qilu Transportation or COSCO SHIPPING (Hong Kong) or their subsidiaries shall decide to take up the New Business Opportunity on its own;
- (iii) the engagement or participation by Qilu Transportation or COSCO SHIPPING (Hong Kong) in the investment, development, maintenance, operation and management of any expressways running within/through Shandong Province of the PRC, the establishment and operation of the advertisement billboards along the expressways under its operation and/or management, and the operation of other businesses in relation to toll roads in accordance with specific written approvals or instructions from the competent provincial government authorities. However, Qilu Transportation or COSCO SHIPPING (Hong Kong) shall communicate with the Company before the issuance of such approval or instruction in order to minimise the impact of relevant projects on the Company. However, (i) if Qilu Transportation or COSCO SHIPPING (Hong Kong) has the autonomous right to select the execution entity of such projects covered by such approvals or instructions, such projects are still subject to the requirements under the Non-competition Agreements; or (ii) if the projects covered by such approvals and instructions cause actual competition with or bring impact to the Principal Businesses of the Company and its Subsidiaries, Qilu Transportation or COSCO SHIPPING (Hong Kong) and the Company shall use the best efforts to procure the competent government authorities to fully consider the relevant factors before issuing such approvals or instructions; and
- (iv) additional capital injection by Qilu Transportation or COSCO SHIPPING (Hong Kong) to their respective subsidiaries being involved in such businesses in accordance with the prevailing business development needs. However, if the additional capital will be used for business that competes or is likely to compete with the Principal Businesses of the Company and its Subsidiaries, such business shall still be subject to the Non-competition Agreements.

Report of the Board of Directors

OPTIONS FOR NEW BUSINESS OPPORTUNITIES

Each of Qilu Transportation and COSCO SHIPPING (Hong Kong) has undertaken in the Non-Competition Agreements that during the term of the Non-Competition Agreements, if Qilu Transportation or COSCO SHIPPING (Hong Kong) or their respective subsidiaries become aware of any new business opportunity which will directly or indirectly compete or is likely to compete with the Principal Businesses of the Company and its Subsidiaries (the “**New Business Opportunity**”), Qilu Transportation or COSCO SHIPPING (Hong Kong) shall notify us in writing of the New Business Opportunity within ten working days after it becomes aware of the New Business Opportunity (the “**Offer Notice**”) and provide us with all required information about the New Business Opportunity, and use its best efforts to procure the New Business Opportunity to us or our subsidiaries on fair and reasonable terms and conditions. Our Group is entitled to decide whether or not to take up such New Business Opportunity in writing within ten working days or within a time period as otherwise agreed by the parties from receiving the Offer Notice. If so, Qilu Transportation or COSCO SHIPPING (Hong Kong) or their respective subsidiaries must pass on the New Business Opportunity to us or our subsidiaries under the same terms and conditions.

OPTIONS FOR ACQUISITIONS

In relation to any New Business Opportunity referred to us by Qilu Transportation or COSCO SHIPPING (Hong Kong) or their subsidiaries under the Non-Competition Agreements, if we decide not to take up such New Business Opportunity, Qilu Transportation or COSCO SHIPPING (Hong Kong) or their subsidiaries may, subsequently take up such New Business Opportunity on its own.

PRE-EMPTIVE RIGHTS

Each of Qilu Transportation and COSCO SHIPPING (Hong Kong) has undertaken that, during the term of the Non-Competition Agreements, if they or any of their respective subsidiaries intend to transfer, sell, lease, license or otherwise transfer or permit to use (i) businesses or assets in the existing businesses of Qilu Transportation or COSCO SHIPPING (Hong Kong) which are the same as or similar to the Principal Businesses of the Company; or (ii) the above new business to a third party, it shall notify the Company by a written notice in advance.

For more details of the Non-Competition Agreements, please refer to the section headed “Relationship with Our Controlling Shareholders” in the Prospectus.

Report of the Board of Directors

THE RIGHTS AND OBLIGATIONS OF SHANDONG HI-SPEED GROUP ASSUMED FROM QILU TRANSPORTATION TO THE GROUP UPON JOINT RESTRUCTURING

Shandong Hi-Speed Group and Qilu Transportation entered into the Merger Agreement on 23 September 2020, pursuant to which, all the assets, liabilities, business, employees, contracts and qualifications together with all other rights and obligations of Qilu Transportation, and the subordinating branch entities and equity interests or other interests in the subordinating companies held by Qilu Transportation were assumed by Shandong Hi-Speed Group upon completion of the Joint Restructuring by way of merger by absorption of Qilu Transportation by Shandong Hi-Speed Group.

Therefore, the previous contractual rights and obligations of Qilu Transportation under the sub-sections headed “COMPLIANCE WITH THE NON-COMPETITION AGREEMENTS” “OPTIONS FOR NEW BUSINESS OPPORTUNITIES”, “OPTIONS FOR ACQUISITIONS” and “PRE-EMPTIVE RIGHTS” in this section have been undertaken by Shandong Hi-Speed Group.

The Company has received confirmation notices issued by each of Shandong Hi-Speed Group and COSCO SHIPPING (Hong Kong), confirming that they have complied with the Non-Competition Agreements for the year ended 31 December 2025, and made disclosure in this report. The independent non-executive Directors have also reviewed the compliance with and execution of the Non-Competition Agreements by Shandong Hi-Speed Group and COSCO SHIPPING (Hong Kong) in accordance with such confirmation notices, and confirmed that they were not aware of any non-compliance of Shandong Hi-Speed Group and COSCO SHIPPING (Hong Kong) with the commitments made in the Non-Competition Agreements for the year ended 31 December 2025. For the year ended 31 December 2025, the Company has not been offered any New Business Opportunities.

EMPLOYEES, REMUNERATION POLICY AND PENSION SCHEME

Staff costs of the Group during the year amounted to RMB210,796,000. The remuneration for the Group's employees includes basic salaries, bonuses and other staff benefits, such as social insurance, housing provident fund, corporate annuity, supplementary medical insurance and group life accident insurance coverage. In general, the Group determines the remuneration of our employees based on their performance, qualifications, positions and seniority within our Group. The Group also provides our employees with continuing education and regular on-the-job training based on their job duties. As stipulated by the laws and regulations in the PRC, the Group contributes to the state-sponsored retirement scheme for its employees in the PRC (i.e. pension insurance). The Group's employees make monthly contributions to the schemes at approximately 8% of the relevant income (comprising wages, salaries and bonuses), while the Group contributes 16% of the relevant income, subject to certain ceiling. The state-sponsored retirement schemes are responsible for the entire post-retirement benefit obligations payable to the retired employees. In addition, the Group also operates an additional employee pension plan (i.e. corporate annuity). All the employees are entitled to an additional pension each year aggregating to 10% of the previous year's salaries.

Report of the Board of Directors

Contributions made from the Company to the above retirement schemes are recognized as expenses when incurred and will not be reduced by contributions forfeited by employees who leave the schemes prior to vesting fully in the contributions.

The Company offers the executive Directors and senior management, who are also employees of the Company, emolument in the form of salaries, performance bonus, corporate annuity and other benefits. The non-executive Directors and independent non-executive Directors receive emolument, if any, based on their respective duties and responsibilities (including being members or chairman of Board committees).

SHARE CAPITAL

As at 31 December 2025, the total issued shares of the Company amounted to RMB2,000,000,000, totaling 2,000,000,000 H Shares with a nominal value of RMB1.00 each.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association and the laws of the PRC which would require the Company to offer new Shares to existing Shareholders in proportion to their shareholdings.

SHARE OPTION SCHEME

The Company did not adopt any share option scheme.

Report of the Board of Directors

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES OF THE COMPANY

As at 31 December 2025, so far as the Directors of the Company are aware, other than the Directors and senior management of the Company, the following persons had or were deemed to have an interest or short position in the Shares, underlying Shares and debentures which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Number of Shares held	Capacity	Class of Shares	Approximate percentage of the total issued share capital of the Company	Long position/ short position
Shandong Hi-Speed	778,500,000	Beneficial interest	H Shares	38.93%	Long position
Shandong Hi-Speed Group ^(Note 1)	778,500,000	Interest in controlled corporation	H Shares	38.93%	Long position
COSCO SHIPPING (Hong Kong) Co., Limited	600,000,000	Beneficial interest	H Shares	30.00%	Long position
China Shipping Group Company Limited ^(Note 2)	600,000,000	Interest in controlled corporation	H Shares	30.00%	Long position
China COSCO Shipping Corporation Limited ^(Note 2)	600,000,000	Interest in controlled corporation	H Shares	30.00%	Long position
Cornerstone Holdings Limited	173,919,000	Beneficial interest	H Shares	8.70%	Long position
China Merchants Expressway Network & Technology Holdings Co., Ltd. ^(Note 3)	173,919,000	Interest in controlled corporation	H Shares	8.70%	Long position
China Merchants Group Limited ^(Note 3)	173,919,000	Interest in controlled corporation	H Shares	8.70%	Long position
Guoneng Power Technology & Engineering Co., Ltd.	121,500,000	Beneficial interest	H Shares	6.08%	Long position
China Energy Guoyuan Power Co., Ltd. ^(Note 4)	121,500,000	Interest in controlled corporation	H Shares	6.08%	Long position
China Energy Investment Corporation Limited ^(Note 4)	121,500,000	Interest in controlled corporation	H Shares	6.08%	Long position
CITIC-Prudential Life Insurance Company Ltd.	103,750,000	Beneficial interest	H Shares	5.19%	Long position
Prudential Corporation Holdings Limited ^(note 5)	103,750,000	Interest in controlled corporation	H Shares	5.19%	Long position

Report of the Board of Directors

Name of Shareholder	Number of Shares held	Capacity	Class of Shares	Approximate percentage of the total issued share capital of the Company	Long position/ short position
Prudential Holdings Limited ^(Note 5)	103,750,000	Interest in controlled corporation	H Shares	5.19%	Long position
Prudential Corporation Asia Limited ^(Note 5)	103,750,000	Interest in controlled corporation	H Shares	5.19%	Long position
Prudential plc ^(Note 5)	103,750,000	Interest in controlled corporation	H Shares	5.19%	Long position
CITIC Corporation Limited ^(Note 6)	103,750,000	Interest in controlled corporation	H Shares	5.19%	Long position
CITIC Limited ^(Note 6)	103,750,000	Interest in controlled corporation	H Shares	5.19%	Long position
CITIC Glory Limited ^(Note 6)	103,750,000	Interest in controlled corporation	H Shares	5.19%	Long position
CITIC Polaris Limited ^(Note 6)	103,750,000	Interest in controlled corporation	H Shares	5.19%	Long position
CITIC Group Corporation ^(Note 6)	103,750,000	Interest in controlled corporation	H Shares	5.19%	Long position

Notes:

- Shandong Hi-Speed is 63.57% owned by Shandong Hi-Speed Group. Therefore, Shandong Hi-Speed Group is deemed to be interested in the H Shares held by Shandong Hi-Speed under the SFO.
- COSCO SHIPPING (Hong Kong) Co., Limited is wholly owned by China Shipping Group Company Limited. China Shipping Group Company Limited is wholly owned by China COSCO Shipping Corporation Limited. Therefore, China Shipping Group Company Limited and China COSCO Shipping Corporation Limited are deemed to be interested in the H Shares held by COSCO SHIPPING (Hong Kong) Co., Limited under the SFO.
- Cornerstone Holdings Limited is wholly owned by China Merchants Expressway Network & Technology Holdings Co., Ltd.. 62.19% shares of China Merchants Expressway Network & Technology Holdings Co., Ltd. are owned by China Merchants Group Limited. Therefore, China Merchants Expressway Network & Technology Holdings Co., Ltd. and China Merchants Group Limited are deemed to be interested in the H Shares held by Cornerstone Holdings Limited under the SFO.
- Guoneng Power Technology & Engineering Co., Ltd. is wholly owned by China Energy Guoyuan Power Co., Ltd.. China Energy Guoyuan Power Co., Ltd. is wholly owned by China Energy Investment Corporation Limited. Therefore, China Energy Guoyuan Power Co., Ltd. and China Energy Investment Corporation Limited are deemed to be interested in the H Shares held by Guoneng Power Technology & Engineering Co., Ltd. under the SFO.

Report of the Board of Directors

5. 50% shares of CITIC-Prudential Life Insurance Company Ltd. are owned by Prudential Corporation Holdings Limited. Prudential Corporation Holdings Limited is wholly owned by Prudential Holdings Limited. Prudential Holdings Limited is wholly owned by Prudential Corporation Asia Limited. Prudential Corporation Asia Limited is wholly owned by Prudential plc. Therefore, Prudential Corporation Holdings Limited, Prudential Holdings Limited, Prudential Corporation Asia Limited and Prudential plc are deemed to be interested in the H Shares held by CITIC-Prudential Life Insurance Company Ltd. under the SFO.
6. The remaining 50% shares of CITIC-Prudential Life Insurance Company Ltd. are owned by CITIC Corporation Limited. CITIC Corporation Limited is wholly owned by CITIC Limited. Shares of CITIC Limited are owned by CITIC Glory Limited and CITIC Polaris Limited as to 23.38% and 29.58%, respectively. CITIC Glory Limited is wholly owned by CITIC Group Corporation and CITIC Polaris Limited is wholly owned by CITIC Group Corporation. Therefore, CITIC Corporation Limited, CITIC Limited, CITIC Glory Limited, CITIC Polaris Limited and CITIC Group Corporation are deemed to be interested in the H Shares held by CITIC-Prudential Life Insurance Company Ltd. under the SFO.

Save as disclosed above, as at 31 December 2025, so far as is known to our Directors, none of other persons (other than Directors and senior management of the Company) had, or was deemed to have, any interest and short position in the Shares, underlying Shares and debentures of the Company which would be required to be recorded in the register kept by the Company under Section 336 of the SFO.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

So far as is known to our Directors, as at 31 December 2025, none of the Directors or chief executives of the Company and their respective associates had, or was deemed to have, any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be recorded in the register kept by the Company under Section 352 of the SFO or which would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

REPURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Year, the Company did not repurchase, sell or redeem any of the Company's Shares (including sale of treasury shares). As at the end of the Reporting Period, the Company did not hold any treasury shares.

PUBLIC FLOAT

During the Reporting Period, according to the information available to the Company and to the knowledge of the Directors, the public float of the Company is not less than 25%, complying with relevant provisions of the Listing Rules.

