



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



INTERIM REPORT **2025**

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Definitions

In this report, unless the context otherwise requires, the following expressions shall have the following meanings:

"2024 AGM"	the 2024 annual general meeting of the Company convened and held on Thursday, 26 June 2025 or the adjournment thereof
"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 of the Company
"Company"	Qilu Expressway Company Limited (齊魯高速公路股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 01576)
"Company Law"	the Company Law of the People's Republic of China (《中華人民共和國公司法》)
"controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"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 kilometres
"Director(s)"	director(s) of the Company
"ETC"	electronic toll collection system to collect tolls electronically by using automatic vehicle identification technology without the need for vehicles to stop for payment
"Expressway Business"	our business in relation to the maintenance, operation and management of the Jihe Expressway, the Deshang and Shennan Expressways
"Group", "us" or "we"	the Company and, except where the context otherwise requires, all of 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)"	holder(s) of Share(s)

Definitions

"HK\$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS(s)"	Hong Kong Financial Reporting Standards (including Hong Kong Accounting Standard(s) and Interpretations) issued by Hong Kong Institute of Certified Public Accountants
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Jihe Expressway"	Jinan (濟南) to Heze (菏澤) Expressway, the expressway running through nine districts/counties under four cities from Jinan City to Heze City in Shandong Province, with a total length of approximately 153.6 kilometres
"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
"Nomination Committee"	the nomination committee of the Board
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board
"China", "PRC" or "State"	the People's Republic of China, which for the purpose of this report, excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
"Qilu Expressway (Hong Kong)"	Qilu Expressway (Hong Kong) Company Limited (齊魯高速(香港)有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"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 through Qilu Expressway (Hong Kong) as to 60% of its equity interest as at the date of this report
"R&E Project"	the reconstruction and expansion project of the Jihe Expressway
"Reporting Period"	the six months ended 30 June 2025
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Shandong 12-8-11 Expressway Network (Layout)"	the layout of the Shandong provincial expressway network with a main framework of "twelve-vertical; eight-traverse and eleven-radials (十二縱八橫十一射)" under the Notice of the People's Government of Shandong Province on Issuing the Comprehensive Three-dimensional Transportation Network Planning Outline for Shandong Province (2023-2035) 《(山東省人民政府關於印發山東省綜合立體交通網規劃綱要(2023-2035年)的通知)》 issued by the Shandong Provincial Government

Definitions

"Shandong Gangtong Construction"	Shandong Gangtong Construction Co., Ltd. (山東港通建設有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company as at the date of this report
"Shandong Hi-Speed"	Shandong Hi-Speed Company Limited (山東高速股份有限公司), a joint stock company incorporated in the PRC, the shares of which are listed on the Shanghai Stock Exchange (stock code: 600350.SH), directly holding approximately 38.93% of the total issued Shares as at the date of this report, is a controlling Shareholder of the Company
"Shandong Hi-Speed Group"	Shandong Hi-Speed Group Company Limited (山東高速集團有限公司), a limited liability company established in the PRC, indirectly holding approximately 38.93% of the total issued Shares through its subsidiary Shandong Hi-Speed as at the date of this report, is a controlling Shareholder of the Company
"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 and a wholly-owned subsidiary of the Company as at the date of this report
"Shandong Provincial Government"	People's Government of Shandong Province, the PRC (中國山東省人民政府)
"Shandong Transport Department"	Shandong Provincial Traffic Transport Department (山東省交通運輸廳)
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Shennan Expressway"	an expressway running from the K150+400 point of the 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 kilometres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the strategy committee of the Board
"Supervisor(s)"	supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"%"	per cent

REGISTERED NAME OF THE COMPANY

In Chinese: 齊魯高速公路股份有限公司

In English: Qilu Expressway Company Limited

LEGAL REPRESENTATIVE

Mr. Wei Yong

BOARD OF DIRECTORS

(1) Executive Directors

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

Mr. Duan Peng

Mr. Chen Xiulin

(2) Non-executive Directors

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

Ms. Kong Xia

Mr. Wang Gang

Mr. Shi Jinglei

Mr. Du Zhongming

Mr. Ren Wei

Mr. Wang Hongyi

(3) Independent Non-executive Directors

Mr. Liu Hongwei

Mr. He Jiale

Mr. Wang Lingfang

Mr. Leng Ping

Ms. Shen Chen

BOARD COMMITTEES

(1) Audit Committee

Mr. He Jiale (*Chairman*)

Mr. Shi Jinglei

Mr. Liu Hongwei

(2) Remuneration and Appraisal Committee

Mr. Liu Hongwei (*Chairman*)

Mr. Wang Lingfang

Mr. Leng Ping

(3) Nomination Committee

Mr. Wei Yong (*Chairman*)

Mr. Wang Lingfang

Mr. Leng Ping

Ms. Shen Chen

(4) Strategy Committee

Mr. Wei Yong (*Chairman*)

Mr. Duan Peng

Mr. Gao Yongjun

Ms. Kong Xia

Mr. Wang Gang

SUPERVISORY COMMITTEE

(1) Shareholder Representative Supervisors

Mr. Liu Qiang (*Chairman of the Supervisory Committee*)

Mr. Zhang Yin

Mr. Wu Yongfu

(2) Employee Supervisors

Mr. Dong Junjie

Ms. Hou Qinghong

Mr. Hao Dehong

(3) Independent Supervisors

Mr. Meng Qinghui

Mr. Dong Ensheng

Corporate Information

JOINT COMPANY SECRETARIES

Mr. Shi Wenjiang
Ms. Zhang Xiao (ACG, HKACG)

AUTHORISED REPRESENTATIVES

Mr. Wei Yong
Ms. Zhang Xiao (ACG, HKACG)

INTERNATIONAL AUDITOR

SHINEWING (HK) CPA Limited

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Chubb Tower, Windsor House
311 Gloucester Road
Causeway Bay, Hong Kong

DOMESTIC AUDITOR

ShineWing Certified Public Accountants

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LEGAL ADVISER AS TO PRC LAW

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LEGAL ADVISER AS TO HONG KONG LAW

Zhong Lun Law Firm LLP

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REGISTERED ADDRESS

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Shandong Province, the PRC

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Zone 3, Hanyu Financial & Business Centre
No. 7000, Jingshi East Road
High-tech Zone, Jinan City
Shandong Province, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL BANKERS

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

H SHARE REGISTRAR IN HONG KONG

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Wanchai, Hong Kong

COMPANY WEBSITE

www.qlecl.com

STOCK CODE

01576

Management Discussion and Analysis

FINANCIAL REVIEW

Operations

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

The Group continued to actively expand its business during the Reporting Period. During the Reporting Period, in addition to toll income from expressways administered by the Group, the Group recorded engineering service revenue through construction engineering work such as highway engineering and expressway supporting facilities undertaken by its subsidiaries, and recorded sales revenue through processing and selling industrial products. 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 RMB1,067,397,000, representing a decrease of approximately 61.98% as compared with that of approximately RMB2,807,598,000 of the corresponding period of last year, which was attributable to the completion of the R&E Project and opening for traffic, leading to the decrease in related construction revenue.

