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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)

**2024 ANNUAL RESULTS ANNOUNCEMENT
AND
PROPOSED DISTRIBUTION OF 2024 FINAL DIVIDEND**

HIGHLIGHTS

- Revenue increased by approximately 25.19% to approximately RMB7,021,823 thousand.
- Profit and total comprehensive income for the year attributable to owners of the parent decreased by approximately 7.74% to approximately RMB484,586 thousand.
- Earnings per Share was approximately RMB0.23.
- Recommendation of payment of the 2024 Final Dividend of RMB0.1 (tax inclusive) per Share.

2024 ANNUAL RESULTS

The Board is pleased to announce the consolidated results of the Group for the year ended 31 December 2024, prepared in accordance with the HKFRS, together with comparative figures for the preceding financial year:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	3	7,021,823	5,608,829
Cost of sales		<u>(6,281,233)</u>	<u>(4,796,845)</u>
Gross profit		740,590	811,984
Other income and gains	3	107,465	71,454
Selling and distribution expenses		(2,455)	(2,006)
Administrative expenses		(109,692)	(106,667)
Impairment losses on financial and contract assets		(6,023)	(12,823)
Other expenses		(574)	(19,241)
Finance costs	5	(72,843)	(68,284)
Share of profits and losses:			
Joint ventures		–	37,366
An associate		801	1,808
PROFIT BEFORE TAX	4	657,269	713,591
Income tax expenses	6	<u>(158,877)</u>	<u>(179,688)</u>
PROFIT FOR THE YEAR		<u>498,392</u>	<u>533,903</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>498,392</u>	<u>533,903</u>
Attributable to:			
Owners of the parent		484,586	525,260
Non-controlling interests		<u>13,806</u>	<u>8,643</u>
		<u>498,392</u>	<u>533,903</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic			
– For profit for the year	8	<u>RMB0.23</u>	<u>RMB0.25</u>
Diluted			
– For profit for the year	8	<u>RMB0.23</u>	<u>RMB0.25</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*31 December 2024*

		31 December 2024	31 December 2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		2,094,083	413,801
Investment properties		15,427	16,285
Right-of-use assets	<i>9(a)</i>	177,241	120,842
Intangible assets		16,503,212	10,570,335
Investment in an associate	<i>10</i>	24,256	23,455
Deferred tax assets	<i>11</i>	10,732	8,752
Long-term deposits		40,000	465,511
Prepayments, other receivables and other assets	<i>12</i>	148,947	982,822
		<hr/>	<hr/>
Total non-current assets		19,013,898	12,601,803
		<hr/>	<hr/>
CURRENT ASSETS			
Inventories		25,709	43,748
Trade and bills receivables	<i>13</i>	542,111	491,916
Contract assets	<i>14</i>	89,385	281,309
Prepayments, other receivables and other assets	<i>12</i>	786,667	486,199
Time deposits		397,083	–
Financial assets at fair value through profit or loss	<i>15</i>	–	200,796
Restricted cash		4,074	2,304
Cash and cash equivalents		216,691	398,957
		<hr/>	<hr/>
Total current assets		2,061,720	1,905,229
		<hr/>	<hr/>
CURRENT LIABILITIES			
Trade and bills payables	<i>16</i>	3,379,127	787,073
Other payables and accruals	<i>17</i>	570,044	252,706
Interest-bearing bank and other borrowings		841,208	545,690
Lease liabilities	<i>9(b)</i>	2,823	2,903
Tax payable		10,276	23,001
Provisions		48,056	111,164
		<hr/>	<hr/>
Total current liabilities		4,851,534	1,722,537
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2024

		31 December 2024	31 December 2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NET CURRENT (LIABILITIES)/ASSETS		<u>(2,789,814)</u>	<u>182,692</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>16,224,084</u>	<u>12,784,495</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		9,767,581	6,556,825
Lease liabilities	<i>9(b)</i>	64,011	67,185
Other payables	<i>17</i>	17,352	19,172
Deferred tax liabilities	<i>11</i>	145,203	84,300
Deferred income		<u>5,311</u>	<u>4,997</u>
Total non-current liabilities		<u>9,999,458</u>	<u>6,732,479</u>
Net assets		<u>6,224,626</u>	<u>6,052,016</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		2,000,000	2,000,000
Other equity instruments		1,988,066	1,988,060
Other reserves		334,160	281,120
Retained earnings		<u>1,761,533</u>	<u>1,655,775</u>
		6,083,759	5,924,955
Non-controlling interests		<u>140,867</u>	<u>127,061</u>
Total equity		<u>6,224,626</u>	<u>6,052,016</u>

NOTES TO FINANCIAL INFORMATION

Year ended 31 December 2024

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for wealth management products and equity investments which have been measured at fair value. These 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 2024, the Group’s current portion of interest-bearing bank and other borrowings amounted to RMB841,208,000, while its cash and cash equivalents amounted to RMB216,691,000 and its net current liabilities amounted to RMB2,789,814,000. 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 Group 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 2024 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 2024. 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;
- (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.