Report of the Board of Directors

DIRECTORS AND SUPERVISORS

During the Year and as at the date of this report, the Directors and Supervisors of the Company include:

Executive Directors

Mr. Wei Yong (*Chairman of the Board*) (*appointed as an executive Director on 28 August 2025*)

Mr. Duan Peng (*appointed as an executive Director on 22 April 2025*)

Mr. Chen Xiulin (*appointed as an executive Director on 9 May 2025*)

Mr. Peng Hui (*resigned as an executive Director on 26 March 2025*)

Mr. Wang Zhenjiang (*resigned as an executive Director on 31 July 2025*)

Mr. Liu Qiang (*resigned as an executive Director on 9 April 2025*)

Non-Executive Directors

Mr. Gao Yongjun (*Vice Chairman of the Board*) (*appointed as a non-executive Director on 22 April 2025*)

Ms. Kong Xia

Mr. Wang Gang

Mr. Shi Jinglei

Mr. Du Zhongming

Mr. Ren Wei (*appointed as a non-executive Director on 22 April 2025*)

Mr. Wang Hongyi (*appointed as a non-executive Director on 28 August 2025*)

Mr. Su Xiaodong (*resigned as a non-executive Director on 24 January 2025*)

Mr. Kang Jian (*resigned as a non-executive Director on 4 July 2025*)

Independent Non-Executive Directors

Mr. Liu Hongwei

Mr. He Jiale

Mr. Wang Lingfang

Mr. Leng Ping

Ms. Shen Chen

Report of the Board of Directors

Shareholder Representative Supervisors

Mr. Liu Qiang (*Chairman of the Supervisory Committee*) (*resigned a Supervisor on 14 November 2025*)

Mr. Wang Shenan (*resigned a Supervisor on 9 April 2025*)

Mr. Zhang Yin (*The Supervisory Committee of the Company was abolished on 12 December 2025*)

Mr. Wu Yongfu (*The Supervisory Committee of the Company was abolished on 12 December 2025*)

Employee Supervisors

Mr. Dong Junjie (*The Supervisory Committee of the Company was abolished on 12 December 2025*)

Ms. Hou Qinghong (*The Supervisory Committee of the Company was abolished on 12 December 2025*)

Mr. Hao Dehong (*The Supervisory Committee of the Company was abolished on 12 December 2025*)

Independent Supervisors

Mr. Meng Qinghui (*The Supervisory Committee of the Company was abolished on 12 December 2025*)

Mr. Dong Ensheng (*The Supervisory Committee of the Company was abolished on 12 December 2025*)

Report of the Board of Directors

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Changes in Directors, Supervisors and Senior Management during the Reporting Period

Mr. Su Xiaodong resigned as a non-executive Director due to attaining the statutory retirement age, effective from 24 January 2025. For details, please refer to the announcement of the Company dated 24 January 2025.

Mr. Peng Hui resigned as an executive Director, general manager of the Company and a member of the Strategy Committee of the Board due to attaining the statutory retirement age, effective from 26 March 2025. Mr. Duan Peng was appointed as the general manager of the Company on 26 March 2025, with a term commencing from the date of appointment until the expiration date of the term of the third session of the Board. For details, please refer to the announcement of the Company dated 26 March 2025.

Mr. Liu Qiang resigned as an executive Director and Mr. Wang Shenan resigned as the chairman of the Supervisory Committee and a supervisor due to work adjustments, both effective from 9 April 2025. For details, please refer to the announcement of the Company dated 9 April 2025.

As considered and approved at the extraordinary general meeting of the Company convened on 22 April 2025, Mr. Duan Peng was appointed as an executive Director of the third session of the Board, and Mr. Gao Yongjun and Mr. Ren Wei were appointed as non-executive Directors of the third session of the Board. At the Board meeting held on the same date, Mr. Gao Yongjun was elected as the vice chairman of the third session of the Board, and Mr. Gao Yongjun and Mr. Duan Peng were appointed as members of the Strategy Committee of the third session of the Board. The terms of aforementioned appointments commenced on 22 April 2025 and will end on the expiration date of the term of the third session of the Board. For details, please refer to the Company's circular dated 2 April 2025 and announcement dated 22 April 2025.

As considered and approved at the extraordinary general meeting of the Company convened on 9 May 2025, Mr. Chen Xiulin was appointed as an executive Director of the third session of the Board, with a term commencing from 9 May 2025 until the expiration date of the term of the third session of the Board. Mr. Liu Qiang was appointed as a Shareholder Representative Supervisor of the third session of the Supervisory Committee, with a term commencing from 9 May 2025 until the expiration date of the term of the third session of the Supervisory Committee. At the meeting of the Supervisory Committee held on the same date, Mr. Liu Qiang was elected as the chairman of the third session of the Supervisory Committee, with a term commencing from 9 May 2025 until the expiration date of the term of the third session of the Supervisory Committee. For details, please refer to the Company's circular dated 15 April 2025 and announcement dated 9 May 2025.

Mr. Kang Jian resigned as a non-executive Director due to work adjustments, effective from 4 July 2025. For details, please refer to the announcement of the Company dated 4 July 2025.

Report of the Board of Directors

Mr. Wang Zhenjiang resigned as the chairman of the Board, an executive Director, the chairman of the Nomination Committee of the Board, the chairman of the Strategy Committee of the Board, the legal representative and the authorised representative due to work reassignment, effective from 31 July 2025. For details, please refer to the announcement of the Company dated 31 July 2025.

As considered and approved at the extraordinary general meeting of the Company convened on 28 August 2025, Mr. Wei Yong was appointed as an executive Director of the third session of the Board, and Mr. Wang Hongyi was appointed as a non-executive Director of the third session of the Board, both appointments commenced on 28 August 2025 and will end on the expiration date of the term of the third session of the Board. For details, please refer to the Company's circular dated 13 August 2025 and announcement dated 28 August 2025.

As considered and approved at the Board meeting of the Company convened on 28 August 2025, Mr. Wei Yong was appointed as the chairman of the third session of the Board, the chairman of the Nomination Committee of the Board, the chairman of the Strategy Committee of the Board, the legal representative and the authorised representative, with a term commencing from 28 August 2025 until the expiration date of the term of the third session of the Board. For details, please refer to the announcement of the Company dated 28 August 2025.

Mr. Liu Qiang resigned as the Chairman of the Supervisory Committee and Supervisor due to work adjustments, effective from 14 November 2025. Mr. Liu Liangrong resigned as the deputy general manager due to attaining the statutory retirement age, effective from 14 November 2025. For details, please refer to the announcement of the Company dated 14 November 2025.

Pursuant to the Company Law and other relevant laws and regulations, the Company has abolished the Supervisory Committee with effect from 12 December 2025. The powers and functions of the Supervisory Committee have been assumed by the Audit Committee of the Board. Accordingly, the duties of all Supervisors of the Company were automatically terminated with effect from 12 December 2025. For further details, please refer to the circular of the Company dated 25 November 2025 and the announcements of the Company dated 18 November 2025 and 12 December 2025.

Save as disclosed above, there were no changes in the Directors, Supervisors and senior management of the Company during the Reporting Period.

Report of the Board of Directors

Changes in Directors and Senior Management after the Reporting Period and up to the Date of This Report

Save as disclosed above, there were no changes in the Directors and senior management of the Company after the Reporting Period and up to the date of this report.

CHANGES IN INFORMATION OF DIRECTORS

Mr. Shi Jinglei has served as a senior consultant of the board of directors' office of China Merchants Expressway Network & Technology Holdings Co., Ltd since January 2026, and no longer served as a deputy manager of the board of directors' office.

Mr. Wang Hongyi has served as a director of Shandong Hi-Speed Information Group Co., Ltd. since January 2026.

Ms. Shen Chen has served as an independent director of Allystar Technology (Shenzhen) Co., Ltd. since June 2025. She has served as a director of INTCO Medical International (Hong Kong) Co., Ltd. since November 2025.

Save as aforesaid, since the date of the Company's 2024 annual report and up to the date of this report, there has been no other change in the information of the Directors and Supervisors which shall be disclosed and has been disclosed under Rule 13.51B(1) of the Listing Rules.

SERVICE CONTRACTS OF DIRECTORS

All current Directors have entered into service contracts with the Company for a term of three years commencing from the date of the approval on appointment by the relevant Shareholders and shall be terminated pursuant to relevant terms of respective contracts.

As at the date of this report, none of the Directors of the Company had entered into any service contract with the Company or any of its subsidiaries which was not determinable by the Company within one year without payment of compensation (other than statutory compensation).

INTERESTS IN CONTRACTS OF SIGNIFICANCE OF DIRECTORS AND SUPERVISORS

During the relevant period, none of the Directors or Supervisors was materially interested, directly or indirectly, in any contracts of significance entered into with the Company or its controlling companies or its subsidiaries or subsidiaries of its controlling companies subsisting as at the end of the Year.

Report of the Board of Directors

INTERESTS OF DIRECTORS IN BUSINESSES COMPETING WITH THE COMPANY

The table below summarised the positions concurrently held by the Directors in road operation companies of the controlling Shareholders and/or their associates (other than the Company):

Name/Positions held with the Company	Directorship, supervisorship, senior management or other positions held with road operation companies of the controlling Shareholders and/or their associates (other than the Company) as at the date of this report
Duan Peng/Executive Director, General Manager	director of Tianjin Tianyong Expressway Co., Ltd. and Tianjin Tian'ang Expressway Co., Ltd., and director of Tianjin Expressway Maintenance Company Limited* (天津市高速公路養護有限公司)
Gao Yongjun/Non-executive Director, Vice Chairman of the Board	general manager of the operations management department of COSCO SHIPPING (Hong Kong) Limited and COSCO SHIPPING International (Hong Kong) Co., Limited; and the chairman of Tianjin Tian'ang Expressway Co., Ltd.
Kong Xia/Non-executive Director	deputy head of the organisation department of the party committee (the party committee of the head office) of Shandong Hi-Speed Group.
Ren Wei/Non-executive Director	deputy general manager of the capital and investment operations department in COSCO SHIPPING (Hong Kong) Co., Limited and COSCO SHIPPING International (Hong Kong) Co., Ltd.
Wang Hongyi/Non-executive Director	deputy general manager of Shandong Hi-Speed Company Limited

Save as disclosed above, as at the date of this report, none of the Directors of the Company holds any interest in business other than the businesses of the Group which directly or indirectly competes or is likely to compete with the business of the Group.

Report of the Board of Directors

REMUNERATION OF DIRECTORS AND SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Remuneration of the Directors and Supervisors is determined by the Remuneration and Appraisal Committee after considering factors such as the remuneration paid by comparable companies, the time commitment and duties of the Directors and Supervisors.

Details of remuneration of the Directors, Supervisors and the five highest paid individuals of the Company during the Year are set out in Notes 8 and 9 to the financial statements in this report.

MANAGEMENT CONTRACTS

During the Year, the Company did not enter into any contract with respect to the management or administration of all or any substantial part of our businesses.

PERMITTED INDEMNITY PROVISION

During the Year, the Company has purchased liability insurance valid for the Year for Directors, Supervisors (during their terms of office) and senior management of the Company.

THE BOARD AND BOARD COMMITTEES

Details of the Board and Board committees are set out in the sub-section headed “Corporate Governance Report – The Board” in this report, and the contents therein form a part of this Report of the Board of Directors.

MATERIAL LITIGATION AND ARBITRATION

So far as the Directors of the Company are aware, the Company was not engaged in any material litigation, arbitration or claim, and no litigation or claim of material importance was pending or threatened against the Company during the Year.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the provisions of the Corporate Governance Code.

Details of the convening of meetings of the Audit Committee are set out in the sub-section headed “Corporate Governance Report – The Board – Audit Committee” in this report, and the contents therein form a part of this Report of the Board of Directors.

Report of the Board of Directors

AUDITORS

On 26 June 2025, the Company held its 2024 annual general meeting, at which ShineWing, Certified Public Accountants was appointed as the Company's domestic and international auditors for the year 2025. The term of appointment commenced upon the conclusion of the 2024 annual general meeting and will continue until the conclusion of the next annual general meeting of the Company. On the same day, Ernst & Young retired as the Company's domestic and international auditors. For further details, please refer to the circular of the Company dated 22 April 2025 and the announcements of the Company dated 26 March 2025 and 26 June 2025.

The consolidated financial statements for the year ended 31 December 2025 have been audited by ShineWing.

Save as disclosed above, there has been no other change in the Company's auditor in the past three years.

BUSINESS REVIEW

Details of the business review are set out in the sub-section headed "Management Discussion and Analysis – Business Review" in this report, and the contents therein form a part of this Report of the Board of Directors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2025

The Company has prepared the environmental, social and governance report 2025 in accordance with the requirements of Appendix C2 of the Listing Rules, and the contents therein form a part of this Report of the Board of Directors.

EVENTS AFTER THE REPORTING PERIOD

There is no significant subsequent event after the Reporting Period.

By order of the Board

Wei Yong

Chairman

Shandong, the People's Republic of China

31 March 2026

Independent Auditor's Report



SHINEWING (HK) CPA Limited
17/F., Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣
告士打道311號
皇室大廈安達人壽大樓17樓

To the shareholders of Qilu Expressway Company Limited

(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Qilu Expressway Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 118 to 228, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Independent Auditor's Report (Continued)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How the matter was addressed in our audit
<p>Amortisation of service concession arrangements</p> <p>As stated in notes 2.4 and 16 to the consolidated financial statements, as at 31 December 2025, the net carrying amount of the service concession arrangements associated with toll roads was RMB15,918,562,000 and the amortisation amount of the service concession arrangements in 2025 was RMB447,990,000. The service concession arrangements associated with toll roads are amortised over the operating period of the toll roads according to the traffic volume method. Amortisation is provided on projected units-of-usage, which is calculated based on the total projected traffic volume during the operating period of each toll road and the carrying amount of the operating right associated with the toll road, combined with the actual traffic volume during each accounting period. The total projected traffic volume determined with reference to the forecast of the management for the total traffic volume during the operating period, which is a significant accounting estimate. Therefore, we identified the amortisation of service concession arrangements as a key audit matter of the consolidated financial statements.</p> <p>Relevant disclosures are included in notes 2.4, 3 and 16 to the consolidated financial statements.</p>	<p>The following procedures were performed to address the identified key audit matter:</p> <ul style="list-style-type: none"> • We considered whether the amortisation methodology adopted by the Group represented the best expected future economic benefits of the Group; • We evaluated the estimated projected total traffic volume of the expressways operated by the Group and assessed the reasonableness of these estimates; • We recalculated the amortisation of service concession arrangements to check the amortisation disclosed in the consolidated financial statements; • We assessed the adequacy of the related disclosures in the consolidated financial statements.