Expressway

During the Reporting Period, revenue from the Expressway Business amounted to approximately RMB822,091,000, representing an increase of approximately 70.03% as compared with that of approximately RMB483,503,000 of the corresponding period of last year. During the Reporting Period, the Group recorded toll income from the Jihe Expressway of approximately RMB610,931,000, representing an increase of approximately 165.46% as compared with that of approximately RMB230,140,000 of the corresponding period of last year. The toll income from the Deshang Expressway (Liaocheng – Fan County section) and the Shennan Expressway was approximately RMB211,160,000, representing a decrease of approximately 16.66% as compared with that of approximately RMB253,363,000 of the corresponding period of last year.

Traffic volume on the Jihe Expressway during the Reporting Period increased by approximately 146.15% from approximately 31,200 vehicles per day for the six months ended 30 June 2024 to approximately 76,800 vehicles per day during the Reporting Period. Traffic volume on the Deshang Expressway (Liaocheng – Fan County section) decreased by approximately 11.72% from approximately 52,900 vehicles per day for the six months ended 30 June 2024 to approximately 46,700 vehicles per day during the Reporting Period. Traffic volume on the Shennan Expressway decreased by approximately 18.81% from approximately 10,100 vehicles per day for the six months ended 30 June 2024 to approximately 8,200 vehicles per day during the Reporting Period. The above changes in toll income and traffic volume were mainly attributable to the completion of reconstruction and expansion work of Jihe Expressway by 20 December 2024, where the Jihe Expressway has been expanded from two-way four-lane to two-way eight-lane, with its main line and toll stations all operating as normal, which led to a year-on-year increase in traffic volume on the Jihe Expressway; meanwhile, the Deshang Expressway (Liaocheng – Fan County section) and the Shennan Expressway experienced a certain degree of decrease in traffic volume due to the R&E Project of Jihe Expressway which has opened for traffic in general, as well as 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.

Management Discussion and Analysis

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 related 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 engineering construction business and sales of industrial products related to construction of approximately RMB242,931,000, representing a decrease of approximately 89.54% as compared with that of approximately RMB2,323,103,000 of the corresponding period of last year, which was mainly attributable to the completion of the R&E Project and opening for traffic, leading to the decrease in related construction revenue. 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 RMB2,375,000, representing an increase of approximately 139.42% from that of RMB992,000 of the corresponding period of last year. The increase was mainly attributable to the significant increase in rental income as a result of the advertisement billboards along both sides of the road which have resumed operation following the completion and opening to traffic 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 RMB1,583,000 (representing an increase of approximately 391.61% from that of approximately RMB322,000 of the corresponding period of last year), and the rental income from the leasing of the communication signal transmission pipelines along the expressways and investment properties of approximately RMB792,000 (representing an increase of approximately 18.21% from that of RMB670,000 of the corresponding period 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 RMB651,773,000 and RMB415,624,000, respectively, as compared to those of approximately RMB2,451,324,000 and RMB356,274,000 of the corresponding period of last year, representing a decrease of approximately 73.41% and an increase of approximately 16.66%, respectively. Gross profit margin of the Group was approximately 38.94% for the Reporting Period, representing a year-on-year increase of approximately 26.25 percentage points as compared with that of approximately 12.69% of the corresponding period 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, the Deshang Expressway (Liaocheng – Fan County section) and the Shennan Expressway. During the Reporting Period, the relatively significant decrease in the cost of sales as compared to that of the corresponding period of last year was mainly due to the R&E Project of Jihe Expressway on the main line has completed, leading to the significant decrease in the costs associated with the construction of the R&E Project of Jihe Expressway. As the R&E Project of Jihe Expressway on the main line of the Group have been completed during the Reporting Period and the revenue from sales of industrial products has decreased as compared with that of the corresponding period of last year, the cost of sales has decreased significantly, thereby leading to an increase in both the Group's gross profit and gross profit margin for the Reporting Period when compared to those of the corresponding period of last year.

Other Income and Gains

During the Reporting Period, the Group recorded other income and gains of approximately RMB41,836,000, which mainly comprised gains on investment, bank interest income and income from road damage compensation. The year-on-year decrease of approximately 21.92% in other income and gains from approximately RMB53,580,000 of the corresponding period of last year was mainly attributable to the decrease in both the stock fund and the interest income of the Company.

Management Discussion and Analysis

Administrative Expenses

During the Reporting Period, administrative expenses from the Group's operations were approximately RMB49,702,000, representing an increase of approximately 28% as compared to that of approximately RMB38,840,000 of the corresponding period of last year. Such increase was mainly attributable to the addition of Qilu Expressway (Shandong) Energy Technology Company Limited (齊魯高速(山東)能源科技有限公司) during the Reporting Period. 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 reversal of impairment on financial assets and contract assets were approximately RMB735,000, representing a decrease of approximately 142.49% from approximately RMB1,730,000 of impairment losses for the corresponding period of last year, mainly attributable to the fulfilment of contractual obligations as well as the recovery of debts.

Other Expenses

During the Reporting Period, the other expenses of the Group were approximately RMB433,000, representing an increase of approximately 8,560.00% as compared to approximately RMB5,000 of the corresponding period of last year, mainly due to the recognition of certain asset impairment charges during the Reporting Period.

Finance Costs

During the Reporting Period, the finance costs of the Group were approximately RMB141,346,000, representing an increase of approximately 314.72% as compared to approximately RMB34,082,000 of the corresponding period of last year, mainly due 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 loss of an associate and joint ventures were approximately RMB135,000 (share of profit for the corresponding period of last year: approximately RMB174,000), representing the share of loss of the Group's associate and joint ventures in the Reporting Period accounted for under the equity method of accounting.