1.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (Continued)

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.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to HKFRS 9 and HKAS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity and HKFRS 7 (Effective for annual periods beginning on or after 1 January 2026)</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ²

- 1 Effective for annual periods beginning on or after 1 January 2025
- 2 Effective for annual periods beginning on or after 1 January 2026
- 3 Effective for annual/reporting periods beginning on or after 1 January 2027
- 4 No mandatory effective date yet determined but available for adoption

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Company are as follows:

- *HKFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Company's financial statements.
- *HKFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *HKAS 7 Statement of Cash Flows*: The amendments replace the term “cost method” with “at cost” in paragraph 37 of HKAS 7 following the prior deletion of the definition of “cost method”. Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2. 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 Mainland China. 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 Mainland China, and all of the non-current assets of the Group are located in Mainland China. Accordingly, no further geographical information is presented.

Information about major customers

During the years ended 31 December 2024 and 2023, 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.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 RMB'000	2023 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	7,020,098	5,606,528
<i>Revenue from other sources</i>		
Rental income	<u>1,725</u>	<u>2,301</u>
Total	<u>7,021,823</u>	<u>5,608,829</u>

3. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2024

	Expressway business RMB'000	Construction and others business RMB'000	Total RMB'000
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
	<u>1,044,796</u>	<u>5,975,302</u>	<u>7,020,098</u>
Total	<u>1,044,796</u>	<u>5,975,302</u>	<u>7,020,098</u>

For the year ended 31 December 2023

	Expressway business RMB'000	Construction and others business RMB'000	Total RMB'000
Timing of revenue recognition			
Services transferred at a point in time	1,144,716	2,826	1,147,542
Services transferred over time	–	4,458,986	4,458,986
	<u>1,144,716</u>	<u>4,461,812</u>	<u>5,606,528</u>
Total	<u>1,144,716</u>	<u>4,461,812</u>	<u>5,606,528</u>

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:

	2024 RMB'000	2023 RMB'000
Construction and other business	<u>2,780</u>	<u>137,967</u>

3. 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.

(c) *Other income and gains*

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest income from financial assets at fair value through profit or loss	661	12,727
Interest income from financial assets measured at amortised cost	100,717	51,229
Changes in fair value from financial assets at fair value through profit or loss	–	796
Compensation income for road damages	2,099	2,894
Government grants	2,580	–
Others	1,408	3,808
	<hr/>	<hr/>
Total other income and gains	107,465	71,454

4. PROFIT BEFORE TAX

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

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
Construction and inventories costs		5,782,018	4,353,371
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages, salaries and allowances, social security and benefits		182,477	160,618
Defined contribution pension schemes		25,123	23,011
Other staff benefits		15,952	12,836
		223,552	196,465
Depreciation in respect of:			
– property, plant and equipment		49,614	56,200
Less: capitalisation		(1,433)	(931)
– investment properties		858	943
– right-of-use assets		6,688	4,958
Amortisation of intangible assets in respect of:			
– service concession arrangements		182,941	220,923
– software		1,597	1,032
– mining rights		4,835	809
Gain on disposal of items of property, plant and equipment		(11)	(309)
Impairment of trade receivables	<i>13</i>	14,359	6,253
Impairment provided/(reversed) of financial assets included in prepayments and other receivables		194	(83)
(Reversal)/impairment of contract assets	<i>14</i>	(8,530)	6,653
Impairment of investment properties		–	3,062
Impairment of property, plant and equipment		533	12,633
Impairment of intangible assets		30	–
Impairment of inventories to net realisable value		–	446
Auditor's remuneration		1,560	1,560
Foreign exchange differences, net		4	2,529
Interest income from financial assets at fair value through profit or loss	<i>3</i>	(661)	(12,727)
Fair value gains from financial assets at fair value through profit or loss	<i>3</i>	–	(796)
Interest income from financial assets measured at amortised cost	<i>3</i>	(100,717)	(51,229)

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest expenses on interest-bearing bank and other borrowings	247,506	143,686
Interest on lease liabilities (note 9(b))	3,235	3,395
Less: Interest capitalised	(177,898)	(78,797)
Total	72,843	68,284

6. 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 (2023: nil).

The provision for Mainland China current income tax was based on the statutory rate of 25% (2023: 25%) of the assessable profits during the year.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current – Mainland China		
Charge for the year	100,737	155,869
(Over)/under provision in prior years	(783)	1,655
Deferred (note 11)	58,923	22,164
Total tax charge for the year	158,877	179,688

6. INCOME TAX (CONTINUED)

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 on the tax expense at the effective tax rate is as follows:

	2024 RMB'000	2023 <i>RMB'000</i>
Profit before tax	<u>657,269</u>	<u>713,591</u>
Tax at the statutory tax rate at 25%	164,317	178,398
Effect of different tax rate of a subsidiary	(2,479)	547
Additional deduction for research and development expenditure	(2,779)	(537)
Income not subject to tax	(200)	(452)
Expenses not deductible for tax	381	353
Tax losses not recognised	335	256
Tax losses utilised from previous periods	–	(646)
Adjustments in respect of current tax of previous years	(783)	1,655
Others	<u>85</u>	<u>114</u>
Tax charge at the Group's effective tax rate	<u>158,877</u>	<u>179,688</u>

7. DIVIDENDS

	2024 RMB'000	2023 <i>RMB'000</i>
Proposed final dividend – RMB0.100 (2023: RMB0.150) per ordinary share	<u>200,000</u>	<u>300,000</u>

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

8. 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 (2023: 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 2024 (2023: nil).