Independent Auditor's Report (Continued)

OTHER MATTER

The consolidation financial statements of the Group for the year ended 31 December 2024 were audited by another auditor who expressed an unmodified opinion in those statements on 26 March 2025.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

Independent Auditor's Report (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Chuen Fai.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Wong Chuen Fai

Practising Certificate Number: P05589

31 March 2026

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	2,374,592	7,021,823
Cost of sales		(1,555,406)	(6,281,233)
Gross profit		819,186	740,590
Other income and gains	5	85,467	107,465
Selling and distribution expenses		(3,329)	(2,455)
Administrative expenses		(100,514)	(109,692)
Impairment losses on financial and contract assets		(7,298)	(6,023)
Other expenses		(1,945)	(574)
Finance costs	7	(274,569)	(72,843)
Share of profits of associates and joint ventures		923	801
PROFIT BEFORE TAX	6	517,921	657,269
Income tax expenses	10	(131,919)	(158,877)
PROFIT FOR THE YEAR		386,002	498,392
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		386,002	498,392
Attributable to:			
Owners of the parent		382,940	484,586
Non-controlling interests		3,062	13,806
		386,002	498,392
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
– For profit for the year	12	RMB0.18	RMB0.23
Diluted			
– For profit for the year	12	RMB0.18	RMB0.23

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	2,106,475	2,094,083
Investment properties	14	14,597	15,427
Right-of-use assets	15(a)	199,059	177,241
Intangible assets	16	16,066,681	16,503,212
Investments in associates	17	79,079	24,256
Deferred tax assets	27	16,405	10,732
Long-term deposits	22	284,918	40,000
Prepayments, other receivables and other assets	21	142,892	148,947
Total non-current assets		18,910,106	19,013,898
CURRENT ASSETS			
Inventories	18	47,939	25,709
Trade and bills receivables	19	598,958	542,111
Contract assets	20	200,262	89,385
Prepayments, other receivables and other assets	21	464,030	786,667
Time deposits	22	43,241	397,083
Restricted cash	22	3,085	4,074
Cash and cash equivalents	22	229,454	216,691
Total current assets		1,586,969	2,061,720
CURRENT LIABILITIES			
Trade and bills payables	23	2,066,209	3,379,127
Other payables and accruals	24	626,948	570,044
Interest-bearing bank and other borrowings	25	524,496	841,208
Lease liabilities	15(b)	14,800	2,823
Tax payable		4,445	10,276
Provisions	26	120,139	48,056
Total current liabilities		3,357,037	4,851,534

continued/...

Consolidated Statement of Financial Position (Continued)

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NET CURRENT LIABILITIES		(1,770,068)	(2,789,814)
TOTAL ASSETS LESS CURRENT LIABILITIES		17,140,038	16,224,084
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	25	10,429,118	9,767,581
Lease liabilities	15(b)	74,022	64,011
Other payables	24	15,442	17,352
Provisions	26	6,183	–
Deferred tax liabilities	27	182,104	145,203
Deferred income		6,147	5,311
Total non-current liabilities		10,713,016	9,999,458
Net assets		6,427,022	6,224,626
EQUITY			
Equity attributable to owners of the parent			
Share capital	28	2,000,000	2,000,000
Other equity instruments	29	1,988,060	1,988,066
Other reserves	30	373,070	334,160
Retained earnings		1,881,463	1,761,533
		6,242,593	6,083,759
Non-controlling interests		184,429	140,867
Total equity		6,427,022	6,224,626

Wei Yong
Director

Duan Peng
Director

Consolidated Statement of Changes In Equity

For the year ended 31 December 2025

Note	Attributable to owners of the parent				Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Other equity instruments RMB'000	Other reserves RMB'000	Retained earnings RMB'000			
At 1 January 2024	2,000,000	1,988,060	281,120	1,655,775	5,924,955	127,061	6,052,016
Profit for the year	-	-	-	484,586	484,586	13,806	498,392
Total comprehensive income for the year	-	-	-	484,586	484,586	13,806	498,392
Perpetual bond interest paid	-	(25,782)	-	-	(25,782)	-	(25,782)
Profit allocated to holders of perpetual bonds	-	25,788	-	(25,788)	-	-	-
Final 2023 dividend declared	-	-	-	(300,000)	(300,000)	-	(300,000)
Transfer from retained earnings	-	-	53,040	(53,040)	-	-	-
At 31 December 2024 and 1 January 2025	2,000,000	1,988,066	334,160	1,761,533	6,083,759	140,867	6,224,626
Profit for the year	-	-	-	382,940	382,940	3,062	386,002
Total comprehensive income for the year	-	-	-	382,940	382,940	3,062	386,002
Capital injection by a non-controlling shareholder	-	-	-	-	-	40,500	40,500
Perpetual bond interest paid	-	(24,106)	-	-	(24,106)	-	(24,106)
Profit allocated to holders of perpetual bonds	-	24,100	-	(24,100)	-	-	-
Final 2024 dividend declared	11	-	-	(200,000)	(200,000)	-	(200,000)
Transfer from retained earnings	-	-	38,910	(38,910)	-	-	-
At 31 December 2025	2,000,000	1,988,060	373,070	1,881,463	6,242,593	184,429	6,427,022

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		517,921	657,269
Adjustments for:			
Finance costs	7	274,569	72,843
Share of profits and losses of an associate and joint ventures		(923)	(801)
Interest income from financial assets measured at amortised cost	5, 6	(68,284)	(100,717)
Interest income from financial assets at fair value through profit or loss	5, 6	–	(661)
Gain on disposal of items of property, plant and equipment	5	(163)	(11)
Depreciation of property, plant and equipment	6	229,426	48,180
Depreciation of investment properties	6, 14	830	858
Depreciation of right-of-use assets	6, 15	12,561	6,688
Amortisation of intangible assets	6, 16	471,526	189,373
Impairment of property, plant and equipment and intangible assets	6	327	563
Impairment of trade and bills receivables	6, 19	5,264	14,359
Impairment/(reversal of impairment) of contract assets	6, 20	1,910	(8,530)
Impairment of prepayments and other receivables	6, 21	124	194
(Gain) on disposal of intangible assets	5	(11,938)	–
Foreign exchange differences, net	6	1,060	4
(Increase) decrease in inventories		(22,230)	18,267
Increase in trade and bills receivables		(62,032)	(64,554)
(Increase) decrease in contract assets		(112,787)	200,454
(Increase) decrease in prepayments, other receivables and other assets		(67,347)	13,984
Increase (decrease) in trade and bills payables		203,583	(598)
Increase in other payables and accruals		54,994	4,401
Increase (decrease) in provisions		78,266	(63,108)
Increase in deferred income		836	314
Decrease (increase) in restricted cash		989	(1,770)
Cash generated from operations		1,508,482	987,001
Interest received		3,326	8,340
Income tax paid		(106,522)	(141,540)
Net cash from operating activities		1,405,286	853,801

continued/...

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2025

Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets	(501,030)	(100,000)
Proceeds from disposal of financial assets	960,000	280,000
Interest received from financial assets	63,682	66,135
Purchase of items of property, plant and equipment, intangible assets and leasehold land	(1,747,208)	(4,660,514)
Proceeds from disposal of items of property, plant and equipment and intangible assets	12,697	408
Investment in an associate	(53,900)	–
Disposal of a joint venture	–	261,000
Dividends received from an associate and a joint venture	–	12,597
Net cash flows used in investing activities	(1,265,759)	(4,140,374)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital injection from a non-controlling interest shareholder	40,500	–
Additions of interest-bearing bank and other borrowings	1,743,762	4,562,601
Repayment of interest-bearing bank and other borrowings	(1,400,536)	(1,059,293)
Principal portion of lease payments	(12,354)	(3,338)
Interest portion of lease payments	(3,434)	(3,235)
Interest paid in relation to interest-bearing bank and other borrowings	(269,536)	(66,642)
Dividends paid	(200,000)	(300,000)
Interest paid of perpetual bonds	(24,106)	(25,782)
Net cash flows (used in) from financing activities	(125,704)	3,104,311
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	13,823	(182,262)
Cash and cash equivalents at beginning of year	216,691	398,957
Effect of foreign exchange rate changes, net	(1,060)	(4)
CASH AND CASH EQUIVALENTS AT END OF YEAR	229,454	216,691
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the consolidated statement of financial position	229,454	216,691
Cash and cash equivalents as stated in the consolidated statement of cash flows	22	229,454
		216,691

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. CORPORATE AND GROUP INFORMATION

Qilu Expressway Company Limited (the “Company”) was registered in the People’s Republic of China (the “PRC”) on 6 January 2004 as a limited liability company. On 6 December 2016, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The address of the Company’s registered office is Room 2301, Block 4, Zone 3, Hanyu Financial & Business Center, No. 7000, Jingshi East Road, High-tech Zone, Jinan City, Shandong Province, the PRC. The Company’s shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (“HKEX”) on 19 July 2018.

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the construction, maintenance, operation and management of Jihe Expressway, Deshang Expressway (Liaocheng – Fan County section) (“Deshang Expressway”) and Shennan Expressway in the PRC and engaged in the sale of industrial products in Shandong Province.

Pursuant to a concession agreement (the “Concession Agreement”) entered into between the Company and the Shandong Provincial Traffic Transport Department (山東省交通運輸廳) (“Shandong Transport Department”) on 26 September 2004, the Company, which engages in the construction, maintenance, operation and management of Jihe Expressway in Shandong Province in the PRC, is entitled to toll collection from vehicles passing through Jihe Expressway for a period of 30 years, from 26 September 2004 to 25 September 2034. With the completion of the expansion and reconstruction of Jihe Expressway in 2024, the toll collection period had been extended by 25 years to 25 September 2049.

Pursuant to a transfer agreement (the “Transfer Agreement”) entered into between the Company and Qilu Transportation Development Group Company Limited (“Qilu Transportation”) on 2 June 2020, the Company acquired the toll collection rights of Deshang Expressway and Shennan Expressway from Qilu Transportation. The Company engages in the maintenance, operation and management of Deshang Expressway and Shennan Expressway in Shandong Province in the PRC, and is entitled to toll collection from vehicles passing through Deshang Expressway and Shennan Expressway from 1 January 2020 to 15 November 2040 and 27 September 2043 respectively.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

In the opinion of the directors, the ultimate holding company of the Company is Shandong Hi-Speed Group Company Limited (“Shandong Hi-Speed Group”).

Shandong Hi-Speed Group was established in Jinan, Shandong Province, the PRC and is owned by the State-owned Assets Supervision and Administration Commission of the Shandong Provincial Government.

The Company’s subsidiaries are as follows:

Information about subsidiaries

Name	Place and date of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shandong Shunguang Industrial Development Co., Ltd.* (山東舜廣實業發展有限公司) ("Shunguang Industrial")	PRC/Chinese Mainland	RMB100,000,000	100	–	Outdoor advertising production and distribution, and sale of materials for construction
Qilu Expressway (Hong Kong) Company Limited (齊魯高速(香港)有限公司) ("Qilu Hong Kong")	Hong Kong	HKD10,000,000	100	–	Construction, maintenance, and operation of expressways
Shandong Gangtong Construction Company Limited* (山東港通建設有限公司) ("Shandong Gangtong")	PRC/Chinese Mainland	RMB120,000,000	100	–	Construction contracting
Qilu Expressway (Shandong) Investment Management Company Limited* (齊魯高速(山東)投資管理有限公司) ("Qilu Expressway Investment")	PRC/Chinese Mainland	RMB500,000,000	100	–	Investment activity and management consulting
Qilu Expressway (Shandong) Assembly Company Limited* (齊魯高速(山東)裝配有限公司) ("Qilu Assembly")	PRC/Chinese Mainland	RMB500,000,000	31	29	Sale of materials for construction
Qilu Expressway (Shandong) Energy Technology Company Limited** (齊魯高速(山東)能源科技有限公司) ("Qilu Energy Technology")	PRC/Chinese Mainland	RMB100,000,000	51	–	Wind power hybrid tower production, sales and related technical services
Yantai Shangao Lingxi No. 3 Investment Center (Limited Partnership)** (煙台山高靈犀三號投資中心(有限合夥)) ("Lingxi No. 3")	PRC/Chinese Mainland	RMB300,100,000	99.997	0.003	Investment and consulting

* The English names of these entities represent the best effort made by the directors of the Company in translating the Chinese names as they do not have English names, and are for reference only. These entities are all registered as domestic limited liability companies under PRC law.

Newly established in 2025.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRSs Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the listing of Securities on The Stock Exchange of Hong Kong Limited. They have been prepared under the historical cost convention. These consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

As at 31 December 2025, the Group’s current portion of interest-bearing bank and other borrowings amounted to RMB524,496,000, while its cash and cash equivalents amounted to RMB229,454,000 and its net current liabilities amounted to RMB1,770,068,000. The directors of the Company have given careful consideration to the Group’s future liquidity requirements, operating performance and available sources of financing in assessing the Group’s ability to operate as a going concern.

The directors of the Company are of the opinion that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future with the sufficient unused bank credit facilities. Accordingly, the directors believe it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2025 on a going concern basis. Therefore, the consolidated financial statements do not include any adjustments to the amounts and classifications of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (Continued)

- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.2 ISSUED AND EFFECTIVE AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

The Group has applied the following amendments to HKFRS Accounting Standard issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which are effective for the Group’s financial year beginning on 1 January 2025:

Amendments to HKAS 21	<i>Lack of Exchangeability</i>
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The application of the amendments to HKAS 21 in the current year has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in these consolidated financial statements. The Group intends to apply these new and revised HKFRS Accounting Standards, if applicable, when they become effective:

HKFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to HKFRS Accounting Standards	<i>Annual Improvements to HKFRS Accounting Standards – Volume 11¹</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>

¹ Effective for annual periods beginning on or after 1 January 2026.

² Effective for annual periods beginning on or after 1 January 2027.

³ Effective for annual period beginning on or after a date to be determined.

The directors of the Company anticipate that, except as described below, the application of other new and amendments to HKFRS Accounting Standards will have no material impact on the results and the financial position of the Group.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.3 ISSUED BUT NOT YET EFFECTIVE NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (CONTINUED)

HKFRS 18 – Presentation and Disclosure in Financial Statements

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace HKAS 1 Presentation of Financial Statements. HKFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and the consequential amendments to other HKFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of HKFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial statements. The Group will continue to assess the impact of HKFRS 18 on the consolidated financial statements of the Group.

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments include requirements on classification of financial assets with environmental, social or governance (ESG) targets and similar features; settlement of financial liabilities through electronic payment systems; and disclosures regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent feature.

The amendments are effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted, with an option to early adopt the amendments for contingent features only. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES

Investment in an associate and a joint venture

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investment, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and a joint venture are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results of the associates and joint ventures are included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

The Group measures its financial assets at fair value through profit or loss at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or paid to transfer a liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in these financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in these financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets and properties investment), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to profit or loss in the period in which it arises.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives used for this purpose are as follows as follows:

Buildings	5 to 40 years
Ancillary equipment	10 years
Machinery, expressway property and electronic equipment	3 to 20 years
Motor vehicles	4 to 8 years
Office and other equipment	3 to 13 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investment properties

Investment properties are interests in buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on the straight-line method to write off the cost of each investment property over its estimated useful life of 27 years.