On 14 March 2025, Shandong Hi-Speed Energy Development Co., Ltd. ("Shandong Hi-Speed Energy Development") and Qilu Expressway (Hong Kong) Company Limited ("Qilu Hong Kong") entered into an investment and cooperation agreement, pursuant to which Shandong High-Speed Ludong New Energy Co., Ltd. ("Ludong New Energy") shall be established with the committed capital contribution of RMB110,000,000, of which Shandong Hi-Speed Energy Development and Qilu Hong Kong shall commit to contributing in cash of RMB56,100,000 and RMB53,900,000, respectively. Ludong New Energy shall invest in the target project. During the Reporting Period, Ludong New Energy had total assets of approximately RMB55,251,000, net assets of approximately RMB55,000,000, and net profit of approximately RMB0. The major projects under construction are progressing in an orderly manner, and the piling construction work of the energy storage area has been completed, the low strain test was 20% completed, and the static load test has reached 50% completion. The foundation excavation and cushion construction have been completed at the western enclosure, the construction of the steel formwork was 50% completed. Moreover, out of the 7 areas in the energy storage zone, 4 major areas have completed the foundation excavation, and 1 area has completed the cushion pouring.

Net Profit Attributable to the Parent During the Year

During the Reporting Period, the profit attributable to owners of the parent was approximately RMB200,408,000, representing a decrease of approximately 19.38% as compared to that of approximately RMB248,588,000 for the corresponding period of last year. The decrease in profit during the Reporting Period was primarily attributable to an increase in depreciation and amortisation as well as finance costs as a result of the completion of the R&E Project of the Jihe Expressway which has commenced its operation.

Management Discussion and Analysis

EBITDA^{Note}

During the Reporting Period, the EBITDA of the Group was approximately RMB732,883,000, representing an increase of approximately 51.93% as compared to approximately RMB482,363,000 of the corresponding period of last year, mainly due to an increase in tolls of Jihe Expressway during the Reporting Period.

	For the six months ended 30 June 2025 RMB'000	For the six months ended 30 June 2024 RMB'000
Interest expenses	141,346	34,082
Income tax	67,172	81,604
Depreciation and amortisation	326,161	113,812
Profit	198,204	252,865
EBITDA	732,883	482,363

Note: EBITDA represents earnings before finance costs, depreciation, amortisation of intangible assets and income taxes. EBITDA is not a measure of performance under Hong Kong Financial Reporting Standards, but is used by the Company to monitor the performance of the Company's business from an operational perspective. It may not be comparable to similar measures presented by the other companies.

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 30 June 2025, the Group had total loans of approximately RMB11,350,908,000 (as at 31 December 2024: approximately RMB10,608,789,000), 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 RMB320,661,000 (as at 31 December 2024: approximately RMB216,691,000).

The Group adopts a prudent capital management policy and actively manages its liquidity position. It maintains sufficient standby banking facilities to meet its daily operation needs and capital requirements for future development. As at 30 June 2025 and 31 December 2024, the Group's gearing ratio, as calculated by dividing net debt⁽¹⁾ by total capital⁽²⁾, was approximately 64.54% and 63.07%, respectively.

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 30 June 2025, the Group's toll collection rights in respect of the Deshang Expressway (Liaocheng – Fan County section) and the Shennan Expressway were pledged to secure a bank loan granted by a financing bank for the related construction project financing. As at 30 June 2025, the net carrying amount of the toll collection rights in respect of (i) the Deshang Expressway (Liaocheng – Fan County section) and (ii) the Shennan Expressway was approximately RMB1,978,535,000 and RMB726,357,000, respectively. Save as mentioned above, as at 30 June 2025, the Group had no material pledge of assets or contingent liabilities.

Management Discussion and Analysis

Employees, Remuneration Policy and Pension Plans

As at 30 June 2025, the Group had a total of 673 (as at 30 June 2024: 672) employees in the PRC, including management staff, engineers and technicians, etc.. During the Reporting Period, the Group's total staff remuneration expenses were approximately RMB92,168,000 (approximately RMB108,201,000 for the corresponding period of 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 employees 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 30 June 2025, the Group did not enter into any hedging arrangements to hedge against exposure in foreign currency risk. Renminbi is the presentation currency of the Company. As the Group principally operates in the PRC, and Renminbi is the currency of the primary economic environment in which the Group operates, the business of the Group is not exposed to material foreign exchange risk.

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

The Company did not have any significant investment, material acquisition or disposal of subsidiaries, associated companies or joint ventures during the Reporting Period. As at 30 June 2025, the Group did not hold any significant investments and none of each individual investment held by the Group constituted 5% or above of the total assets of the Group as at 30 June 2025.

BUSINESS REVIEW

During the Reporting Period, the Group achieved a revenue of approximately RMB1,067,397,000, representing a year-on-year decrease of approximately 61.98%. The Expressway Business remained as the Group's principal business, from which revenue from the Expressway Business was approximately RMB822,091,000, representing a year-on-year increase of approximately 70.03%. The revenue from the construction and other business was approximately RMB242,931,000, representing a year-on-year decrease of approximately 89.54%. During the Reporting Period, the Group recorded profit before tax of approximately RMB265,376,000, representing a year-on-year decrease of approximately 20.66%. Profit for the year was approximately RMB198,204,000 (same period last year: approximately RMB252,865,000), generating earnings per share of approximately RMB0.10 (same period last year: approximately RMB0.12).

Management Discussion and Analysis

Expressway Business

In the first half of 2025, the Company continued to strengthen the operational management of the Jihe Expressway, the Deshang Expressway (Liaocheng – Fan County section) and the Shennan Expressway projects. The Jihe Expressway, the Deshang Expressway (Liaocheng – Fan County section) and the Shennan Expressway are important components of the Shandong 12-8-11 Expressway Network, connecting to several areas in Shandong Province with relatively eminent economic development in agriculture, commerce, tourism, and etc.