9. 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 RMB'000	Buildings RMB'000	Total RMB'000
As at 31 December 2022 and 1 January 2023	93,459	1,462	94,921
Additions	30,879	–	30,879
Depreciation charge	(4,249)	(709)	(4,958)
	<u>120,089</u>	<u>753</u>	<u>120,842</u>
As at 31 December 2023 and 1 January 2024	120,089	753	120,842
Additions	63,003	84	63,087
Depreciation charge	(6,037)	(651)	(6,688)
	<u>177,055</u>	<u>186</u>	<u>177,241</u>
As at 31 December 2024	177,055	186	177,241

9. 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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Carrying amount at 1 January	70,088	73,441
New lease	84	–
Accretion of interest recognised during the year	3,235	3,395
Payments	<u>(6,573)</u>	<u>(6,748)</u>
Carrying amount at 31 December	<u>66,834</u>	<u>70,088</u>
Analysed into:		
Current portion	2,823	2,903
Non-current portion	<u>64,011</u>	<u>67,185</u>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on lease liabilities	3,235	3,395
Depreciation charge of right-of-use assets	<u>6,688</u>	<u>4,958</u>
Total amount recognised in profit or loss	<u>9,923</u>	<u>8,353</u>

9. LEASES (CONTINUED)

The Group as a lessor

The Group leases its investment properties consisting of 15 (2023: 15) commercial properties in Mainland China 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 RMB1,725,000 (2023: RMB2,301,000), details of which are included in note 3 to the financial statements.

At 31 December 2024, undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024 RMB'000	2023 <i>RMB'000</i>
Within one year	4,805	322
After one year but within two years	3,294	389
After two years but within three years	272	147
After three years but within four years	146	147
After four years but within five years	–	74
	<hr/>	<hr/>
Total	8,517	1,079
	<hr/> <hr/>	<hr/> <hr/>

10. INVESTMENT IN AN ASSOCIATE

	2024 RMB'000	2023 <i>RMB'000</i>
Share of net assets	24,256	23,455
	<hr/> <hr/>	<hr/> <hr/>

10. INVESTMENT IN AN ASSOCIATE (CONTINUED)

The Group's associate is as follows:

Name	Particulars of capital invested <i>RMB'000</i>	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.	Subscribed capital of 20,000	PRC/ Mainland China	40	Material research and development

The Group's shareholdings in Jinan Xinyue New Road Material Research and Development Co., Ltd. ("Xinyue Material") is held through a wholly-owned subsidiary of the Company.

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

Xinyue Material is a strategic partner of the Group engaged in the research and development of materials used for road maintenance and construction and is accounted for using the equity method.

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current assets	60,706	52,379
Non-current assets	25,828	25,170
Current liabilities	<u>(26,846)</u>	<u>(19,293)</u>
Net assets	<u>59,688</u>	<u>58,256</u>
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	40%	40%
Group's share of net assets of the associate	24,256	23,455
Carrying amount of the investment	<u>24,256</u>	<u>23,455</u>

10. INVESTMENT IN AN ASSOCIATE (CONTINUED)

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue	43,807	44,555
Profit for the year	2,003	4,519
Total comprehensive income for the year	<u>2,003</u>	<u>4,519</u>
Share of the associate's profit for the year	<u><u>801</u></u>	<u><u>1,808</u></u>

11. 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 <i>RMB'000</i>	Impairment of property, plant and equipment and investment property <i>RMB'000</i>	Replacement of intangible assets <i>RMB'000</i>	Accrued expenses <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Impairment of receivables and inventories <i>RMB'000</i>	Unrealized profit and loss <i>RMB'000</i>	Deferred income <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	30,748	2,311	2,816	8	18,360	4,484	299	606	59,632
Deferred tax credited/(charged) to the statement of profit or loss and other comprehensive income during the year (note 6)	<u>(2,957)</u>	<u>3,924</u>	<u>(1,841)</u>	<u>727</u>	<u>(858)</u>	<u>3,334</u>	<u>1,498</u>	<u>643</u>	<u>4,470</u>
Gross deferred tax assets at 31 December 2023 and 1 January 2024	27,791	6,235	975	735	17,502	7,818	1,797	1,249	64,102
Deferred tax credited/(charged) to the statement of profit or loss and other comprehensive income during the year (note 6)	<u>(15,777)</u>	<u>(4,303)</u>	<u>(975)</u>	<u>(735)</u>	<u>(1,499)</u>	<u>1,017</u>	<u>876</u>	<u>77</u>	<u>(21,319)</u>
Gross deferred tax assets at 31 December 2024	<u><u>12,014</u></u>	<u><u>1,932</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>16,003</u></u>	<u><u>8,835</u></u>	<u><u>2,673</u></u>	<u><u>1,326</u></u>	<u><u>42,783</u></u>

11. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

	Intangible assets amortisation 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>	Unrealised investment gains <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2023	93,451	437	17,481	1,218	429	113,016
Deferred tax charged/(credited) to the statement of profit or loss and other comprehensive income during the year (note 6)	29,078	154	(1,150)	(1,019)	(429)	26,634
Gross deferred tax liabilities at 31 December 2023 and 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 6)	38,965	(131)	(1,031)	(199)	-	37,604
Gross deferred tax liabilities at 31 December 2024	<u>161,494</u>	<u>460</u>	<u>15,300</u>	<u>-</u>	<u>-</u>	<u>177,254</u>

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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Net deferred tax assets recognised in the consolidated statement of financial position	10,732	8,752
Net deferred tax liabilities recognised in the consolidated statement of financial position	<u>145,203</u>	<u>84,300</u>

The Group has tax losses arising in Hong Kong of RMB4,054,000 during 2024 (2023: RMB3,097,000) 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 2024.

The Group has no tax losses in Mainland China during 2024 (2023: 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.

12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
<i>Current portion</i>			
Prepayment to suppliers		23,439	30,544
Deposits and other receivables		29,334	289,634
Financial assets at amortised cost	<i>(a)</i>	683,643	147,216
Other assets		50,592	18,952
		<hr/>	<hr/>
Impairment		(341)	(147)
		<hr/>	<hr/>
Subtotal		786,667	486,199
		<hr/> <hr/>	<hr/> <hr/>
<i>Non-current portion</i>			
Financial assets at amortised cost	<i>(a)</i>	91,431	540,000
Prepayment to suppliers and other assets		57,516	442,822
		<hr/>	<hr/>
Subtotal		148,947	982,822
		<hr/>	<hr/>
Total		935,614	1,469,021
		<hr/> <hr/>	<hr/> <hr/>

The movements in provision/(reversal) for impairment of other receivables are as follows:

	2024 RMB'000	2023 <i>RMB'000</i>
At beginning of year	147	230
Impairment/(reversal) loss, net (note 4)	194	(83)
	<hr/>	<hr/>
At end of year	341	147
	<hr/> <hr/>	<hr/> <hr/>

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

- (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 as at 31 December 2024 amounted to RMB405,867,000, of which RMB405,867,000 will be recovered on maturity within one year.

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 2024 amounted to RMB246,586,000, of which RMB246,586,000 will 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 2024 amounted to RMB101,190,000, of which RMB31,190,000 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 2024 was 0.01% (2023: 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.

13. TRADE AND BILLS RECEIVABLES

Trade and bills receivables are analysed by category as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	572,988	484,305
Impairment	<u>(35,540)</u>	<u>(21,181)</u>
Trade receivables, net	537,448	463,124
Bills receivable	<u>4,663</u>	<u>28,792</u>
Net carrying amount	<u>542,111</u>	<u>491,916</u>

13. TRADE AND BILLS RECEIVABLES (CONTINUED)

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 (2023: within one month).

Toll road income receivables from the Shandong Transport Department are expected to be settled within one month (2023: 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.

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within one year	427,321	360,118
One to two years	28,371	6,855
Two to three years	5,012	74,362
Over three years	<u>76,744</u>	<u>21,789</u>
Total	<u>537,448</u>	<u>463,124</u>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At beginning of year	21,181	14,928
Impairment losses, net (note 4)	<u>14,359</u>	<u>6,253</u>
At end of year	<u>35,540</u>	<u>21,181</u>

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 customers 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.

13. TRADE AND BILLS RECEIVABLES (CONTINUED)

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.

14. CONTRACT ASSETS

	2024 RMB'000	2023 <i>RMB'000</i>
Contract assets arising from:		
Construction and other business	90,553	291,007
Impairment	(1,168)	(9,698)
	<hr/>	<hr/>
Net carrying amount	89,385	281,309
	<hr/> <hr/>	<hr/> <hr/>

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 decrease in contract assets in 2024 was the result of the settlement of construction business.

The expected timing of recovery or settlement for contract assets as at 31 December 2024 and 2023 are as follows:

	2024 RMB'000	2023 <i>RMB'000</i>
Within one year	71,983	222,838
After one year	18,570	68,169
	<hr/>	<hr/>
Total contract assets	90,553	291,007
	<hr/> <hr/>	<hr/> <hr/>

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

	2024 RMB'000	2023 <i>RMB'000</i>
At beginning of year	9,698	3,045
(Reversal)/impairment loss (note 4)	(8,530)	6,653
	<hr/>	<hr/>
At end of year	1,168	9,698
	<hr/> <hr/>	<hr/> <hr/>

14. CONTRACT ASSETS (CONTINUED)

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:

	2024	2023
Expected credit loss rate	2%	3%
Gross carrying amount (RMB'000)	50,243	272,781
Expected credit losses (RMB'000)	<u>1,168</u>	<u>9,698</u>

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Structured bank deposits	<u>–</u>	<u>200,796</u>

The structured bank deposits were provided by banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

16. 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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within one year	3,329,396	708,388
One to two years	11,919	27,838
Over two years	<u>37,812</u>	<u>50,847</u>
Total	<u>3,379,127</u>	<u>787,073</u>

Included in the trade and bills payables are amounts totalling RMB1,125,922,000 (2023: RMB265,035,000) due to the Group's related parties, which are repayable on credit terms similar to those offered by other similar suppliers of the Group.