A transfer should be made from property, plant and equipment to investment properties when owner-occupation ceases. A transfer should be made from investment properties to property, plant and equipment at the commencement of owner-occupation.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Service concession arrangements

Service concession arrangements represent the rights to charge users of the public service that the Group obtained under the Concession Arrangement and the Transfer Agreement. The Group has entered into the Concession Arrangement and the Transfer Agreement with local government authorities (the "Grantor") and Qilu Transportation (absorbed by Shandong Hi-Speed Group) respectively for its participation in the construction, maintenance, operation and management of various toll road infrastructure. Under the Concession Arrangement, the Group carries out the construction or upgrade work of the toll road for the Grantor. Pursuant to the Transfer Agreement, the Group is responsible for the operation, maintenance and management of the toll roads. In return, the Group receives in exchange of the right to operate the toll roads concerned and entitlement to the toll collection from users of the toll roads services (the "Service Concessions"). The Group recorded the assets under the Service Concessions, including construction cost of toll roads and relevant various infrastructure on them, as "concession intangible assets" on the consolidated statement of financial position, to the extent that it received a right to charge users of the public service. Service concession arrangements are stated at cost, that is, the fair value of the consideration paid in exchange for the construction and upgrade services less accumulated amortisation and any impairment losses.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill) (Continued)

Service concession arrangements (Continued)

During the construction phase of the arrangement, the operator's contract asset (representing its accumulating right to be paid for providing construction services) is presented as an intangible asset.

Subsequent expenditures such as repairs and maintenance are charged to profit or loss in the period in which they are incurred. In situations where the recognition criteria are satisfied, the expenditures are capitalised as an additional cost of service concession arrangements.

The amortisation of concession intangible assets is calculated based on the share of traffic volume in a particular period over the projected total traffic volume throughout the remaining periods for which the Group is granted the right to operate those concession intangible assets.

Where the carrying amount of the concession intangible assets is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The concession periods are approved by the Grantor therefore the Group does not have renewal or termination option for the concession periods granted. During the concession periods, the Group is required by the respective Concession Arrangements and Transfer Agreement to maintain the concession intangible assets in specific conditions. At the end of the concession period, the Group is required to return the concession intangible assets to the Grantor. The Group does not have rights to receive any assets at the end of the concession period.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 3 to 10 years.

Mining rights

Mining rights are amortised within economically recoverable reserves by the production method. Economically recoverable reserves are based on relevant mine standards estimated reserves estimate.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	20 to 50 years
Buildings	2 to 6 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying assets to the lessee are accounted for as finance leases.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

- | | | |
|---------|---|--|
| Stage 1 | – | Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs |
| Stage 2 | – | Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs |
| Stage 3 | – | Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs |

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and interest-bearing bank and other borrowings and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and bills payables, other payables and accruals, and borrowings)

After initial recognition, trade and bills payables, other payables and accruals, and interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Financial instruments classified as equity

Financial instruments issued by the Group are classified as equity instruments when all the following conditions have been met:

The financial instruments have no contractual obligation to pay cash or other financial assets to others, nor to exchange financial assets or liabilities with others under potential unfavourable circumstances;

The financial instruments will or may be settled in the Group's own equity instruments: if the financial instrument is non-derivative, it should not have the contractual obligation to be settled by the Group delivering a variable number of its own equity instruments; if the financial instrument is derivative, it should solely be settled by the Group delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash or other financial assets.

Financial instruments classified as equity instruments are recognised initially at fair value, net of transaction costs incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and comprises direct materials, direct labour, an appropriate proportion of overheads, purchase cost, processing cost and other cost. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(a) Provision of road operation services

Revenue from the provision of road operation services is recognised when the vehicles pass through the expressway and the Group has received the payment or has the right to receive payment.

(b) Provision of construction and upgrade services of expressways

Revenue from construction and upgrade services provided under the Concession Arrangements is measured at fair value of the consideration paid or payable. The consideration represents the rights to attain an intangible asset. The revenue is recognised over time, using an input method to measure progress towards completion satisfaction of the service. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

(c) Provision of construction contracting services

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

(d) Sale of industrial products

Revenue from the sale of industrial products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the industrial products. Some contracts for the sale of industrial products provide customers with rights of return and volume rebates, giving rise to variable consideration.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional, excluding service concession arrangements. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Defined contribution pension schemes

Each company of the Group contributes on a monthly basis to defined contribution pension schemes in the PRC based on a percentage of the relevant employee's monthly salaries. The Group's contributions to defined contributions pension schemes are charged to profit or loss as they become payable to the schemes. The Group has no legal or constructive obligations to pay further contributions even if the schemes do not hold sufficient assets to pay all employees the benefits relating to employee in the current and prior periods.

As stipulated by the laws and regulations in the PRC, the Group contributes to the state-sponsored retirement scheme for its employee in the PRC (i.e. pension insurance). The Group's employees make monthly contributions to the schemes at approximately 8% of the relevant income (comprising wages, salaries and bonuses), while the Group contributes 16% of such relevant income since May 2019, subject to certain ceiling.

In addition to the government-sponsored defined contribution pension scheme, the Group operates an additional employee pension scheme. All employees are entitled to an additional pension each year aggregating to 8% of the previous year's salaries.

Housing fund

According to the relevant rules and regulations of the Shandong Province, the Group and its employees are each required to make contributions, which are in proportion to the employees' salaries or wages of the prior year, to a housing fund. Contributions to a housing fund administered by the Public Accumulation Funds Administration Centre are charged to profit or loss as incurred.

Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

2.4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (Continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Measuring progress of construction and upgrade services provided

The Group recognises revenue from construction and upgrade services provided in accordance with HKFRS 15 Revenue from Contracts with Customers. The Group recognises construction and upgrade revenue on the basis of the costs incurred to satisfy the performance obligation relative to the total expected costs incurred to the satisfaction of that performance obligation of construction and upgrade service work, which requires estimation to be made by management. The total expected costs and the corresponding contract revenue are estimated by management.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Provision for maintenance obligations

The Group has contractual obligations under the Concession Arrangements and the Transfer Agreement to maintain the toll road infrastructure to a specified performance of serviceability during the concession periods and at the end of the concession periods. These obligations to maintain or restore the infrastructure, except for upgrade services, are to be recognised and measured as a provision.

In determining such provision, management has estimated the expected costs to maintain and resurface the infrastructure to a specified performance of serviceability by reference to the evaluation performed by internal technicians.

The internal technicians, based on their factual findings on the physical condition of the toll road infrastructure as at the reporting period end, performed their evaluation according to the relevant government or industry specifications as set out in the standards issued by the regulator, to derive the proposed maintenance activities. Management has estimated the relevant maintenance and resurfacing costs according to the proposed maintenance activities, by reference to management's maintenance plan and the Group's historical costs incurred for similar activities.

Useful lives of items of property, plant and equipment

The Group's management determines the estimated useful lives for its property, plant and equipment. The estimation is based on the historical experience of the actual useful lives.

Management will revise the depreciation charges where useful lives are different to previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Amortisation of service concession arrangements

The amortisation of service concession arrangements is based on the share of traffic volume in a particular period over the total projected traffic volume throughout the service concession period. The projection of the total traffic volume involves significant management judgement and estimates, including the expected gross domestic product (the "GDP") growth rate and the impact of other road networks within the same area.

Management engaged independent professional traffic consultants to perform an estimation of the projected total traffic volume throughout the concession periods of the respective service concession arrangements. The Group reviewed it regularly with the actual traffic volume. If the projection was considered inappropriate, independent professional traffic studies would be performed. Appropriate adjustment would be made in the case of a material change in the projected total traffic volume.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Deferred tax assets and income tax

The Group's management determines the deferred tax assets based on the enacted or substantially enacted tax rates and laws and the best knowledge of profit projections of the Group for the coming years during which the deferred tax assets are expected to be utilised. Management revisits the assumptions and profit projections at the end of the reporting period. If the final assumptions and profit were to be different from management's current estimates, the Group would account for the change prospectively.

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred income tax provisions in the year in which such determination is made.

Provision for expected credit losses on trade and bills receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade and bills receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 19 and note 20 to the financial statements, respectively.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“IBR”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

4. OPERATING SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the board of directors of the Company who makes strategic decisions. Management has determined the operating segments based on these reports. The chief operating decision-maker reviews the performance of the Group as a whole. In addition, all of the Group's operations are located in Chinese Mainland. Accordingly, the Group has only one single reportable operating segment and no discrete operating segment financial information is available, other than the entity-wide disclosures.

Geographical information

All of the Group's external revenue is derived from customers based in Chinese Mainland, and all of the non-current assets of the Group are located in Chinese Mainland. Accordingly, no further geographical information is presented.

Information about major customers

During the years ended 31 December 2025 and 2024, no revenue (excluding revenue from construction and upgrade services) derived from a single customer accounted for 10% or more of the Group's total revenue.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contract with customers	2,369,995	7,020,098
Revenue from other sources		
Rental income	4,597	1,725
Total	2,374,592	7,021,823

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2025

	Expressway business RMB'000	Construction and other business RMB'000	Total RMB'000
Timing of revenue recognition			
Services transferred at a point in time	1,716,847	514,280	2,231,127
Services transferred over time	–	138,868	138,868
Total	1,716,847	653,148	2,369,995

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

For the year ended 31 December 2024

	Expressway business <i>RMB'000</i>	Construction and other business <i>RMB'000</i>	Total <i>RMB'000</i>
Timing of revenue recognition			
Services transferred at a point in time	1,044,796	166,672	1,211,468
Services transferred over time	–	5,808,630	5,808,630
Total	1,044,796	5,975,302	7,020,098

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Construction and other business	20,475	2,780

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (Continued)

(b) *Performance obligations*

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

Expressway business

Revenue from the expressway business represents toll income and is recognised when the vehicles through the expressway and the Group receives the payment or has the right to receive payment.

Construction business

The performance obligation is satisfied over time as construction services are rendered when the Group's performance creates and enhances an asset that the customer controls where the construction and upgrade services are performed.

Sale of industrial products

Revenue from the sale of industrial products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the industrial products or when customers pick up in the agreed location.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (Continued)

(c) *Other income and gains*

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest income from financial assets at fair value through profit or loss	–	661
Interest income from financial assets measured at amortised cost	68,284	100,717
Compensation income for road damages	2,899	2,099
Government grants	375	2,580
Gain on disposal of intangible assets	11,938	–
Gain on disposal of property, plant and equipment	163	11
Others	1,808	1,397
	85,467	107,465

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2025 RMB'000	2024 RMB'000
Construction and inventories costs		472,016	5,782,018
Employee benefit expense (including directors' and chief executive's remuneration (note 8):			
Wages, salaries and allowances, social security and benefits		166,512	182,477
Defined contribution pension schemes		26,859	25,123
Other staff benefits		17,425	15,952
		210,796	223,552
Depreciation in respect of:			
– property, plant and equipment	13	231,032	49,614
Less: capitalisation		(1,606)	(1,433)
– investment properties	14	830	858
– right-of-use assets	15	12,561	6,688
Amortisation of intangible assets in respect of:			
– service concession arrangements	16	447,990	182,941
– software	16	9,296	1,597
– mining rights	16	14,240	4,835
Impairment of trade and bills receivables	19	5,264	14,359
Impairment provided of financial assets included in prepayments and other receivables	21	124	194
Impairment/(reversal) of contract assets	20	1,910	(8,530)
Impairment of property, plant and equipment	13	327	533
Impairment of intangible assets	16	–	30
Auditor's remuneration		472	1,560
Foreign exchange difference, net		1,060	4
Interest income from financial assets at fair value through profit or loss	5	–	(661)
Interest income from financial assets measured at amortised cost	5	(68,284)	(100,717)

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 <i>RMB'000</i>
Interest expenses on interest-bearing bank and other borrowings	272,020	247,506
Interest on lease liabilities (note 15(b))	3,434	3,235
Less: interest capitalised	(885)	(177,898)
Total	274,569	72,843

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 RMB'000	2024 <i>RMB'000</i>
Fees	828	840
Other emoluments:		
Salaries, allowances and benefits in kind	2,424	2,029
Performance related bonuses	4,212	4,077
Defined contribution pension schemes	701	609
Subtotal	7,337	6,715
Total	8,165	7,555

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

The names of the directors and supervisors and their remuneration during the year are as follows:

	Notes	Fees RMB'000	Wages and salaries RMB'000	Performance related bonuses RMB'000	Welfare expenses RMB'000	Total RMB'000
2025						
<i>Chairman of the board:</i>						
Mr. Yong Wei	(ii)	-	70	123	-	193
Mr. Zhenjiang Wang	(viii)	-	128	702	-	830
Subtotal		-	198	825	-	1,023
<i>Executive directors:</i>						
Mr. Hui Peng	(iii)	-	95	604	-	699
Mr. Qiang Liu	(x)	-	147	687	-	834
Mr. Peng Duan	(iv)	-	121	206	-	327
Mr. Xiulin Chen	(v)	-	139	664	-	803
Subtotal		-	502	2,161	-	2,663
<i>Non-executive directors:</i>						
Mr. Xiaodong Su	(xi)	-	-	-	-	-
Ms. Xia Kong		-	-	-	-	-
Mr. Zhongming Du		-	-	-	-	-
Mr. Gang Wang		-	-	-	-	-
Mr. Jian Kang	(xii)	-	-	-	-	-
Mr. Jinglei Shi		-	-	-	-	-
Mr. Yongjun Gao	(vi)	-	-	-	-	-
Mr. Wei Ren	(vi)	-	-	-	-	-
Mr. Hongyi Wang	(vii)	-	-	-	-	-
Subtotal		-	-	-	-	-
<i>Chairmen of the board of supervisors:</i>						
Mr. Shenan Wang	(ix)	-	-	-	-	-
Subtotal		-	-	-	-	-

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

	Notes	Performance related				Total RMB'000
		Fees RMB'000	Wages and salaries RMB'000	bonuses RMB'000	Welfare expenses RMB'000	
<i>Supervisors:</i>						
Mr. Yongfu Wu	(xiii)	-	-	-	-	-
Mr. Yin Zhang	(xiii)	-	-	-	-	-
Mr. Junjie Dong	(xiii)	-	119	398	-	517
Ms. Qinghong Hou	(xiii)	-	115	447	-	562
Mr. Dehong Hao	(xiii)	-	123	381	-	504
Mr. Qinghui Meng	(xiii)	114	-	-	-	114
Mr. Ensheng Dong	(xiii)	114	-	-	-	114
Subtotal		228	357	1,226	-	1,811
<i>Independent non-executive directors:</i>						
Mr. Lingfang Wang		120	-	-	-	120
Mr. Jiale He		120	-	-	-	120
Mr. Hongwei Liu		120	-	-	-	120
Mr. Ping Leng		120	-	-	-	120
Ms. Chen Shen		120	-	-	-	120
Subtotal		600	-	-	-	600
Total		828	1,057	4,212	-	6,097

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

The names of the directors and supervisors and their remuneration during the year are as follows:

	Notes	Fees RMB'000	Wages and salaries RMB'000	Performance related bonuses RMB'000	Welfare expenses RMB'000	Total RMB'000
2024						
<i>Chairman of the board:</i>						
Mr. Zhenjiang Wang		-	171	1,083	-	1,254
<i>Executive directors:</i>						
Mr. Hui Peng		-	171	1,083	-	1,254
Mr. Qiang Liu		-	124	831	-	955
Subtotal		-	295	1,914	-	2,209
<i>Non-executive directors:</i>						
Mr. Xiaodong Su		-	-	-	-	-
Ms. Xia Kong		-	-	-	-	-
Mr. Zhongming Du		-	-	-	-	-
Mr. Gang Wang		-	-	-	-	-
Mr. Xianghui Ma	(i)	-	-	-	-	-
Mr. Jian Kang		-	-	-	-	-
Mr. Jinglei Shi		-	-	-	-	-
Subtotal		-	-	-	-	-
<i>Chairmen of the board of supervisors:</i>						
Mr. Shenan Wang		-	-	-	-	-
Subtotal		-	-	-	-	-

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

	Notes	Fees RMB'000	Wages and salaries RMB'000	Performance related bonuses RMB'000	Welfare expenses RMB'000	Total RMB'000
<i>Supervisors:</i>						
Mr. Yongfu Wu		-	-	-	-	-
Mr. Yin Zhang		-	-	-	-	-
Mr. Junjie Dong		-	123	332	-	455
Ms. Qinghong Hou		-	117	374	-	491
Mr. Dehong Hao		-	120	374	-	494
Mr. Qinghui Meng		120	-	-	-	120
Mr. Ensheng Dong		120	-	-	-	120
Subtotal		240	360	1,080	-	1,680
<i>Independent non-executive directors:</i>						
Mr. Lingfang Wang		120	-	-	-	120
Mr. Jiale He		120	-	-	-	120
Mr. Hongwei Liu		120	-	-	-	120
Mr. Ping Leng		120	-	-	-	120
Ms. Chen Shen		120	-	-	-	120
Subtotal		600	-	-	-	600
Total		840	826	4,077	-	5,743

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

	Notes	Social security, housing fund and trade union fee contributed by staff RMB'000	Social security and housing fund contributed by the Company RMB'000	Defined contribution pension schemes RMB'000	Total RMB'000
2025					
<i>Chairman of the board:</i>					
Mr. Yong Wei	(ii)	40	30	52	122
Mr. Zhenjiang Wang	(viii)	56	110	73	239
Subtotal		96	140	125	361
<i>Executive directors:</i>					
Mr. Hui Peng	(iii)	-	-	-	-
Mr. Qiang Liu	(x)	80	112	104	296
Mr. Peng Duan	(iv)	64	93	83	240
Mr. Xiulin Chen	(v)	96	125	125	346
Subtotal		240	330	312	882
<i>Non-executive directors:</i>					
Mr. Xiaodong Su	(xi)	-	-	-	-
Ms. Xia Kong		-	-	-	-
Mr. Zhongming Du		-	-	-	-
Mr. Gang Wang		-	-	-	-
Mr. Jian Kang	(xii)	-	-	-	-
Mr. Jinglei Shi		-	-	-	-
Mr. Yongjun Gao	(vi)	-	-	-	-
Mr. Wei Ren	(vi)	-	-	-	-
Mr. Hongyi Wang	(vii)	-	-	-	-
Subtotal		-	-	-	-
<i>Chairmen of the board of supervisors:</i>					
Mr. Shenan Wang	(ix)	-	-	-	-
Subtotal		-	-	-	-

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

	Notes	Social security, housing fund and trade union fee contributed by staff RMB'000	Social security and housing fund contributed by the Company RMB'000	Defined contribution pension schemes RMB'000	Total RMB'000
<i>Supervisors:</i>					
Mr. Yongfu Wu	(xiii)	-	-	-	-
Mr. Yin Zhang	(xiii)	-	-	-	-
Mr. Junjie Dong	(xiii)	86	99	86	271
Ms. Qinghong Hou	(xiii)	87	101	89	277
Mr. Dehong Hao	(xiii)	87	101	89	277
Mr. Qinghui Meng	(xiii)	-	-	-	-
Mr. Ensheng Dong	(xiii)	-	-	-	-
Subtotal		260	301	264	825
<i>Independent non-executive directors:</i>					
Mr. Lingfang Wang		-	-	-	-
Mr. Jiale He		-	-	-	-
Mr. Hongwei Liu		-	-	-	-
Mr. Ping Leng		-	-	-	-
Ms. Chen Shen		-	-	-	-
Subtotal		-	-	-	-
Total		596	771	701	2,068

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

Notes	Social security, housing fund and trade union fee contributed by staff RMB'000	Social security and housing fund contributed by the Company RMB'000	Defined contribution pension schemes RMB'000	Total RMB'000
2024				
<i>Chairman of the board:</i>				
Mr. Zhenjiang Wang	93	137	120	350
<i>Executive directors:</i>				
Mr. Hui Peng	93	137	120	350
Mr. Qiang Liu	92	122	120	334
Subtotal	185	259	240	684
<i>Non-executive directors:</i>				
Mr. Xiaodong Su	–	–	–	–
Ms. Xia Kong	–	–	–	–
Mr. Zhongming Du	–	–	–	–
Mr. Gang Wang	–	–	–	–
Mr. Xianghui Ma	(i)	–	–	–
Mr. Jian Kang	–	–	–	–
Mr. Jinglei Shi	–	–	–	–
Subtotal	–	–	–	–
<i>Chairmen of the board of supervisors:</i>				
Mr. Shenan Wang	–	–	–	–
Subtotal	–	–	–	–

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

	Notes	Social security, housing fund and trade union fee contributed by staff RMB'000	Social security and housing fund contributed by the Company RMB'000	Defined contribution pension schemes RMB'000	Total RMB'000
<i>Supervisors:</i>					
Mr. Yongfu Wu		-	-	-	-
Mr. Yin Zhang		-	-	-	-
Mr. Junjie Dong		83	92	82	257
Ms. Qinghong Hou		83	94	83	260
Mr. Dehong Hao		83	94	84	261
Mr. Qinghui Meng		-	-	-	-
Mr. Ensheng Dong		-	-	-	-
Subtotal		249	280	249	778
<i>Independent non-executive directors:</i>					
Mr. Lingfang Wang		-	-	-	-
Mr. Jiale He		-	-	-	-
Mr. Hongwei Liu		-	-	-	-
Mr. Ping Leng		-	-	-	-
Ms. Chen Shen		-	-	-	-
Subtotal		-	-	-	-
Total		527	676	609	1,812

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (CONTINUED)

Notes:

- (i) Mr. Xianghui Ma resigned as the non-executive director on 20 December 2024.
- (ii) Mr. Yong Wei was appointed as chairman on 28 August 2025.
- (iii) Mr. Hui Peng resigned as the executive director on 26 March 2025.
- (iv) Mr. Peng Duan was appointed as executive director on 22 April 2025.
- (v) Mr. Xiulin Chen was appointed as executive director on 9 May 2025.
- (vi) Mr. Yongjun Gao and Wei Ren were appointed as non-executive directors on 22 April 2025.
- (vii) Mr. Hongyi Wang was appointed as non-executive director on 28 August 2025.
- (viii) Mr. Zhenjiang Wang resigned as chairman on 31 July 2025.
- (ix) Mr. Shenan Wang resigned as supervisor on 9 April 2025.
- (x) Mr. Qiang Liu resigned as executive director on 9 April 2025, was appointed as supervisor on 9 May 2025 and resigned as supervisor on 14 November 2025.
- (xi) Mr. Xiaodong Su resigned as non-executive director on 24 January 2025.
- (xii) Mr. Jian Kang resigned as non-executive director on 4 July 2025.
- (xiii) Mr. Yongfu Wu, Mr. Yin Zhang, Mr. Junjie Dong, Ms. Qinghong Hou, Mr. Dehong Hao, Mr. Qinghui Meng and Mr. Ensheng Dong were automatically removed as supervisor due to the dissolution of the Supervisory Committee on 12 December 2025.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2024: three directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2024: two) highest paid employees who are neither a director nor supervisor of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	1,080	675
Performance related bonuses	2,005	1,665
Defined contribution pension scheme	375	241
	3,460	2,581

The number of non-director and non-supervisor highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2025	2024
HK\$1,000,001 to HK\$1,500,000	3	2
	3	2

No emoluments were paid by the Group to any of the above non-director or non-supervisor highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

10. INCOME TAX

No Hong Kong profits tax has been provided as no assessable profits were earned in or derived from Hong Kong during the year (2024: nil).

The provision for Chinese Mainland current income tax was based on the statutory rate of 25% (2024: 25%) of the assessable profits during the year.

	2025 RMB'000	2024 RMB'000
Current tax:		
Charge for the year	98,815	100,737
Under/(over) provision in prior years	1,876	(783)
Deferred (note 27)	31,228	58,923
Total tax charge for the year	131,919	158,877

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the jurisdiction where the operations of the Group are substantially based to the tax expense at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	517,921	657,269
Tax at the statutory tax rate at 25%	129,480	164,317
Effect of different tax rate of a subsidiary	(1,017)	(2,479)
Additional deduction for research and development expenditure	–	(2,779)
Income not subject to tax	(231)	(200)
Expenses not deductible for tax	1,697	381
Tax losses not recognised	114	335
Adjustments in respect of current tax of previous years	1,876	(783)
Others	–	85
Tax charge at the Group's effective tax rate	131,919	158,877

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

11. DIVIDENDS

	2025 RMB'000	2024 RMB'000
Proposed final dividend – RMB0.120 (2024: RMB0.100) per ordinary share	240,000	200,000

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, excluding interest of perpetual bonds, and the weighted average number of ordinary shares of 2,000,000,000 (2024: 2,000,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2025 (2024: nil).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Ancillary equipment RMB'000	Machinery, expressway property and electronic equipment RMB'000	Motor vehicles RMB'000	Office and other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2025							
At 1 January 2025:							
Cost	227,635	4,616	2,217,090	24,825	20,596	40,147	2,534,909
Accumulated depreciation and impairment	(32,040)	(2,183)	(376,039)	(14,071)	(16,493)	-	(440,826)
Net carrying amount	195,595	2,433	1,841,051	10,754	4,103	40,147	2,094,083
At 1 January 2025, net of accumulated depreciation and impairment	195,595	2,433	1,841,051	10,754	4,103	40,147	2,094,083
Additions	4,296	-	20,461	3,516	1,394	214,389	244,056
Disposals	(187)	-	(57)	(61)	-	-	(305)
Depreciation provided during the year	(8,164)	(410)	(219,217)	(2,563)	(678)	-	(231,032)
Impairment	(253)	-	(28)	(45)	(1)	-	(327)
Transfers	22,259	-	4,976	-	-	(27,235)	-
At 31 December 2025, net of accumulated depreciation and impairment	213,546	2,023	1,647,186	11,601	4,818	227,301	2,106,475
At 31 December 2025:							
Cost	254,003	4,616	2,238,084	27,122	21,325	227,301	2,772,451
Accumulated depreciation and impairment	(40,457)	(2,593)	(590,898)	(15,521)	(16,507)	-	(665,976)
Net carrying amount	213,546	2,023	1,647,186	11,601	4,818	227,301	2,106,475

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings <i>RMB'000</i>	Ancillary equipment <i>RMB'000</i>	Machinery, expressway property and electronic equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Office and other equipment <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
31 December 2024							
At 1 January 2024:							
Cost	112,207	3,237	499,694	24,479	22,338	182,974	844,929
Accumulated depreciation and impairment	(25,163)	(1,773)	(375,625)	(11,700)	(16,867)	-	(431,128)
Net carrying amount	87,044	1,464	124,069	12,779	5,471	182,974	413,801
At 1 January 2024, net of accumulated depreciation and impairment							
	87,044	1,464	124,069	12,779	5,471	182,974	413,801
Additions	-	1,379	1,690,038	346	59	48,636	1,740,458
Disposals	(18)	-	(9,919)	-	(92)	-	(10,029)
Depreciation provided during the year	(7,544)	(410)	(38,128)	(2,313)	(1,219)	-	(49,614)
Impairment	-	-	(359)	(58)	(116)	-	(533)
Transfers	116,113	-	75,350	-	-	(191,463)	-
At 31 December 2024, net of accumulated depreciation and impairment							
	195,595	2,433	1,841,051	10,754	4,103	40,147	2,094,083
At 31 December 2024:							
Cost	227,635	4,616	2,217,090	24,825	20,596	40,147	2,534,909
Accumulated depreciation and impairment	(32,040)	(2,183)	(376,039)	(14,071)	(16,493)	-	(440,826)
Net carrying amount	195,595	2,433	1,841,051	10,754	4,103	40,147	2,094,083

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at 31 December 2025, the aggregate carrying value of the buildings without ownership certificates was RMB23,467,000 (2024: RMB6,436,000). In the opinion of the directors, the Group is entitled to lawfully and validly occupy and/or use the buildings for its daily operations, notwithstanding the fact that the related building ownership certificates have not yet been obtained. During the year ended 31 December 2025, an impairment loss of RMB327,000 is recognised considering that the carrying amounts of assets exceed their recoverable amounts (2024: RMB533,000).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

14. INVESTMENT PROPERTIES

	2025 RMB'000	2024 RMB'000
At 1 January:		
Cost	25,469	25,469
Accumulated depreciation and impairment	(10,042)	(9,184)
Net carrying amount	15,427	16,285
Net of accumulated depreciation and impairment	15,427	16,285
Depreciation provided during the year	(830)	(858)
At 31 December, net of accumulated depreciation and impairment	14,597	15,427
At 31 December:		
Cost	25,469	25,469
Accumulated depreciation and impairment	(10,872)	(10,042)
Net carrying amount	14,597	15,427
Fair value at the end of the year	15,345	15,883

The Group's investment properties consist of 15 (2024: 15) commercial properties in Chinese Mainland. The fair value of the Group's investment properties as at 31 December 2025 of RMB15,345,000 (2024: RMB15,883,000) was estimated based on valuations performed by an external independent valuer.

The fair value measurements of the Group's investment properties are categorised within Level 3. The valuation techniques are the market approach and the discounted cash flow method and the significant inputs used in the fair value measurement are the estimated rental value, rent growth and discount rate.