Due to the fact that R&E Project of the Jihe Expressway fully resumed traffic in the first half of 2025, traffic volume on the Jihe Expressway recorded a year-on-year increase during the Reporting Period. The Jihe Expressway, the Deshang Expressway (Liaocheng – Fan County section) and the Shennan Expressway recorded daily traffic volume of approximately 76,800, 46,700 and 8,200 vehicle trips, respectively, during the Reporting Period. The Group recorded a toll income of approximately RMB610,931,000 from the Jihe Expressway during the Reporting Period, representing an increase of approximately 165.46% from that of approximately RMB230,140,000 of the corresponding period of last year. The Deshang Expressway (Liaocheng – Fan County section) and the Shennan Expressway recorded a toll income of approximately RMB211,160,000 during the Reporting Period, representing a decrease of approximately 16.66% from that of approximately RMB253,363,000 of the corresponding period 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 during the Reporting Period ('000)	Total volume of truck and special motor vehicle traffic during the Reporting Period ('000)	Total traffic volume during the Reporting Period ('000)	Daily average Traffic volume ⁽²⁾
The Jihe Expressway	10,869.09	3,033.51	13,902.60	76,810
The Deshang Expressway (Liaocheng – Fan County section)	5,269.14	3,186.90	8,456.04	46,718
The Shennan Expressway	899.56	589.75	1,489.31	8,228

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 the expressways managed by the Group but not passing the toll stations at entrance or exit on the expressways managed by the Group.

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

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

Management Discussion and Analysis

In addition to the foregoing, the traffic volume and the corresponding toll income of the Jihe Expressway, the Deshang Expressway (Liaocheng – Fan County section) and the Shennan Expressway during the Reporting Period were also affected by a combination of the following factors:

1. Due to the completion of the R&E Project of the Jihe Expressway, the number of lanes on the main road has increased and road capacity has improved. Vehicles that had been using other routes (including the Deshang and Shennan Expressways) have returned to this route, resulting in an increase in toll income for 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 the Deshang Expressway (Liaocheng – Fan County section) and the Shennan Expressway decreased.

Toll Collection Policy

Effective from 8 January 2021, the toll rates of the Jihe Expressway, the Deshang Expressway (Liaocheng – Fan County section) and the Shennan Expressway 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 exemption 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 of Jihe Expressway, 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.

Management Discussion and Analysis

Construction and Other Business

Construction Business and Sale of Industrial Products

During the Reporting Period, the Group recognised revenue of approximately RMB242,931,000 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 approximately RMB27,982,000 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 RMB2,375,000. As at the end of the Reporting Period, there were 69 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.

PROSPECTS

During the Reporting Period, the Group worked together to anchor the annual production and operation targets, adhered to the principles of seeking progress while maintaining stability, pioneering innovation and forging ahead with determination, delivered a good interim report and continued to maintain a positive and new development momentum.

First, the core business showed new growth. We deepened our “operational transformation” initiative, expanded and improved the efficiency of “Highway+” value-added services, and expanded our “key customer” visits. The “bringing vehicles onto the road” initiative significantly increased revenue in the first half of the year. Over 10 digital transformation achievements and over 20 “five small innovations” from frontline companies were implemented. The Liangshan East “zero-carbon” toll station opened for operation, significantly improving traffic efficiency and the driver and passenger experience. The expansion and renovation of the Jihe Expressway saw a significant increase in revenue from reflux compared to before the expansion.

Second, we are transforming and building a new vision. Our wind turbine hybrid tower project has achieved breakthroughs across the entire supply chain, encompassing infrastructure, R&D, production, and market. Our Jining base has fully entered the phase of mass production and order delivery, and our proprietary design system has received authoritative certification from TÜV Rheinland. With a robust pipeline of investment projects, the company's industrial footprint continues to expand.

Third, new market breakthroughs were achieved. The transportation materials and engineering construction sectors have successively won bids for projects from central enterprises such as the State Energy and China Construction Eighth Engineering Bureau, successfully expanding into markets of other provinces, including Xinjiang, Jiangsu, Henan, Shanxi and Hunan, achieving significant results in external market expansion. The Qilu Expressway Safety Experience Base is now fully operational, receiving over 2,000 visitors and visits from over 100 organizations within and outside the province, establishing a three-dimensional value system of “creating a safe environment, promoting brand value, and fostering profit growth.”

Management Discussion and Analysis

Fourth, management has been enhanced. A dedicated working group was established to accelerate market growth and address outstanding issues. Innovation continued to strengthen, with two projects selected for provincial priority projects for the digital transformation and upgrade of transportation infrastructure, and two projects selected for provincial pilot testing of drone applications for highway inspections. The subsidiary, Qilu Expressway Assembly was recognized as a provincial-level “specialized, refined, and innovative” small and medium-sized enterprise, and Shandong Gangtong Construction was awarded a second-level qualification for municipal construction general contracting. Safety development remained stable and positive. Measures for the compliance review of major operational matters were formulated and implemented, and safety controls in key areas such as road maintenance and non-coal mines were continuously strengthened, maintaining the sound management and control objectives of “zero business risk and zero production accidents.”

Fifth, we improved and optimized corporate governance. We revised and improved the agendas for the Party Committee, Board of Directors, and general office meetings, making the decision-making mechanism for major matters more scientific, standardized, and efficient. We adhered to the principles of hard work and performance, and aligned people with positions, continuously optimizing the structure of our cadre and employee teams to strengthen the role of talent support.

In the second half of the year, the Group will take responsibility, work hard and strive to be the first, accurately activate development momentum, deepen the improvement of management capabilities, continue to activate the core engine of its main business, open up a new situation of transformation and development, and push the annual operation and development to a higher level.

First, we will accelerate the improvement of the quality and efficiency of our core businesses. We will deepen diversified integration to achieve increased revenue from traffic flow across all business formats, strengthen traffic aggregation and expansion, and expand our traffic base. We will strengthen digital intelligence capabilities, create digital management and control across all scenarios, and accelerate the establishment of an efficient management and control model that features “intelligent management and services, rapid passage, safe and unimpeded traffic, green energy conservation, and minimal or no closures.” We will continue to strengthen the foundation and improve quality, building a comprehensive new quality system, focusing on the five dimensions of “policy, management, business, technology, and service,” and accelerating the development of a first-class, minimalist operation and management model characterized by “clear processes, clear responsibilities, coordinated and orderly operations, complementary resources, and reduced costs.”