17. OTHER PAYABLES

	<i>Notes</i>	2024 RMB'000	2023 <i>RMB'000</i>
Contract liabilities		341,239	2,780
Staff salaries and welfare		67,464	53,019
Deposits received	<i>(a)</i>	32,548	30,570
Payables for purchases of long-term assets	<i>(a)</i>	29,648	67,477
Other taxes and surcharge payables		26,463	13,034
Rent received in advance		5,942	6,453
Other payables and accruals	<i>(a)</i>	84,092	98,545
		587,396	271,878
Less: Non-current portion		17,352	19,172
Current portion		570,044	252,706

Notes:

- (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.

18. EVENTS AFTER THE REPORTING PERIOD

No significant subsequent events have taken place after the end of reporting period.

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 and the Deshang and Shennan Expressways); 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. 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.

In addition, the Company actively carried out the R&E Project of the Jihe Expressway during the Reporting Period and the relevant work was progressing in an orderly manner. The Group recognised income from construction business through the R&E Project. For details, please refer to the sub-section headed "Business Review – Construction Business and Sale of Industrial Products" under this section.

Revenue

During the Reporting Period, the Group recorded a revenue of approximately RMB7,021,823,000, representing an increase of approximately 25.19% as compared with that of approximately RMB5,608,829,000 of last year. The increase in revenue was mainly due to the accelerated progress of the R&E Project, resulting in a 33.89% increase in revenue from related construction business and sales of construction-related industrial products compared to last year. Of which, the Group recognised revenue in the amount of RMB5,743,465,000 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 RMB1,044,796,000, representing a decrease of approximately 8.73% as compared with that of approximately RMB1,144,716,000 of last year. During the Reporting Period, the Group recorded toll income from the Jihe Expressway of approximately RMB510,135,000, representing a decrease of approximately 11.63% as compared with that of approximately RMB577,261,000 of last year. The toll income from the Deshang and Shennan Expressways was approximately RMB534,661,000, representing a decrease of approximately 5.78% as compared with that of approximately RMB567,455,000 of last year.

Traffic volume on the Jihe Expressway during the Reporting Period decreased by approximately 4.62% from approximately 39,000 vehicles per day of last year to approximately 37,200 vehicles per day during the Reporting Period. Traffic volume on the Deshang Expressway (Liaocheng – Fan County section) decreased by approximately 5.98% from approximately 58,500 vehicles per day of last year to approximately 55,000 vehicles per day during the Reporting Period. Traffic volume on the Shennan Expressway decreased by 8.33% from approximately 12,000 vehicles per day of last year to approximately 11,000 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 closed for reconstruction and expansion starting from 16 February 2023; however, in January 2023 and the first half of February 2023, the expressway remained open for normal traffic, which led to a year-on-year decrease in traffic volume on the Jihe Expressway; meanwhile, the Deshang and Shennan Expressways experienced a certain degree of decrease in traffic volume due to the diversion of trucks caused by national and provincial highways. 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 and Shandong Gangtong Construction.

During the Reporting Period, the Group recognised revenue from the construction business and sales of industrial products related to construction of approximately RMB5,975,302,000, representing an increase of approximately 33.92% as compared with that of approximately RMB4,461,812,000 of last year, which was mainly attributable to the accelerated progress of the construction of the R&E Project leading to the increase in related construction revenue and the increase in revenue from the commencement of operation of Shandong Shunguang Industrial and Qilu Expressway Assembly. 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 RMB1,725,000, representing a decrease of approximately 25.03% from that of RMB2,301,000 of last year. The decrease was mainly attributable to the significant decrease in rental income as a result of the removal and replacement of advertisement billboards along both sides of the road following the construction 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 RMB513,000 (representing a decrease of approximately 62.06% from that of approximately RMB1,352,000 of last year), and the rental income from the leasing of the communication signal transmission pipelines along the expressways and investment properties of approximately RMB1,212,000 (representing an increase of approximately 27.71% from that of RMB949,000 of last year).

Cost of Sales and Gross Profit

During the Reporting Period, the cost of sales and gross profit of the Group were approximately RMB6,281,233,000 and RMB740,590,000 respectively, as compared to those of approximately RMB4,796,845,000 and RMB811,984,000 of last year, representing an increase of approximately 30.95% and a decrease of approximately 8.79%, respectively. Gross profit margin of the Group was approximately 10.55% for the Reporting Period, representing a year-on-year decrease of approximately 3.93 percentage points as compared with that of approximately 14.48% of last year. Cost of sales of the Group during the Reporting Period were 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. During the Reporting Period, the relatively large increase in the cost of sales as compared to that of last year was mainly due to the significant increase in costs associated with the construction of the R&E Project and the sale of industrial products. Whereas, the Group's revenue from the construction of the R&E Project and the sale of industrial products recorded an increase from that of the previous year, it had led to a relatively significant increase in the cost of sales, thereby leading to a decrease in terms of both the Group's gross profit and gross profit margin for the Reporting Period when compared to those of the previous year.