The Group has determined that the current use of properties is the highest and best use at the measurement date.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of land use rights and buildings used in its operations. Annual payments were made to acquire the leased land from the owners with lease periods of 20 to 25 years, and ongoing payments will be made under the terms of these land leases. Lump sum payments were made upfront to acquire the land use rights with lease periods of 40 to 50 years, and no ongoing payments will be made under the terms of these land use rights. Leases of buildings generally have lease terms between 2 and 6 years. The Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land <i>RMB'000</i>	Buildings <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2024	120,089	753	120,842
Additions	63,003	84	63,087
Depreciation charge	(6,037)	(651)	(6,688)
At 31 December 2024 and 1 January 2025	177,055	186	177,241
Additions	116	34,263	34,379
Depreciation charge	(6,328)	(6,233)	(12,561)
At 31 December 2025	170,843	28,216	199,059

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

15. LEASES (CONTINUED)

The Group as a lessee (Continued)

(b) *Lease liabilities*

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	66,834	70,088
New leases	34,342	84
Accretion of interest recognised during the year	3,434	3,235
Payments	(15,788)	(6,573)
Carrying amount at 31 December	88,822	66,834
Analysed into:		
Current portion	14,800	2,823
Non-current portion	74,022	64,011

The maturity analysis of lease liabilities is disclosed in note 37 to the financial statements.

(c) *The amounts recognised in profit or loss in relation to leases are as follows:*

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	3,434	3,235
Depreciation charge of right-of-use assets	12,561	6,688
Total amount recognised in profit or loss	15,995	9,923

(d) The total cash outflow for leases is disclosed in note 31(c) to the financial statements.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

15. LEASES (CONTINUED)

The Group as a lessor

The Group leases its investment properties (note 14) consisting of 15 (2024: 15) commercial properties in Chinese Mainland and advertisement billboards and telecommunication cable pipes under operating lease arrangements. The terms of the leases generally require the tenants to provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB4,597,000 (2024: RMB1,725,000), details of which are included in note 5 to the financial statements.

At 31 December 2025, undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	3,617	4,805
After one year but within two years	3,652	3,294
After two years but within three years	562	272
After three years but within four years	99	146
After four years but within five years	262	–
Total	8,192	8,517

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

16. INTANGIBLE ASSETS

	Service concession arrangements RMB'000	Software RMB'000	Mining rights RMB'000	Development expenditure RMB'000	Total RMB'000
31 December 2025					
Cost at 1 January 2025, net of accumulated amortisation	16,368,422	43,944	90,846	-	16,503,212
Additions		27,912	8,421	532	36,865
Disposal	(1,870)	-	-	-	(1,870)
Amortisation provided during the year	(447,990)	(9,296)	(14,240)	-	(471,526)
At 31 December 2025	15,918,562	62,560	85,027	532	16,066,681
At 31 December 2025:					
Cost	20,150,922	80,456	104,911	532	20,336,821
Accumulated amortisation and impairment	(4,232,360)	(17,866)	(19,884)	-	(4,270,110)
Impairment	-	(30)	-	-	(30)
Net carrying amount	15,918,562	62,560	85,027	532	16,066,681
31 December 2024					
Cost at 1 January 2024, net of accumulated amortisation	10,473,059	1,595	95,681	-	10,570,335
Additions	6,078,304	43,976	-	-	6,122,280
Amortisation provided during the year	(182,941)	(1,597)	(4,835)	-	(189,373)
Impairment during the year	-	(30)	-	-	(30)
At 31 December 2024	16,368,422	43,944	90,846	-	16,503,212
At 31 December 2024:					
Cost	20,192,915	52,544	96,490	-	20,341,949
Accumulated amortisation and impairment	(3,824,493)	(8,570)	(5,644)	-	(3,838,707)
Impairment	-	(30)	-	-	(30)
Net carrying amount	16,368,422	43,944	90,846	-	16,503,212

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

16. INTANGIBLE ASSETS (CONTINUED)

The details of the toll roads, namely Jihe Expressway, Deshang Expressway and Shennan Expressway, under the Concession Arrangement and Transfer Agreement are disclosed in note 1.

The operating rights pertaining to Deshang Expressway and Shennan Expressway of the Group were pledged to secure a bank loan being granted to the Group (note 25). As at 31 December 2025, the net carrying amount of such operating rights was approximately RMB2,660,391,000 (2024: RMB2,747,426,000).

According to the bank loan agreement, the Group is obliged to pledge the operating rights pertaining to Jihe Expressway of the Group to secure bank loans being granted to the Group after the final acceptance by the government for the completion of the reconstruction work related to Jihe Expressway.

17. INVESTMENTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Share of net assets	79,079	24,256

The Group's other receivable, trade payable and other payable balance with the associates is disclosed in note 34 to the financial statements.

Particular of the Group's associates is as follows:

Name	Particulars of capital invested RMB'000	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Jinan Xinyue New Road Material Research and Development Co., Ltd. ("Xinyue Material")	Subscribed capital of 20,000	PRC/Chinese Mainland	40	Material research and development
Shandong Hi-Speed Ludong New Energy Co., Ltd. ("Ludong New Energy")	Subscribed capital of 53,900	PRC/Chinese Mainland	49	Energy storage, photovoltaic (solar power), and wind energy development and operation

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

17. INVESTMENTS IN ASSOCIATES (CONTINUED)

The Group's shareholdings in Xinyue Material and Ludong New Energy is held through a wholly-owned subsidiary of the Company. During the year ended 31 December 2025, the Group invested in Ludong New Energy which established in the PRC with total investment amount of RMB53,900,000.

The financial year of the above associates is coterminous with that of the Group.

Xinyue Material and Ludong New Energy are strategic partners of the Group engaged in the research and development of materials used for road maintenance and construction and development of new energy respectively, and are accounted for using the equity method.

The following table illustrates the summarised financial information in respect of each of the associates adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

Xinyue Material

	2025 RMB'000	2024 RMB'000
Current assets	76,987	60,706
Non-current assets	23,256	25,828
Current liabilities	(38,247)	(26,846)
Net assets	61,996	59,688
Reconciliation to the Group's interest in Xinyue Material:		
Proportion of the Group's ownership	40%	40%
Group's share of net assets of Xinyue Material	25,179	24,256
Carrying amount of the Group's investment in Xinyue Material	25,179	24,256
	2025 RMB'000	2024 RMB'000
Revenue	44,178	43,807
Profit for the year	2,308	2,003
Total comprehensive income for the year	2,308	2,003
Share of Xinyue Material's profit for the year	923	801

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

17. INVESTMENTS IN ASSOCIATES (CONTINUED)

Ludong New Energy

	2025 RMB'000
Current assets	48,379
Non-current assets	310,907
Current liabilities	(16,552)
Non-current liabilities	(232,734)
Net assets	110,000
Reconciliation to the Group's interest in Ludong New Energy:	
Proportion of the Group's ownership	49%
Group's share of net assets of Ludong New Energy	53,900
Carrying amount of the Group's investment in Ludong New Energy	53,900

18. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	9,760	17,876
Finished goods	38,179	8,051
Less: write-down of inventories to net realisable value	-	(218)
Net carrying amount	47,939	25,709

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

19. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	597,835	572,988
Impairment	(40,115)	(35,540)
Trade receivables, net	557,720	537,448
Bills receivable	41,927	4,663
Impairment	(689)	–
Bills receivable, net	41,238	4,663
Net carrying amount	598,958	542,111

Trade receivables mainly consist of receivables from construction contracting, sale of industrial products and toll road income receivables from the Shandong Transport Department for the uncollected expressway income as at the relevant year end.

For receivables from construction contracting, the payment terms of contract work receivables are stipulated in the relevant contracts. The Group's trading terms with its customers are mainly on credit. The credit period offered by the Group is three to six months or agreed-upon terms.

Trade receivables from sale of industrial products are expected to be settled within one month (2024: within one month). Toll road income receivables from the Shandong Transport Department are expected to be settled within one month (2024: within one month).

The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables from the sale of industrial products and toll road income are non-interest-bearing, and trade receivables from construction contracts are non-interest-bearing, except for certain construction receivable due from Pingyin County Transportation Bureau.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

19. TRADE AND BILLS RECEIVABLES (CONTINUED)

An ageing analysis of the trade receivables at the end of the reporting period, based on the transaction date and net of loss allowance, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within one year	317,827	427,321
One to two years	157,496	28,371
Two to three years	11,708	5,012
Over three years	70,689	76,744
Total	557,720	537,448

The movement in the loss allowance for impairment of trade receivables are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At beginning of year	35,540	21,181
Impairment losses, (note 6)	4,575	14,359
At end of year	40,115	35,540

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days for groupings of various customer segments with similar loss patterns (i.e., by product type, and customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

19. TRADE AND BILLS RECEIVABLES (CONTINUED)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2025

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	1.57%	5.19%	9.01%	26.34%	6.71%
Gross carrying amount (RMB'000)	322,892	166,114	12,868	95,961	597,835
Expected credit losses (RMB'000)	5,065	8,618	1,160	25,272	40,115

As at 31 December 2024

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected credit loss rate	2.46%	4.16%	15.28%	22.76%	6.20%
Gross carrying amount (RMB'000)	438,111	29,602	5,916	99,359	572,988
Expected credit losses (RMB'000)	10,790	1,231	904	22,615	35,540

The Group's toll road income receivables were from Shandong Transport Department and there was no past due balance. Management keeps reviewing and assessing the creditworthiness of the Group's existing customer on an ongoing basis. No expected credit losses were provided as the directors consider that the expected credit risks of toll road income receivables are minimal.

Considering the creditworthiness of the customers and for the fact of having no past business dealing in relation with construction contracting and sale of industrial products, the Group measures expected credit losses of the construction contract receivables and sale of industrial products receivables by reference to the experiences of the same industry.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

20. CONTRACT ASSETS

	2025 RMB'000	2024 RMB'000
Contracts assets arising from:		
Construction and other business	203,340	90,553
Impairment	(3,078)	(1,168)
Net carrying amount	200,262	89,385

Contract assets arising from construction and other business are initially recognised for revenue earned from the sale of industrial products and construction services as the receipt of consideration is conditional on passing third party's on-site quality testing and construction, respectively. Included in contract assets for construction services are retention receivables. Upon passing third party's on-site quality testing and completion of construction, the amounts recognised as contract assets are reclassified to trade receivables. The increase in contract assets in 2025 was the result of increase in number of construction and other business near the end of the year.

The expected timing of recovery or settlement for contract assets as at 31 December 2025 and 2024 are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	165,569	71,983
After one year	37,771	18,570
Total contract assets	203,340	90,553

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

20. CONTRACT ASSETS (CONTINUED)

The movement in the loss allowance for impairment of contract assets are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	1,168	9,698
Impairment/(reversal) loss, net (note 6)	1,910	(8,530)
At end of year	3,078	1,168

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets arising from construction and other business excluding retentions using a provision matrix:

	2025 RMB'000	2024 RMB'000
Expected credit loss rate	5%	2%
Gross carrying amount (RMB'000)	61,861	50,243
Expected credit losses (RMB'000)	3,078	1,168

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Note	2025 RMB'000	2024 RMB'000
<i>Current portion</i>			
Prepayment to suppliers		88,391	23,439
Deposit and other receivables		31,726	29,334
Financial assets at amortised cost	(a)	218,254	683,643
Other assets		126,124	50,592
Impairment		(465)	(341)
Subtotal		464,030	786,667
<i>Non-current portion</i>			
Financial assets at amortised cost	(a)	85,461	91,431
Prepayment to suppliers and other assets		57,431	57,516
Subtotal		142,892	148,947
Total		606,922	935,614

The movement in provision for impairment of other receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	341	147
Impairment loss, net (note 6)	124	194
At end of year	465	341

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (CONTINUED)

Note:

- (a) Huamin Equity Investment Fund Management (Shenzhen) Co., Limited entered into an agreement with Qilu Expressway Investment (a wholly-owned subsidiary of the Group) on 19 May 2023, pursuant to which the Group invested RMB400,000,000 in a comprehensive development project of urban renewal of Zhili Street Area through Huamin Lucai (Weihai) Industry Investment Fund Partnership (Limited Partnership). The investment is accounted for as a debt investment with a fixed rate of return of 10% (inclusive of value-added tax) and the aggregate principal and interest of RMB405,867,000 was redeemed during the year ended 31 December 2025.

Shandong Chuangrun Industrial Co., Ltd. and Qingdao Haike Holding Co., Ltd. entered into an agreement with Qilu Expressway Investment on 10 November 2023, pursuant to which the Group invested RMB280,000,000 in the renewal unit construction project of Qingdao Oceantec Valley marine information industry through Jinan Chuangrun Investment Partnership (Limited Partnership). The investment is accounted for as a debt investment with a fixed rate of return of 9.5% (inclusive of value-added tax) and the aggregate principal and interest as at 31 December 2025 amounted to RMB147,041,000 (2024: RMB246,586,000), of which RMB147,041,000 will be recovered in 2026 (2024: RMB246,586,000 would be recovered on maturity within one year).

Huamin Equity Investment Fund Management (Shenzhen) Co., Limited entered into an agreement with Qilu Expressway Investment on 21 August 2024, pursuant to which the Group invested RMB100,000,000 in the Pingdu Water supply Pipeline project through Huamin Lucai (Weihai) Industry Investment Fund Partnership (Limited Partnership). The investment is accounted for as a debt investment with a fixed rate of return of 10% (inclusive of value-added tax) and the aggregate principal and interest as at 31 December 2025 amounted to RMB70,697,000 (2024: RMB101,190,000), of which RMB70,697,000 (2024: RMB31,190,000) will be recovered within one year.

Huamin Equity Investment Fund Management (Shenzhen) Co., Limited entered into an agreement with Qilu Expressway Investment on 21 November 2025, pursuant to which the Group invested RMB56,403,000 in the Qingyun-Zhangqiu Expressway Project through Huamin Lucai (Weihai) Industry Investment Fund Partnership (Limited Partnership). The investment is accounted for as a debt investment with a fixed rate of return of 10% (inclusive of value-added tax) and the aggregate principal and interest as at 31 December 2025 amounted to RMB64,546,000 (2024: nil), of which RMB516,000 (2024: nil) will be recovered within one year.

The expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group and are adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied as at 31 December 2025 was 0.01% (2024: 0.01%).

The credit quality of the financial assets included in financial assets at amortised cost, prepayments and other receivables is considered to be normal because they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

22. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND TERM DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	232,539	220,765
Time deposits	328,159	437,083
Subtotal	560,698	657,848
Less:		
Time deposits	328,159	437,083
Restricted cash	3,085	4,074
Cash and cash equivalents	229,454	216,691

At the end of the reporting period, cash and bank balances were denominated in RMB and HKD.

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the deposit rates of the respective periods. The bank balances are deposited with creditworthy banks with no recent history of default. The Group expects no significant credit risk associated and that there would not be any significant losses due to non-performance by these counterparties.