Second, we will accelerate industrial transformation to maintain stability and expand. We will focus on expanding existing capacity, strengthen new support for revenue growth and profit creation, closely monitor contract and order cycles, focus on unleashing potential, and implement multiple measures and advance them in multiple dimensions to continuously increase profit margins. We will accelerate the implementation of reserves, cultivate new economic drivers, promote mature projects, and rapidly generate output. We will adhere to the simultaneous development of two industries to strengthen new long-term development momentum. We will focus on deepening the synergy between core industries and green and low-carbon industries to accelerate the enhancement of the company’s long-term development value.

Third, we will accelerate the leap forward in development quality, efficiency, and performance. We will enhance openness, focus on market development, proactively connect with the market and customers, and establish mechanisms for policy tracking and efficient transformation. We will also enhance driving force and implement innovation-enabled strategies. We will consolidate the innovation achievements of the Reporting Period, continue to deepen innovation-driven development, deepen management innovation and process reengineering, promote large-scale application demonstrations of new products, new mechanisms, and new scenarios, achieve quality improvement, efficiency enhancement, and cost reduction, and nurture industrial development with the vitality of innovation.

Management Discussion and Analysis

Fourth, we will accelerate the vitality of management and governance. We will deepen the action plan to further enhance management capabilities, firmly advance various tasks in accordance with the plan requirements, and continuously strive for efficiency, effectiveness, and quality in management. Focusing on key areas such as operations, maintenance, finance, employment, and procurement, we will formulate differentiated cost reduction strategies, and cultivate comprehensive budget control. We will deepen the resources along the road area, explore new energy supply business models, and fully unleash resource potential. We will deepen the concept of “comprehensive safety”, focus on key areas, maintain the bottom line of safety, and lay a solid foundation for the transformation, upgrading, and vitality of the enterprise.

Next, the Group will unite its forces and work together to comprehensively enhance and improve its core function and core competitiveness of “creating value for society, shareholders and employees”, and work together with all Shareholders to create a new situation of high-quality development of Qilu Expressway.

EVENTS AFTER THE REPORTING PERIOD

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

PUBLICATION AND DISPATCH OF INTERIM REPORT

This report is also published on the websites of HKEXnews (www.hkexnews.hk) and the Company (www.qlecl.com), and the 2025 interim report of the Group containing all the information required by the Listing Rules will be dispatched to the Shareholders who have indicated their wish to receive a printed copy and published on the respective websites of the Company and HKEXnews in due course.

SHARE CAPITAL

As at 30 June 2025, the total issued share capital of the Company amounted to RMB2,000,000,000, totalling 2,000,000,000 H Shares with a nominal value of RMB1.00 each.

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

As at 30 June 2025, so far as the Directors and Supervisors of the Company are aware, other than the Directors, Supervisors and senior management of the Company, the following persons had or were deemed to have an interest or short position in the Shares, underlying Shares and debentures which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

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

Other Information

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

Notes:

- (1) Shandong Hi-Speed is 70.48% owned by Shandong Hi-Speed Group. Therefore, Shandong Hi-Speed Group is deemed to be interested in the H Shares held by Shandong Hi-Speed under the SFO.
- (2) COSCO SHIPPING (Hong Kong) Co., Limited is wholly owned by China Shipping Group Company Limited. China Shipping Group Company Limited is wholly owned by China COSCO Shipping Corporation Limited. Therefore, China Shipping Group Company Limited and China COSCO Shipping Corporation Limited are deemed to be interested in the H Shares held by COSCO SHIPPING (Hong Kong) Co., Limited under the SFO.
- (3) Cornerstone Holdings Limited is wholly owned by China Merchants Expressway Network & Technology Holdings Co., Ltd. 68.65% shares of China Merchants Expressway Network & Technology Holdings Co., Ltd. are owned by China Merchants Group Limited. Therefore, China Merchants Expressway Network & Technology Holdings Co., Ltd. and China Merchants Group Limited are deemed to be interested in the H Shares held by Cornerstone Holdings Limited under the SFO.
- (4) Guoneng Power Technology & Engineering Co., Ltd. is wholly owned by China Energy Guoyuan Power Co., Ltd. China Energy Guoyuan Power Co., Ltd. is wholly owned by China Energy Investment Corporation Limited. Therefore, China Energy Guoyuan Power Co., Ltd. and China Energy Investment Corporation Limited are deemed to be interested in the H Shares held by Guoneng Power Technology & Engineering Co., Ltd. under the SFO.
- (5) 50% shares of CITIC-Prudential Life Insurance Company Ltd. are owned by Prudential Corporation Holdings Limited. Prudential Corporation Holdings Limited is wholly owned by Prudential Holdings Limited. Prudential Holdings Limited is wholly owned by Prudential Corporation Asia Limited. Prudential Corporation Asia Limited is wholly owned by Prudential plc. Therefore, Prudential Corporation Holdings Limited, Prudential Holdings Limited, Prudential Corporation Asia Limited and Prudential plc are deemed to be interested in the H Shares held by CITIC-Prudential Life Insurance Company Ltd. under the SFO.
- (6) The remaining 50% shares of CITIC-Prudential Life Insurance Company Ltd. are owned by CITIC Corporation Limited. CITIC Corporation Limited is wholly owned by CITIC Limited. Shares of CITIC Limited are owned by CITIC Glory Limited and CITIC Polaris Limited as to 23.38% and 29.58%, respectively. CITIC Glory Limited and CITIC Polaris Limited are both wholly owned by CITIC Group Corporation. Therefore, CITIC Corporation Limited, CITIC Limited, CITIC Glory Limited, CITIC Polaris Limited and CITIC Group Corporation are deemed to be interested in the H Shares held by CITIC-Prudential Life Insurance Company Ltd. under the SFO.

Save as disclosed above, as at 30 June 2025, so far as is known to our Directors and Supervisors, none of other persons (other than Directors, Supervisors and senior management of the Company) had, or was deemed to have, any interest and short position in the Shares, underlying Shares and debentures of the Company which would be required to be recorded in the register kept by the Company under Section 336 of the SFO.

Other Information

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

So far as is known to our Directors, as at 30 June 2025, none of the Directors, Supervisors or chief executives of the Company had, or was deemed to have, any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

REPURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company or any of its subsidiaries did not repurchase, sell or redeem any of the Company's listed securities (including sale of treasury shares). As of the end of the Reporting Period, the Company did not hold any treasury shares.