Other Income and Gains

During the Reporting Period, the Group recorded other income and gains of approximately RMB107,465,000, which mainly comprised gains on investment, bank interest income and income from road damage compensation. The year-on-year increase of approximately 50.40% in other income and gains from approximately RMB71,454,000 of last year was mainly attributable to the increase in our investment income as a result of the Company's active market development.

Administrative Expenses

During the Reporting Period, administrative expenses from the Group's operations were approximately RMB109,692,000, representing an increase of approximately 2.84% as compared to that of approximately RMB106,667,000 of last year. Such increase was mainly attributable to the increase 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 RMB6,023,000, representing a decrease of approximately 53.03% from RMB12,823,000 of last year, mainly attributable to the fulfillment of contractual obligations as well as the recovery of debts.

Other Expenses

During the Reporting Period, the other expenses of the Group were approximately RMB574,000, representing a decrease of approximately 97.02% as compared to approximately RMB19,241,000 which was mainly due to substantial asset impairment charges recognized in 2023.

Finance Costs

During the Reporting Period, the finance costs of the Group were approximately RMB72,843,000, representing an increase of approximately 6.68% as compared to approximately RMB68,284,000 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 were approximately RMB801,000 (last year: approximately RMB39,174,000), 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 RMB484,586,000, representing a decrease of approximately 7.74% as compared to that of approximately RMB525,260,000 for last year. The decrease in profit during the Reporting Period was primarily attributable to a relatively large decrease in toll income as a result of the half-width closure for construction in respect of the R&E Project of the Jihe Expressway.

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 2024, the Group had total loans of approximately RMB10,608,789,000 (as at 31 December 2023: approximately RMB7,102,515,000), interest of which were accrued based on floating rates and were denominated in RMB, and total cash and cash equivalents (including bank deposits and cash) of approximately RMB216,691,000 (as at 31 December 2023: approximately RMB398,957,000).

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 2024, the Group's gearing ratio, as calculated by dividing net debt⁽¹⁾ by total capital⁽²⁾, was approximately 63.07% (as at 31 December 2023: 53.08%).

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 2024, 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 2024, 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 RMB2,012,953,000 and RMB734,473,000, respectively. Save as mentioned above, as at 31 December 2024, the Group had no material pledge of assets or contingent liabilities.

Employees, Remuneration Policy and Pension Plans

As at 31 December 2024, the Group had a total of 672 (as at 31 December 2023: 696) employees in the PRC, including management staff, engineers and technicians, etc.. During the Reporting Period, the Group's total staff remuneration expenses were approximately RMB230,855,000 (approximately RMB203,667,000 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 2024, 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.

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 RMB7,021,823,000, representing a year-on-year increase of approximately 25.19%. The Expressway Business remained as the Group's principal business, from which revenue from the Expressway Business was approximately RMB1,044,796,000, representing a year-on-year decrease of approximately 8.73%. The revenue from the construction and other business was approximately RMB5,975,302,000, representing a year-on-year increase of approximately 33.92%. During the Reporting Period, the Group recorded profit before tax of approximately RMB657,269,000, representing a year-on-year decrease of approximately 7.89%. Profit for the year was approximately RMB498,392,000 (last year: approximately RMB533,903,000), generating earnings per share of approximately RMB0.23 (last year: approximately RMB0.25).

Expressway Business

In 2024, 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 more prolonged impact of factors such as the implementation of half-width closure for construction of the Jihe Expressway R&E Project in 2024 than in 2023, there was a decrease in the traffic volume of the Jihe Expressway during the Reporting Period as compared with the previous year. The Jihe Expressway, the Deshang Expressway (Liaocheng – Fan County section) and the Shennan Expressway recorded daily traffic volume of approximately 37,200, 55,000 and 11,000 vehicle trips, respectively, during the Reporting Period. The Group recorded a toll income of RMB510,135,000 from the Jihe Expressway during the Reporting Period, representing a decrease of approximately 11.63% from that of RMB577,261,000 of last year. The Deshang and Shennan Expressways recorded a toll income of approximately RMB534,661,000 during the Reporting Period, representing a decrease of approximately 5.78% from that of approximately RMB567,455,000 of last year.

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 ('000)	Total volume of truck and special motor vehicle traffic throughout the year ('000)	Total traffic volume throughout the year ('000)	Daily average traffic volume⁽²⁾
The Jihe Expressway	10,498.53	3,128.8	13,627.33	37,233
The Deshang Expressway (Liaocheng – Fan County section)	12,565.38	7,563.42	20,128.8	54,997
The Shennan Expressway	2,574.12	1,454.08	4,028.2	11,006

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.

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. During the reconstruction and expansion of the Jihe Expressway, some lanes and toll booths were closed, reducing the road capacity and forcing vehicles to choose other routes, resulting in an impact on the toll income of this road section.
2. Due to changes in the road network structure and the diversion of traffic from surrounding national and provincial highways, the toll income of Deshang and Shennan Expressways decreased.