Restricted cash are deposits for issuing bank acceptance bills.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

23. TRADE AND BILLS PAYABLES

An ageing analysis of trade payables as at the end of the reporting period, based on the transaction date, is as follows:

	2025 RMB'000	2024 <i>RMB'000</i>
Within 1 year	577,699	3,329,396
One to two years	1,457,945	11,919
Over two years	30,565	37,812
Total	2,066,209	3,379,127

Included in the trade and bills payables are amounts totalling RMB573,003,000 (2024: RMB1,125,922,000) due to the Group's related parties, which are repayable on credit terms similar to those offered by other similar suppliers of the Group. Further details of the purchases from these related parties are set out in note 34 to the financial statements.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

24. OTHER PAYABLES AND ACCRUALS

	Note	2025 RMB'000	2024 RMB'000
Contract liabilities		365,428	341,239
Staff salaries and welfare		59,678	67,464
Deposits received	(a)	32,621	32,548
Payables for purchases of long-term assets	(a)	90,868	29,648
Other taxes and surcharge payables		26,308	26,463
Rent received in advance		4,719	5,942
Other payables and accruals	(a)	62,768	84,092
		642,390	587,396
Less: Non-current portion		15,442	17,352
Current portion		626,948	570,044

Note:

- (a) Other payables are non-interest-bearing and repayable based on credit periods which are granted by each individual supplier or contractor on a case-by-case basis and are set out in the respective contracts.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	2.25-2.28	2026	77,535	2.63-2.70	2025	59,539
Bank loans – unsecured	1.96-2.55	2026	446,961	2.27-2.91	2025	764,207
Other loans – unsecured			–	2.60	2025	17,462
Total – current			524,496			841,208
Non-current						
Bank loans – secured	2.25-2.28	2027-2034	865,195	2.63-2.70	2026-2034	864,717
Bank loans – unsecured	1.96-2.55	2027-2051	9,563,923	2.27-2.87	2026-2051	8,338,044
Other loans – unsecured			–	2.60	2026-2042	564,820
Total – non-current			10,429,118			9,767,581
Total			10,953,614			10,608,789

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

25. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	524,496	823,746
In the second year	478,150	365,937
In the third to fifth years, inclusive	798,868	668,891
Beyond fifth years	9,152,100	8,167,933
Subtotal	10,953,614	10,026,507
Other borrowings repayable:		
Within one year	-	17,462
In the second year	-	34,000
In the third to fifth years, inclusive	-	102,000
Beyond fifth years	-	428,820
Subtotal	-	582,282
	10,953,614	10,608,789

The Group's bank loan of approximately RMB942,730,000 (2024: RMB924,256,000) as at 31 December 2025 was secured by the operating rights of the Deshang Expressway and Shennan Expressway (note 16) with net carrying amount of approximately RMB2,660,391,000 (2024: RMB2,747,426,000).

Except the bank loans mentioned above, all interest-bearing bank borrowings were unsecured.

As at 31 December 2024, the Group's other loans are unsecured, bear interest at 2.60% per annum.

At the end of the reporting period, all interest-bearing bank and other borrowings were denominated in RMB.

The Jinan Branch of China Everbright Bank Co., Ltd. provides a working capital loan of RMB30,000,000, which is calculated at a fixed interest rate of 2.11%. Other borrowings of the Group are calculated at floating interest rates. The secured bank loan of RMB111,256,000 is subject to a covenant that requires the company's debt-to-asset ratio consistently not to exceed 75% at any time throughout the loan term.

The Group considers there is no indication that it will have difficulties in complying with this covenant.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

26. PROVISIONS

	2025	2024	
	RMB'000	RMB'000	
Analysed for reporting purposes as:			
Non-current liabilities	6,183	–	
Current liabilities	120,139	48,056	
	126,322	48,056	
	Maintenance and resurfacing provision	Provision for mine rehabilitation obligations	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2024	111,164	–	111,164
Additions	9,642	–	9,642
Utilisation	(72,750)	–	(72,750)
At 31 December 2024 and 1 January 2025	48,056	–	48,056
Additions	72,083	6,928	79,011
Utilisation	–	(745)	(745)
At 31 December 2025	120,139	6,183	126,322

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

27. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Provision for maintenance and resurfacing obligations	Impairment of property, plant and equipment and investment property	Replacement of intangible assets	Accrued expenses	Lease liabilities	Provision for receivables and inventories	Unrealised profit and loss	Deferred income	Depreciation and amortisation	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets at 1 January 2024	27,791	6,235	975	735	17,502	7,818	1,797	1,249	-	64,102
Deferred tax (charged)/credited to the statement of profit or loss and other comprehensive income during the year (note 10)	(15,777)	(4,303)	(975)	(735)	(1,499)	1,017	876	77	-	(21,319)
Gross deferred tax assets at 31 December 2024 and 1 January 2025	12,014	1,932	-	-	16,003	8,835	2,673	1,326	-	42,783
Deferred tax credited/(charged) to the statement of profit or loss and other comprehensive income during the year (note 10)	18,021	(580)	-	14,049	6,186	1,374	1,277	208	1,610	42,145
Gross deferred tax assets at 31 December 2025	30,035	1,352	-	14,049	22,189	10,209	3,950	1,534	1,610	84,928

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

27. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

	Intangible assets amortization differences between accounting and tax regulations <i>RMB'000</i>	Property, plant and equipment depreciation difference between accounting and tax regulations <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Fair value adjustment of financial assets at fair value through profit or loss <i>RMB'000</i>	Total <i>RMB'000</i>
Gross deferred tax liabilities at 1 January 2024	122,529	591	16,331	199	139,650
Deferred tax charged/(credited) to the statement of profit or loss and other comprehensive income during the year (note 10)	38,965	(131)	(1,031)	(199)	37,604
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	161,494	460	15,300	-	177,254
Deferred tax charged to the statement of profit or loss and other comprehensive income during the year (note 10)	66,213	70	7,090	-	73,373
Gross deferred tax liabilities at 31 December 2025	227,707	530	22,390	-	250,627

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

27. DEFERRED TAX (CONTINUED)

Deferred tax liabilities (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for reporting purposes:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	16,405	10,732
Net deferred tax liabilities recognised in the consolidated statement of financial position	182,104	145,203

The Group has tax losses arising in Hong Kong of RMB1,385,000 during 2025 (2024: RMB4,054,000) that are not expected to be utilised for offsetting against future taxable profits of the company in which the losses arose because the company still had no operation activities as at 31 December 2025. At the end of the reporting period, the Group has unused tax losses of approximately RMB8,769,000 (31 December 2024: RMB7,384,000) available for offset against future profits.

The Group has no tax losses in Chinese Mainland during 2025 (2024: Nil).

Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

There is no income tax withholding attaching to the payment of dividends by the Company to its shareholders.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

28. SHARE CAPITAL

	2025 RMB'000	2024 RMB'000
Issued and fully paid	2,000,000	2,000,000

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue (Thousands)	Share capital RMB'000
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	2,000,000	2,000,000

29. OTHER EQUITY INSTRUMENTS

On 23 March 2022, Shandong International Trust Co., Ltd. agreed to invest no more than RMB2.5 billion of the perpetual bonds to be issued by the Company. As at 31 December 2025, the Company recorded the net amount of RMB1,988,060,000 (2024: RMB1,988,066,000), with principal amount to RMB1,969,382,000 and undistributed profit allocated to holders amount of RMB18,678,000 (2024: RMB18,684,000), after eliminated with the portion indirectly subscribed by a subsidiary amounting RMB173,755,000 (2024: RMB173,755,000).

There is no maturity date for the perpetual bonds and the holders have no right to request a return of principal. Pursuant to the terms, the Company may elect to defer the distribution of interest, and is not subject to any restriction as to the number of times the distribution can be deferred. The initial interest rate of these perpetual bonds was 1.2% per annum, which will be reset once a year after six years from the issuance date.

The Company has the right to redeem the bonds if it has the unavoidable liability to pay additional taxes for the survival of bonds due to changes or amendments to laws, regulations or judicial interpretations of relevant laws and regulations. The Company has the right to redeem the bonds if the Company can no longer account the bonds as equity in its consolidated financial statements due to changes in the accounting standards of the enterprise or other laws and regulations. Except for the above two scenarios, the Company has no rights or obligations to redeem the bonds.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

30. OTHER RESERVES

Other reserves mainly represented statutory reserves. In accordance with the PRC Company Law and the articles of association of the PRC companies of the Group (the “PRC Companies”), the PRC Companies are required to allocate 10% of their profits attributable to the respective owners as set out in their statutory financial statements to the statutory reserves until such reserves reach 50% of the registered capital. The appropriation to the reserve must be accrued before any distribution of dividends to the respective owners of the PRC Companies. The statutory reserve can be used to offset previous year’s losses, if any, and part of the statutory reserve can be capitalised as the share capital of the respective PRC Companies provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the share capital of the respective PRC Companies.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

There were no major non-cash transactions in 2025 (2024: Nil).

(b) Changes in liabilities arising from financing activities

2025

	Interest-bearing bank and other borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>
At 1 January 2025	10,608,789	66,834
New leases	–	34,342
Changes from financing cash flows	73,690	(15,788)
Accretion of interest recognised	–	3,434
Interest expenses on interest-bearing bank and other borrowings (note 7)	272,020	–
Interest paid classified as investing cash flows	(885)	–
At 31 December 2025	10,953,614	88,822

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Changes in liabilities arising from financing activities (Continued)

2024

	Interest-bearing bank and other borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>
At 1 January 2024	7,102,515	70,088
New leases	–	84
Changes from financing cash flows	3,436,666	(6,573)
Accretion of interest recognised	–	3,235
Interest expenses on interest-bearing bank and other borrowings (note 7)	247,506	–
Interest paid classified as investing cash flows	(177,898)	–
At 31 December 2024	10,608,789	66,834

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within financing activities	15,788	6,573

32. CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any significant contingent liabilities.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

33. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for:		
Reconstruction and expansion project on Jihe Expressway	207,403	230,654
Construction in process of Qilu Assembly	55,703	114,177
Station equipment installation project of Qilu Energy Technology	2,678	–
	265,784	344,831

34. RELATED PARTY TRANSACTIONS

The shareholders of the Company are Shandong Hi-Speed, COSCO SHIPPING (Hong Kong) Co., Limited (中遠海運(香港)有限公司) and Guoneng Power Technology & Engineering Company Limited (國能電力技術工程有限公司), which hold approximately 38.93%, 30.00% and 6.08% of the equity interests in the Company respectively (2024: 38.93%, 30.00% and 6.08%), after the IPO of the Company's H shares. The Group is a state-owned enterprise controlled by the PRC government.

In accordance with HKAS 24 (Revised) Related Party Disclosures, government related entities (e.g. state-owned enterprises) and their subsidiaries directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are also defined as related parties of the Group. A portion of the Group's business activities is conducted with other government related entities in the PRC (primarily with respect to sales of finished products, purchases of finished products and maintenance services and transactions with state-owned banks). The Group believes that these transactions are carried out on terms that are similarly and consistently applied to all other customers or suppliers.

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled, jointly controlled or significantly influenced by the Chinese government ("state-controlled entities"). In addition, the Group itself is part of a larger group of companies under Shandong Hi-Speed Group Company Limited, ultimate holding company of the Company, which is controlled by the PRC government. Apart from the transactions with the parent company and its subsidiaries which have been disclosed in other notes to the consolidated financial statements, the Group also conducts business with other state-controlled entities during the ordinary course of its business.

The Group has certain borrowings and deposits with certain banks which are state-controlled entities in its ordinary course of business. The Group has also entered into various transactions, including other operating expenses with other state-controlled entities which individually and collectively were insignificant during the year.

The directors are of the view that the following companies are related parties that had material transactions or balances with the Group during the year.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

34. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Information about related parties

Name	Relationships with the Group
Shandong Hi-Speed Group Company Limited ("Shandong Hi-Speed Group") Shandong Hi-Speed Company Limited ("Shandong Hi-Speed")	Ultimate holding Company Controlling shareholder of the Company
Guoneng Power Technology & Engineering Company Limited ("Guoneng Power")	Shareholder of the Company
COSCO SHIPPING (Hong Kong) Co., Limited	Shareholder of the Company
Jinan Xinyue New Road Materials R&D Co., Ltd. ("Xinyue Materials")	An associate of Shandong Gangtong
Shandong Traffic Planning Design Institute Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Information Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Traffic Engineering Supervision Consulting Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Tongwei Information Engineering Co., Ltd. ("Shandong Tongwei")	Fellow subsidiary of the Ultimate holding Company
Shandong Luqiao Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Xinlian Technology Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Engineering Inspection Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Service Development Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Maintenance Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Liaocheng Transportation Development Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Jiaotong New Energy Technology Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Qilu Construction Group Decoration Engineering Co., Ltd.	Fellow subsidiary of the Ultimate holding Company

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

34. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Information about related parties (Continued)

Name	Relationships with the Group
Weihai Bank Co., Ltd	Fellow subsidiary of the Ultimate holding Company
Shandong Water General Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Dongfang Road and Bridge Construction Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Road and Bridge Construction Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Engineering Construction Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Smart City Service Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Supply Chain Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Aobang Traffic Facilities Engineering Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Environmental Protection Industry Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Transportation Construction Group Co., Ltd. Luzhong Branch	Fellow subsidiary of the Ultimate holding Company
Shandong Zhengchen Technology Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Technology Investment Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Jierui Digital Intelligence Technology Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Material Digital Technology Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Transportation Construction Materials Technology Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Basketball Club Co.,Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed (Weihai) international Trade Co.,Ltd.	Fellow subsidiary of the Ultimate holding Company

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

34. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Information about related parties (Continued)

Name	Relationships with the Group
Shandong Jiaotong Construction New Material Technology Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Zhengwei Detection Technology Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Transportation Equipment Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Jining Hongxiang Highway Survey Design And Research Institute Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Transportation Construction Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Construction Technology Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Industrial Development Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Road and Bridge Group Heze Construction Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Qingdao Property Management Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Qilu Electronic Tendering & Purchasing Service Co., Ltd. F	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Property Services Development Group Co., Ltd. F	Fellow subsidiary of the Ultimate holding Company
Shandong Taidong Highway Engineering Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Peninsula Investment Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Qilu Eurasia Railway Logistics Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Ecological Environment Group Co.,Ltd.	Fellow subsidiary of the Ultimate holding Company

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

34. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Information about related parties (Continued)

Name	Relationships with the Group
Shandong Hi-Speed Asphalt Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Zhizhen Planning Consulting Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Sulianyun Technology Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed New Energy Development Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Road & Bridge Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Provincial Road & Bridge Group Equipment Technology Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Property Management Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong High-Speed Material Technology Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Tonghui Digital Technology Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Luqiao Construction Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Transportation Construction Group Maintenance Industry Co., Ltd.	Fellow subsidiary of the Ultimate holding Company

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

34. RELATED PARTY TRANSACTIONS (CONTINUED)

- (b) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	Notes	2025 RMB'000	2024 RMB'000
Construction service income:			
Fellow subsidiary of the Ultimate holding Company	(i)	113,647	63,287
Sales of goods:			
Fellow subsidiary of the Ultimate holding Company	(i)	178,942	353,035
An associate of Shandong Gangtong		1,691	1,556
Other businesses:			
Ultimate holding Company	(i)	187	–
Fellow subsidiary of the Ultimate holding Company	(i)	333	–
Controlling shareholder of the Company		113	–
Interest income:			
Controlling shareholder of the Company		13	–
Weihai Bank		173	203
		295,099	418,081
Purchase of equipment:			
Fellow subsidiary of the Ultimate holding Company	(i)	23,494	7,851
Purchase of goods:			
Fellow subsidiary of the Ultimate holding Company	(i)	33,311	593,795
An associate of Shandong Gangtong	(i)	10,784	7,711
Employee service fees:			
Fellow subsidiary of the Ultimate holding Company		16,804	12,700

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

34. RELATED PARTY TRANSACTIONS (CONTINUED)

- (b) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year: (Continued)

	Notes	2025 RMB'000	2024 RMB'000
Interest expenses:			
Ultimate holding Company	(ii)	13,335	16,873
Rent of land and property:			
Ultimate holding Company		8,534	8,534
Maintenance services:			
Fellow subsidiary of the Ultimate holding Company		26,037	1,603
Design and technical service expenses:			
Fellow subsidiary of the Ultimate holding Company		28,193	60,826
Construction cost and supervision fees:			
Fellow subsidiary of the Ultimate holding Company		228,665	2,417,785
Other service expenses:			
Fellow subsidiary of the Ultimate holding Company		1,336	14,266
		390,493	3,141,944

Notes:

- (i) During the year, the transactions were carried out in accordance with the terms and conditions similar to those offered by/to third parties in the ordinary course of business.
- (ii) The interest rate of borrowings from ultimate holding company was 2.60% (2024: 2.60%) per annum

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

34. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Commitments with related parties

As at 31 December 2025

- (i) In the Jihe Expressway reconstruction and expansion project, the Qilu Expressway smart transportation industrial park project, and the energy technology station equipment installation project, the Group entered into purchase agreements with Shandong Luqiao Group Co., Ltd., Shandong Zhengchen Technology Co., Ltd., Shandong Water General Co., Ltd., Shandong Aobang Transportation Facilities Engineering Co., Ltd., Shandong Expressway Construction Technology Co., Ltd., and Shandong Provincial Transportation Engineering Supervision & Consulting Co., Ltd. for engineering and supervision services, and with Shandong Provincial Road & Bridge Group Equipment Technology Co., Ltd. for station equipment installation services. As of December 31, 2025, the service fees payable for the above services were approximately RMB257,545,000 and RMB2,678,000, respectively.