EXECUTION OF CONTINUING CONNECTED TRANSACTIONS DURING THE REPORTING PERIOD

Execution of the continuing connected transactions between the Company and Shandong Hi-Speed Group during the Reporting Period are as follows:

Particulars of Continuing Connected Transactions	Actual Transaction Amount during the Report Period (RMB'000)	Annual Caps for 2025 (RMB'000)
Land lease rental paid under the Jihe Expressway Land Lease Agreement	2,310	2,310
Property lease rental paid under the Jihe Expressway Property Lease Agreement	450	450
Service fees paid under the 2024-2026 General Services Framework Agreement and the supplemental agreement thereto	109,731	600,000
2024-2026 Financial Services Framework Agreement		
Daily maximum deposit balance	157,300	1,000,000
Other financial service fees	0.2	5,000
Daily fund balance of cross-border fund centralised operation and management services	90,000	140,000
Income from provision of services under the 2024-2026 Services Provision Framework Agreement and the supplemental agreement thereto	27,200	180,000
Procurement expenses paid under the 2024-2026 General Procurement Framework Agreement and the supplemental agreement thereto	12,760	120,000
Revenue from sales under the 2024-2026 General Sales Framework Agreement and the supplemental agreement thereto	68,650	500,000

Further details of the continuing connected transactions above are referred to the Company's 2024 annual report published on 17 April 2025, the announcements dated 24 July 2025 and 28 August 2025 and the circular dated 14 August 2025.

Other Information

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

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

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

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

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

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

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

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

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

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

Other Information

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

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

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

CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS, AND GENERAL MANAGER

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

MATERIAL LITIGATION AND ARBITRATION

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

CORPORATE GOVERNANCE

The Group is committed to maintaining a high standard of corporate governance. The Board is responsible for the implementation of corporate governance, including: (i) formulating, developing and reviewing the corporate governance policies and practices of the Company; (ii) reviewing and supervising the training and continuous professional development of the Directors and senior management; (iii) reviewing and supervising the policies and practices for the compliance with laws and regulatory requirements by the Company; (iv) developing, reviewing and supervising the code of conduct and compliance-related regulations, for employees and the Directors; and (v) reviewing the compliance of the Corporate Governance Code by the Company and the disclosure in the corporate governance report. The Board believes that an effective corporate governance system can safeguard the interests of Shareholders and promote the corporate value and accountability of the Company.

The Company has adopted all applicable code provisions of the Corporate Governance Code. During the Reporting Period, the Company had been in compliance with the applicable code provisions in Part 2 of the Corporate Governance Code.

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

Other Information

COMPLIANCE WITH THE MODEL CODE

Since the listing of the Company, the Company has adopted a code of conduct regarding the Directors' and Supervisors' securities transactions on terms not less than the required standard set out in the Model Code. Having made specific enquiries of all the Directors and Supervisors, it was confirmed that the Directors and Supervisors of the Company have complied with the required standard set out in the Model Code and its own code of conduct regarding directors' securities transactions during the Reporting Period.

INTERIM DIVIDEND

The Board does not recommend to declare any interim dividend for the six months ended 30 June 2025.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in accordance with the provisions of the Corporate Governance Code. The Audit Committee has reviewed the unaudited interim financial report of the Group for the six months ended 30 June 2025.

Report on Review of Condensed Consolidated Financial Statements



SHINEWING (HK) CPA Limited
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311 Gloucester Road,
Causeway Bay, Hong Kong

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

TO THE BOARD OF DIRECTORS OF QILU EXPRESSWAY COMPANY LIMITED
(incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Qilu Expressway Company Limited (the "Company") and its subsidiaries set out on pages 24 to 48, which comprise the condensed consolidated statement of financial position as of 30 June 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-months period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Other Matter

The comparative condensed consolidated statement of profit or statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six month period ended 30 June 2024 and the relevant explanatory notes included in these condensed consolidated financial statements were extracted from the interim financial information of the Group for the six month period ended 30 June 2024 reviewed by another auditor who expressed an unmodified conclusion on that interim financial information on 30 August 2024.

The comparative condensed consolidated statement of financial position as at 31 December 2024 and the relevant explanatory notes included in these condensed consolidated financial statements were extracted from the consolidated financial statements of the Group for the year ended 31 December 2024 audited by the same auditor who expressed an unmodified opinion on those consolidated financial statements on 26 March 2025.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai
Practising Certificate Number: P05589
Hong Kong
28 August 2025

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025

	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	5	1,067,397	2,807,598
Cost of sales		(651,773)	(2,451,324)
Gross profit		415,624	356,274
Other income and gains		41,836	53,580
Selling and distribution expenses		(1,203)	(902)
Administrative expenses		(49,702)	(38,840)
Reversal of (provision for) impairment losses on financial and contract assets, net		735	(1,730)
Other expenses		(433)	(5)
Finance costs		(141,346)	(34,082)
Share of profits and losses:			
Associates		(135)	174
Profit before tax	6	265,376	334,469
Income tax expense	7	(67,172)	(81,604)
Profit and total comprehensive income for the period		198,204	252,865
Profit and total comprehensive income attributable to:			
Owners of the Company		200,408	248,588
Non-controlling interests		(2,204)	4,277
		198,204	252,865
Earnings per share	9		
– Basic and diluted (RMB)		0.10	0.12

Condensed Consolidated Statement of Financial Position

At 30 June 2025

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	2,044,346	2,094,083
Investment properties		15,012	15,427
Right-of-use assets		191,249	177,241
Intangible assets	11	16,283,665	16,503,212
Investment in associates		51,071	24,256
Deferred tax assets		11,311	10,732
Long-term deposits		301,340	40,000
Prepayments, other receivables and other assets		154,398	148,947
		19,052,392	19,013,898
Current assets			
Inventories		56,691	25,709
Trade and bills receivables	12	573,034	542,111
Contract assets		112,569	89,385
Prepayments, other receivables and other assets		804,113	786,667
Time deposits		43,066	397,083
Restricted cash		6,064	4,074
Cash and cash equivalents		320,661	216,691
		1,916,198	2,061,720
Current liabilities			
Trade and bills payables	13	2,302,197	3,379,127
Dividend payables	8	200,000	–
Other payables and accruals		563,275	570,044
Interest-bearing bank and other borrowings	14	883,334	841,208
Lease liabilities		9,655	2,823
Tax payable		4,115	10,276
Provisions	15	59,056	48,056
		4,021,632	4,851,534
Net current liabilities		(2,105,434)	(2,789,814)
Total assets less current liabilities		16,946,958	16,224,084