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, Shandong Provincial Development and Reform Commission, Shandong Provincial Department of Finance on the Implementation of Expressway Toll Discount for Some Freight Cars (Lu Jiao Fa [2020] No. 10) (《山東省交通運輸廳山東省發展和改革委員會山東省財政廳關於對部分貨車實行高速公路通行費折扣優惠的通知》(魯交發[2020]10號)), from 1 September 2020, the toll discount of 15% will be implemented for freight car users who drive the expressway in our province and install ETC package equipment.

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荷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 RMB5,975,302,000 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 RMB5,743,465,000 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 and engineering materials.

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 RMB1,725,000. 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.

R&E Project of the Jihe Expressway

The R&E Project of the Jihe Expressway starts from the Yinjialin Hub Interchange where the Jiguang Expressway and Beijing-Taipei Expressway intersect, and ends at the Wangguantun Hub Interchange where the Jiguang Expressway and the Rilan Expressway intersect, with an estimated total investment of RMB18.6 billion and total length of 152.7 kilometers. It will be expanded from the two-way four-lane to two-way eight-lane which has a designed speed of 120km/h and a contract construction period of 30 months. It is an important part of the Shandong 12-8-11 Expressway Network, an important channel connecting the provincial capital economic circle and the Lunan economic circle, and also an important passage out of the Shandong Province.

Upon the main works of the R&E Project of the Jihe Expressway fully commenced, the “half-width closure for construction, half-width one-way traffic” model was adopted. Since 16 February 2023, the Company has closed the half-width of Jinan-Heze Expressway (from Jinan to Heze) to carry out half-width closure for construction. The half-width construction was completed and passed acceptance test by the Provincial Department of Transport on 12 December 2023, while the traffics traveling to the Heze direction has been fully transferred to the new half-width on 26 December 2023. This transition has resulted in a substantial improvement in road capacity.

During the Reporting Period, the Jinan Changqing section of the Jihe Expressway (Yinjialin Stack Interchange to the Xiaoli Interchange section) resumed two-way traffic in advance on 26 September 2024. Later, the Company received the Approval of the People’s Government of Shandong Province on the Setting of Toll Stations on the Jinan to Heze Reconstruction and Expansion Section of the Jiguang Expressway (Lu Zheng Zi [2024] No. 184) (《山東省人民政府關於濟廣高速濟南至荷澤改擴建段設置收費站的批覆》(魯政字[2024]184 號)) from the People’s Government of Shandong Province, whereby the Shandong Provincial Government approved the setting of 10 toll stations on the Jihe Expressway R&E Section, including Changqing University Town, Changqing, Xiaoli, Pingyin North, Pingyin, Pingyin South, Dongping, Liangshan East, Liangshan and Jiexiang West, with the toll collection period of 25 years. In light of the progress of the R&E Project of the Jihe Expressway and the resumption of traffic for certain road sections earlier, the Company has fully resumed two-way traffic for the entire R&E Project of the Jihe Expressway from 12:00 p.m. on 20 December 2024. In 2024, RMB4.151 billion of investment of the R&E Project of the Jihe Expressway was completed, and a total of RMB13.096 billion of investment of this project was completed.

For further details and the construction schedule of the R&E Project of the Jihe Expressway, please refer to the announcements dated 3 May 2021, 30 September 2021, 11 October 2021, 11 March 2022, 20 May 2022, 27 July 2022, 19 August 2022, 29 November 2022, 7 February 2023, 20 December 2023, 24 September 2024, 10 December 2024, 17 December 2024 and 18 December 2024, and the circulars dated 15 November 2021, 20 July 2022 and 31 October 2022 of the Company.

PROSPECT

In 2024, the Company coordinated and grasped the unity of stability and progress, the relationship between construction and destruction, launched a set of measures to strive for excellence, improve quality and increase efficiency, planned a number of major events that are related to the long-term and conducive to development, and harvested some widely praised and inspiring achievements and results, and handed in a perfect development answer sheet.

In 2025, the Company will grasp the general trend, identify opportunities and challenges, focus on long-term development, and anchor the first-class to open a new chapter of high-quality development. First, we will make good use of the positive and loose economic policies, take the initiative to follow up with the existing and upcoming policy measures, pay close attention to, carefully assess and seize opportunities, leverage our own resource endowments, and further seek differentiated new energy development tracks and seize opportunities to expand the new energy industry on the basis of the successfully-implemented wind power hybrid tower project. Second, we will build a principal business operation model that strives to increase revenue and create maximum benefits. Throughout the coming year, we will implement the “operation to management” action for expressways in depth, build a team dedicated to the principal business operation with top level of “asset creation, marketing, model innovation, customer service, and cost control”, and promote “increasing traffic, road-derived revenue, customer praise, operation quality improvement and brand creation” to go hand in hand, so as to ensure that toll income is stable and rising with revenue target being fully completed. Third, we will build a market development system with incremental growth and efficiency first, accelerate open development throughout the year, and all industrial sectors will quicken the pace to shift from “endogenous growth” to “market-oriented development”. We will continue to create an open growth mechanism and shape the advantages of open development in market competition. Fourth, we will build a new quality development system with outstanding advantages and sufficient guarantees. The company’s innovative development capabilities will be comprehensively enhanced throughout the year to form a vivid situation in which innovative factors are efficiently allocated, innovative vitality bursts forth and innovation drives significant results. Fifth, we will build a refined management system with efficient operation and safe development. Continuously deepening reform is the kinetic energy and basic support for improving the level of management and governance. We will keep a close eye on various problems that currently restrict development, accelerate the integration of advanced management concepts into the entire process of production and operation, and establish a robust market-oriented and legalized operation mechanism.