As at 31 December 2024

- (i) In the Jihe expressway reconstruction and expansion project and smart transportation industrial park project, the Group entered into purchase agreements with Shandong Luqiao Group Co., Ltd., Shandong Zhengchen Technology Co., Ltd., Shandong Water General Co., Ltd., and Shandong Hi-Speed Construction Technology Co., Ltd. for engineering and supervision services, Shandong Traffic Planning Design Institute Group Co., Ltd. for design services, Shandong Hi-Speed Smart City Services Co., Ltd. for labor outsourcing services. The fees payable will be approximately RMB336,171,000, RMB90,000, and RMB285,000 respectively.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

34. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Outstanding balances with related parties

	2025 RMB'000	2024 RMB'000
Deposit balance		
Weihai Bank	27,562	157,299
Prepayments, other receivables and other assets		
Fellow subsidiary of the Ultimate holding Company	6,225	3,818
An associate of Shandong Gangtong	1	6
	6,226	3,824
Trade and bills receivables		
Fellow subsidiary of the Ultimate holding Company	197,222	88,862
Controlling shareholder of the Company	–	616
An associate of Shandong Gangtong	1,025	1,502
	198,247	90,980
Contract assets		
Fellow subsidiary of the Ultimate holding Company	133,017	49,730
Trade and bills payables		
Fellow subsidiary of the Ultimate holding Company	566,578	1,112,930
An associate of Shandong Gangtong	6,425	12,992
	573,003	1,125,922

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

34. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Outstanding balances with related parties (Continued)

	2025 RMB'000	2024 RMB'000
Other payables and advance from customers		
Ultimate holding Company	2,881	20,233
Fellow subsidiary of the Ultimate holding Company	98,829	36,470
Shareholder of the Company	986	1,264
	102,697	57,967
Lease liabilities		
Ultimate holding Company	61,203	66,726
Interest-bearing borrowings		
Ultimate holding Company	18,271	582,282

Balances with the above related parties were unsecured and non-interest-bearing except for the interest-bearing borrowings from Shandong Hi-Speed Group and deposit in Weihai City Commercial Bank respectively at an interest rate of 2.60% and 0.50% (2024: 2.60% and 0.10%) per annum.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

34. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Cross-border fund centralised operation and management services

The Group entered into a service agreement with Shandong Hi-Speed Group with an effective date of 1 January 2024 for cross-border fund centralised operation and management. During the period from 1 January 2025 to 31 December 2025, the daily deposit balance of the Group in the cross-border fund centralised operation and management account of Shandong Hi-Speed Group shall not exceed RMB140 million. The actual maximum daily deposit balance was RMB90,000,000 (2024: nil) in 2025. On 31 December 2025, the balance is nil. Shandong Hi-Speed Group provides the above services without charging service fees.

(f) Compensation of key management personnel of the Group:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	5,339	5,065
Performance-related bonuses	7,891	9,197
Defined contribution pension scheme	1,417	1,431
Total compensation paid to key management personnel	14,647	15,693

Further details of directors' and supervisors' emoluments are included in note 8 to the financial statements.

The related party transactions in respect of note 34(b) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, except for the transactions with Xinyue Material, an associate of Shandong GangTong.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

2025

Financial assets

	Financial assets at amortised cost RMB'000
Trade and bills receivables	598,958
Financial assets included in prepayments and other receivables	381,976
Cash and cash equivalents, restricted cash and deposits	560,698
Total	1,541,632

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables	2,066,209
Financial liabilities included in other payables	186,257
Interest-bearing bank and other borrowings	10,953,614
Lease liabilities	88,822
Total	13,294,902

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

35. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

2024

Financial assets

	Financial assets at amortised cost <i>RMB'000</i>
Trade and bills receivables	542,111
Financial assets included in prepayments and other receivables	804,408
Cash and cash equivalents, restricted cash and deposits	657,848
Total	2,004,367

Financial liabilities

	Financial liabilities at amortised cost <i>RMB'000</i>
Trade and bills payables	3,379,127
Financial liabilities included in other payables	146,288
Interest-bearing bank and other borrowings	10,608,789
Lease liabilities	66,834
Total	14,201,038

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has determined that the carrying amounts of cash and cash equivalents, restricted cash, time deposits, trade and bills receivables, financial assets included in prepayments and other receivables, other financial assets at amortised cost, trade and bills payables and financial liabilities included in the current portion of other payables and accruals based on their notional amounts, reasonably approximate to their fair values because these financial instruments are mostly short term in nature.

The Group purchases wealth management products issued by banks in Chinese Mainland. The Group has estimated the fair value of the unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of the non-current portion of other receivables and other assets, interest-bearing bank and other borrowings and the non-current portion of other payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values approximate to their carrying amounts.

Fair value hierarchy

The Group did not have any financial assets measured at fair value as at 31 December 2025 and 2024.

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 (2024: nil).

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, financial assets at fair value through profit or loss and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit after tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	(Decrease)/ increase in profit after tax <i>RMB'000</i>	(Decrease)/ increase in equity <i>RMB'000</i>
2025			
RMB	100	(80,152)	(80,152)
RMB	(100)	80,152	80,152
2024			
RMB	100	(73,427)	(73,427)
RMB	(100)	73,427	73,427

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk

The Group principally operates in Chinese Mainland and RMB is the currency of the primary economic environment in which the Group operates. However, upon the initial listing of H shares, proceeds from the IPO are in HKD. Foreign exchange risk arises from cash and cash equivalents denominated in a currency other than the functional currency of the Group.

The Group currently does not have a foreign currency hedging policy and manages its foreign currency risk by closely monitoring the movements of the foreign currency rates.

As of 31 December 2025, if foreign currency had strengthened/weakened by 10% against RMB with all other variables held constant, the Group's post-tax profit would have been approximately RMB2,881,000 higher/lower because of the cash and cash equivalents being denominated in HKD (2024: RMB86,000).

Credit risk

The Group's credit risk mainly arises from receivables and contract assets. The carrying amounts of trade and other receivables and contract assets represented the Group's maximum exposure in relation to financial assets and contract assets.

Toll income from toll road operations is settled in cash and bank cards and is partially collected by the Shandong Transport Department on behalf of the Group. Since the toll income receivables are expected to be received within one month, the Company's management does not expect any loss from those receivables. Please refer to note 19 for details.

The Group trades only with recognised and creditworthy third parties for construction contracting. In addition, receivable balances are monitored on an ongoing basis.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Except for the receivables as mentioned above, the Group does not have any significant concentration of credit risk exposure associated with a particular single counterparty or a particular group of counterparties having similar characteristics.

The carrying amount of financial assets and contract assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade and bills receivables*	41,927	–	–	597,835	639,762
Contract assets	–	–	–	203,340	203,340
Financial assets included in prepayments and other receivables					
– Normal**	335,441	–	–	–	335,441
Cash and cash equivalents, restricted cash and deposits	560,698	–	–	–	560,698
Total	938,066	–	–	801,175	1,739,241

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2024

	12-month	Lifetime ECLs			Simplified approach	Total
	ECLs	Stage 1	Stage 2	Stage 3		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Trade and bills receivables*	4,663	–	–	572,988	577,651	
Contract assets	–	–	–	90,533	90,533	
Financial assets included in prepayments and other receivables						
– Normal**	804,749	–	–	–	804,749	
Cash and cash equivalents, restricted cash and deposits	657,848	–	–	–	657,848	
Total	1,467,260	–	–	663,541	2,130,801	

* For trade and bills receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the expected credit loss rate is disclosed in notes 19 and 20 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets credit risk has not increased significantly since initial recognition.

Further details about credit risks on trade and bills receivables, contract assets and other receivables are disclosed in notes 19, 20 and 21.

Liquidity risk

The liquidity risk of the Group is controlled by maintaining sufficient cash and cash equivalents.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash flows from operations to meet its debt obligations as they fall due.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2025				Total RMB'000
	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	
Interest-bearing bank and other borrowings	771,730	714,297	1,457,006	11,481,762	14,424,795
Trade payables	2,066,209	–	–	–	2,066,209
Other payables	170,059	2,102	6,943	7,153	186,257
Lease liabilities	18,370	16,251	19,982	60,860	115,463
Total	3,026,368	732,650	1,483,931	11,549,775	16,792,724

	2024				Total RMB'000
	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	
Interest-bearing bank and other borrowings	1,106,544	655,419	1,478,853	12,627,004	15,867,820
Trade payables	3,379,127	–	–	–	3,379,127
Other payables	122,072	2,760	8,280	13,176	146,288
Lease liabilities	6,016	5,774	17,321	66,634	95,745
Total	4,613,759	663,953	1,504,454	12,706,814	19,488,980

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The Group's objectives for managing capital are to safeguard the Group's ability to continue as a going concern to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Similar to the others in the industry, the Group monitors capital using the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

The gearing ratios as at the end of the reporting periods were as follows:

	2025 RMB'000	2024 RMB'000
Interest-bearing bank and other borrowings (note 25)	10,953,614	10,608,789
Less: cash and cash equivalents (note 22)	(229,454)	(216,691)
Net debt	10,724,160	10,392,098
Equity attributable to owners of the parent	6,242,593	6,083,759
Capital and net debt	16,966,753	16,475,857
Gearing ratio	63.21%	63.07%

38. EVENTS AFTER THE REPORTING PERIOD

No significant subsequent events have taken place after the end of reporting period.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,642,613	1,848,983
Investment properties	14,597	15,427
Intangible assets	15,985,020	16,428,084
Right-of-use assets	58,611	61,474
Investments in subsidiaries	870,423	832,521
Long-term deposits	284,918	40,000
Prepayments and other receivables	21,431	21,431
Total non-current assets	18,877,613	19,247,920
CURRENT ASSETS		
Inventories	2,835	3,226
Trade and bills receivables (Note (a))	12,310	8,593
Prepayment, other receivables and other assets	357,453	591,652
Time-deposits	43,241	397,083
Cash and cash equivalents	171,702	174,286
Total current assets	587,541	1,174,840

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (Continued)

	2025 RMB'000	2024 RMB'000
CURRENT LIABILITIES		
Trade and bills payables (Note (b))	1,486,208	3,021,837
Other payables	721,502	656,546
Interest-bearing bank and other borrowings	439,640	758,114
Lease liabilities	3,469	2,823
Provisions	120,139	48,056
Total current liabilities	2,770,958	4,487,376
NET CURRENT LIABILITIES	(2,183,417)	(3,312,536)
TOTAL ASSETS LESS CURRENT LIABILITIES	16,694,196	15,935,384
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	10,210,435	9,597,031
Other payables	15,442	17,351
Lease liabilities	61,311	64,011
Deferred income	6,084	5,257
Deferred tax liabilities	182,104	145,203
Total non-current liabilities	10,475,376	9,828,853
Net assets	6,218,820	6,106,531
EQUITY		
Equity attributable to owners of the parent		
Share capital	2,000,000	2,000,000
Other equity instruments	2,161,815	2,161,821
Other reserves	347,211	313,410
Retained earnings	1,709,794	1,631,300
Total equity	6,218,820	6,106,531

Notes:

- (a) The balance included amounts due from subsidiaries which are non-trade nature, unsecured, non-interest bearing and repayable on demand.
- (b) The balance included amounts due to subsidiaries which are non-trade nature, unsecured, non-interest bearing and repayable on demand.

Notes to the Consolidated Financial Statements (Continued)

For the year ended 31 December 2025

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Attributable to owners of the parent				Total RMB'000
	Share capital RMB'000	Other equity instruments RMB'000	Other reserves RMB'000	Retained earnings RMB'000	
At 1 January 2024	2,000,000	2,161,815	270,970	1,575,131	6,007,916
Profit for the year	-	-	-	424,397	424,397
Total comprehensive income for the year	-	-	-	424,397	424,397
Perpetual bond interest paid	-	(25,782)	-	-	(25,782)
Profit distribution to perpetual bonds	-	25,788	-	(25,788)	-
Appropriation to statutory surplus reserve	-	-	42,440	(42,440)	-
Final 2023 dividend declared	-	-	-	(300,000)	(300,000)
At 31 December 2024 and 1 January 2025	2,000,000	2,161,821	313,410	1,631,300	6,106,531
Profit for the year	-	-	-	338,012	338,012
Total comprehensive income for the year	-	-	-	338,012	338,012
Perpetual bond interest paid	-	(25,723)	-	-	(25,723)
Profit distribution to perpetual bonds	-	25,717	-	(25,717)	-
Appropriation to statutory surplus reserve	-	-	33,801	(33,801)	-
Final 2024 dividend declared	-	-	-	(200,000)	(200,000)
At 31 December 2025	2,000,000	2,161,815	347,211	1,709,794	6,218,820

40. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board on 31 March 2026.