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Condensed Consolidated Statement of Financial Position (Continued)

At 30 June 2025

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Non-current liabilities			
Interest-bearing bank and other borrowings	14	10,467,574	9,767,581
Lease liabilities		68,383	64,011
Other payables		17,777	17,352
Deferred tax liabilities		163,433	145,203
Deferred income		6,100	5,311
		10,723,267	9,999,458
Net assets		6,223,691	6,224,626
Capital and reserve			
Share capital	16	2,000,000	2,000,000
Other reserves		334,160	334,160
Retained earnings		1,749,187	1,761,533
Equity attributable to owners of the Company		4,083,347	4,095,693
Other equity instruments		1,977,181	1,988,066
Non-controlling interests		163,163	140,867
Total equity		6,223,691	6,224,626

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	Note	Attributable to owners of the Company				Other equity instruments RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total equity RMB'000			
At 1 January 2025		2,000,000	334,160	1,761,533	4,095,693	1,988,066	140,867	6,224,626
Profit for the period		–	–	200,408	200,408	–	(2,204)	198,204
Total comprehensive income for the period		–	–	200,408	200,408	–	(2,204)	198,204
Interest paid on perpetual bonds		–	–	–	–	(23,639)	–	(23,639)
Profit distribution to perpetual bonds		–	–	(12,754)	(12,754)	12,754	–	–
Contribution from non-controlling interests		–	–	–	–	–	24,500	24,500
Final 2024 dividend declared	8	–	–	(200,000)	(200,000)	–	–	(200,000)
At 30 June 2025 (unaudited)		2,000,000	334,160	1,749,187	4,083,347	1,977,181	163,163	6,223,691

	Note	Attributable to owners of the Company				Other equity instruments RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total equity RMB'000			
At 1 January 2024		2,000,000	281,120	1,655,775	3,936,895	1,988,060	127,061	6,052,016
Profit for the period		–	–	248,588	248,588	–	4,277	252,865
Total comprehensive income for the period		–	–	248,588	248,588	–	4,277	252,865
Interest paid on perpetual bonds		–	–	–	–	(23,692)	–	(23,692)
Profit distribution to perpetual bonds		–	–	(12,824)	(12,824)	12,824	–	–
Final 2023 dividend declared	8	–	–	(300,000)	(300,000)	–	–	(300,000)
At 30 June 2024 (unaudited)		2,000,000	281,120	1,591,539	3,872,659	1,977,192	131,338	5,981,189

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Cash flows from operating activities		
Profit before tax	265,376	334,469
Adjustments for:		
Finance costs	141,346	34,082
Interest income	(7,761)	(51,707)
Share of losses (profits) of associates	135	(174)
Gain on disposal of items of property, plant and equipment and intangible assets, net	(74)	(305)
Depreciation of property, plant and equipment	112,060	22,738
Depreciation of investment properties	415	443
Depreciation of right-of-use assets	3,705	3,295
Amortisation of intangible assets	209,981	87,336
Impairment of financial assets and contract assets, net	(735)	1,730
Foreign exchange differences, net	–	(52)
	724,448	431,855
(Increase) decrease in inventories	(30,982)	4,393
Increase in trade and bills receivables	(29,833)	(157,524)
(Increase) decrease in contract assets	(23,539)	85,775
Decrease (increase) in prepayments, other receivables and other assets	69,780	(12,612)
Decrease in trade and bills payables	(1,076,930)	(51,195)
Decrease in other payables and accruals	(6,344)	(22,664)
Increase (decrease) in provisions	11,000	(25,000)
Increase (decrease) in deferred income	789	(532)
Increase in restricted cash	(1,990)	(4,566)
Cash (used in) generated from operations	(363,601)	247,930
Income tax paid	(55,682)	(51,463)
Net cash (used in) from operating activities	(419,283)	196,467

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Condensed Consolidated Statement of Cash Flows (Continued)

For the six months ended 30 June 2025

	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Cash flows from investing activities		
Proceeds from disposal of financial assets	–	200,000
Interest received	7,761	10,734
Purchase of property, plant and equipment and intangible assets	(86,416)	(2,022,005)
Proceeds from disposal of property, plant and equipment and intangible assets	33,733	353
Investments in an associate	(26,950)	–
Disposal of a joint venture	–	261,000
Dividends received from a joint venture and an associate	–	12,597
Net cash used in investing activities	(71,872)	(1,537,321)
Cash flows from financing activities		
Proceeds from interest-bearing bank and other borrowings	986,447	2,402,172
Repayment of interest-bearing bank and other borrowings	(244,328)	(421,735)
Interest paid	(139,709)	(30,780)
Principal portion of lease payments	(6,509)	(4,429)
Interest portion of lease payments	(1,637)	(1,614)
Contribution from non-controlling interests	24,500	–
Perpetual bonds interest paid	(23,639)	(23,692)
Net cash from financing activities	595,125	1,919,922
NET INCREASE IN CASH AND CASH EQUIVALENTS	103,970	579,068
Cash and cash equivalents at beginning of period	216,691	398,957
Effect of foreign exchange rate changes, net	–	52
CASH AND CASH EQUIVALENTS AT END OF PERIOD	320,661	978,077

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

1. GENERAL INFORMATION

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

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

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

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

The condensed consolidated financial statements are presented in Renminbi ("RMB"), and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the HKEX (the "Listing Rules").

As at 30 June 2025, the Group's current portion of interest-bearing bank and other borrowings amounted to RMB883,334,000, while its cash and cash equivalents amounted to RMB320,661,000 and its net current liabilities amounted to RMB2,105,434,000. The directors of the Company have given careful consideration to the Group's future liquidity requirements, operating performance and available sources of financing in assessing the Group's ability to operate as a going concern.

The directors of the Company are of the opinion that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future with the sufficient unused bank credit facilities as at 30 June 2025 and available at least next twelve months from the end of the reporting period. Accordingly, the directors believe it is appropriate to prepare the condensed consolidated financial statements of the Group for the period ended 30 June 2025 on a going concern basis. Therefore, the condensed 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.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

3. ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2025:

Amendments to HKAS21

Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the board of directors of the Company who makes strategic decisions. Management has determined the operating segments based on these reports.