In the new year, all staff of the Company will be inspired, motivated, united and enterprising, working together to write a new answer sheet for Qilu Expressway in 2025, and pushing the Company’s high-quality development to a new level and new height.

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 announcement.

AUDIT COMMITTEE AND SCOPE OF WORK OF THE GROUP'S EXTERNAL AUDITOR

The Audit Committee has reviewed the annual results of our Group for the year ended 31 December 2024 and is of the view that the Group has complied with all applicable accounting standards and requirements and made adequate disclosure.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's external auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024.

The work performed by the Group's external auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by the Group's external auditor on this announcement.

As at the date of this announcement, to the best knowledge of the Board, information contained in this announcement is consistent with the information that will be contained in the 2024 annual report of the Company.

REPURCHASE, SALES AND REDEMPTION OF LISTED SECURITIES

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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.

COMPLIANCE WITH THE MODEL CODE

During the Year, the Company had adopted a code of conduct regarding Directors' and Supervisors' 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 and Supervisors, it was confirmed that the Directors and Supervisors have complied with the Model Code in relation to securities transactions by the Directors and its standards of code of conduct and there had not been any non-compliance with the relevant requirements of the Model Code.

CLOSURES OF REGISTER OF MEMBERS

2024 AGM

The 2024 AGM is scheduled to be held on Thursday, 26 June 2025. The register of members of the Company will be closed from Monday, 23 June 2025 to Thursday, 26 June 2025 (both days inclusive), during which no transfer of Shares will be registered. In order to qualify to attend the 2024 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 Friday, 20 June 2025.

Proposed Distribution of the 2024 Final Dividend

The Board proposes a payment of a cash dividend of RMB0.1 (tax inclusive) per Share to all Shareholders in an aggregate amount of RMB200,000,000 (tax inclusive) as the 2024 Final Dividend for the year ended 31 December 2024. The proposal for such dividend payment is subject to consideration and approval by the Shareholders at the 2024 AGM, and, if approved, such dividend will be payable to the Shareholders whose names appeared on the register of members of the Company on Tuesday, 8 July 2025. 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 2024 AGM (that is, Thursday, 26 June 2025) as announced by the People's Bank of China. The share register of the Company will be closed from Friday, 4 July 2025 to Tuesday, 8 July 2025 (both days inclusive), during which no transfer of Shares will be registered. In order to be entitled to the 2024 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 Thursday, 3 July 2025.

The Board has scheduled to distribute the 2024 Final Dividend on Thursday, 29 August 2025. 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.

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 2018 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 enterprise, the Company withhold 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 its 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.

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 Thursday, 3 July 2025, 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.

DEFINITIONS

In this announcement, unless otherwise requires, the following expressions have the following meanings:

“2024 AGM”	the 2024 annual general meeting of the Company to be convened and held on Thursday, 26 June 2025 or the adjournment thereof
“2024 Final Dividend”	the final dividend proposed by the Board to be paid to the Shareholders in the form of a cash dividend of RMB0.1 (tax inclusive) per Share
“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
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors

“China”, “PRC” or “State”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“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)
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Deshang and Shennan Expressways”	collectively, the Deshang Expressway (Liaocheng – Fan County section) and the Shennan Expressway
“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”	the Group’s 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
“Group”	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 was listed and traded on the Stock Exchange
“H Shareholder(s)” or “Shareholder(s)”	holders of H 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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“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 announcement
“R&E Project”	the Jihe Expressway reconstruction and expansion project
“Reporting Period” or “Year”	the year ended 31 December 2024
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“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 announcement
“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 Company Limited, and is a controlling shareholder of the Company as at the date of this announcement

“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 announcement
“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
“Supervisor(s)”	supervisor(s) of the Company
“%”	per cent

By order of the Board
Qilu Expressway Company Limited
Wang Zhenjiang
Chairman

Shandong, the PRC
26 March 2025

As at the date of this announcement, the executive Directors are Mr. Wang Zhenjiang, Mr. Peng Hui and Mr. Liu Qiang; the non-executive Directors are Ms. Kong Xia, Mr. Kang Jian, Mr. Wang Gang, Mr. Shi Jinglei and Mr. Du Zhongming; and the independent non-executive Directors are Mr. Liu Hongwei, Mr. He Jiale, Mr. Wang Lingfang, Mr. Leng Ping and Ms. Shen Chen.