The chief operating decision-maker reviews the performance of the Group as a whole. In addition, all of the Group's operations are located in 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 period ended 30 June 2025 and 2024, no revenue (excluding revenue from construction and upgrade services) derived from a single customer accounted for 10% or more of the Group's total revenue.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

5. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue from contracts with customers	1,065,022	2,806,606
Revenue from other sources		
Rental income	2,375	992
	1,067,397	2,807,598

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2025

	Expressway business RMB'000 (Unaudited)	Construction and other business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Timing of revenue recognition			
Services transferred at a point in time	822,091	187,737	1,009,828
Services transferred over time	–	55,194	55,194
	822,091	242,931	1,065,022

For the six months ended 30 June 2024

	Expressway business RMB'000 (Unaudited)	Construction and other business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Timing of revenue recognition			
Services transferred at a point in time	483,503	73,640	557,143
Services transferred over time	–	2,249,463	2,249,463
	483,503	2,323,103	2,806,606

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

6. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Depreciation of property, plant and equipment	112,060	22,738
Depreciation of investment properties	415	443
Depreciation of right-of-use assets	3,705	3,295
Amortisation of intangible assets	209,981	87,336
(Reversal of) provision of impairment of financial assets and contract assets, net	(735)	1,730
Gain on disposal of property, plant and equipment, net	(74)	(305)

7. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided as no assessable profits were earned in or derived from Hong Kong during the period (six months ended 30 June 2024: Nil).

The provision for PRC current income tax is based on the statutory rate of 25% (six months ended 30 June 2024: 25%) of the assessable profits during the period.

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Current income tax		
– PRC corporate income tax		
Charge for the period	49,102	64,296
Under (over) provision in prior periods	419	(783)
Deferred income tax	17,651	18,091
	67,172	81,604

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

8. DIVIDENDS

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Financial declared – RMB0.100 (2024: RMB0.150) per ordinary share	200,000	300,000
	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Issued and fully paid	2,000,000	2,000,000

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue '000	Share capital RMB'000
At 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025	2,000,000	2,000,000

On 26 March 2025, the board of the Company declared a dividend of approximately RMB0.100 per ordinary share, amounting to a total of approximately RMB200,000,000, which was approved at the Company's Annual General Meeting on 26 June 2025. As at 30 June 2025, such dividend has not been paid.

The board of the Company did not declare any interim dividend to shareholders for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

9. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company, excluding interest on perpetual bonds, and the weighted average number of ordinary shares of 2,000,000,000 (six months ended 30 June 2024: 2,000,000,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the period ended 30 June 2025 (six months ended 30 June 2024: Nil).

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

10. PROPERTY, PLANT AND EQUIPMENT

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Carrying amount at beginning of period	2,094,083	413,801
Additions	66,796	5,513
Depreciation	(112,060)	(22,738)
Disposals	(4,473)	(11)
Carrying amount at end of period	2,044,346	396,565

11. INTANGIBLE ASSETS

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Carrying amount at beginning of period	16,503,212	10,570,335
Additions	19,620	2,216,707
Amortisation	(209,981)	(87,336)
Disposals	(29,186)	–
Carrying amount at end of period	16,283,665	12,699,706

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

12. TRADE AND BILLS RECEIVABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade receivables	574,564	572,988
Impairment	(34,450)	(35,540)
Trade receivables, net	540,114	537,448
Bills receivable	32,920	4,663
	573,034	542,111

Trade receivables mainly consist of receivables from construction contracting and the sale of industrial products as at 30 June 2025.

The 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:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 1 year	435,748	427,321
Between 1 and 2 years	22,691	28,371
Between 2 and 3 years	6,003	5,012
Over 3 years	75,672	76,744
	540,114	537,448

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

13. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 1 year	2,210,752	3,329,396
Between 1 and 2 years	54,168	11,919
Between 2 and 3 years	12,539	37,812
Over 3 years	24,738	–
	2,302,197	3,379,127

Included in the trade payables are amounts RMB123,527,000 (31 December 2024: RMB1,125,922,000) due to the Group's related parties, which are repayable on credit terms similar to those offered by other similar suppliers of the Group.

Trade payables are non-interest-bearing.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Current:		
Bank loans – secured	69,333	59,539
Bank loans – unsecured	780,181	764,207
Other loans – unsecured	33,820	17,462
	883,334	841,208
Non-current:		
Bank loans – secured	859,477	864,717
Bank loans – unsecured	9,062,857	8,338,044
Other loans – unsecured	545,240	564,820
	10,467,574	9,767,581
	11,350,908	10,608,789
	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year	849,513	823,746
In the second year	521,995	365,937
In the third to fifth years, inclusive	862,279	668,891
Beyond five years	8,538,061	8,167,933
	10,771,848	10,026,507
Other borrowings repayable:		
Within one year	33,820	17,462
In the second year	34,000	34,000
In the third to fifth years, inclusive	102,000	102,000
Beyond five years	409,240	428,820
	579,060	582,282
	11,350,908	10,608,789

The secured bank loan of RMB116,106,000 is subject to a covenant that requires a debt-to-asset ratio of the Company less than 75%. The covenant is tested quarterly. The Group considers there is no indication that it will have difficulties in complying with this covenant.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

15. PROVISIONS

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Carrying amount at beginning of period/year	48,056	111,164
Additional provisions	11,000	9,642
Utilisation of provisions	–	(72,750)
Carrying amount at end of period/year	59,056	48,056

16. SHARE CAPITAL

Ordinary shares, issued and fully paid:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Issued and fully paid	2,000,000	2,000,000

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue '000	Share capital RMB'000
At 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025	2,000,000	2,000,000

17. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Contracted, but not provided for:		
Reconstruction and expansion project on the Jihe Expressway	185,845	230,654
Construction in progress of Qilu Assembly	139,604	114,177
Digital transformation project on Qilu Expressway	19,985	–
Purchase of equipment for Energy Technology Station equipment installation project	28,800	–
	374,234	344,831

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

18. RELATED PARTY TRANSACTIONS

The Group had the following transactions with related parties during the period:

(a) Information of related parties

Name	Relationships with the Group
Shandong Hi-Speed Group Company Limited ("Shandong Hi-Speed Group")	Ultimate holding company
Shandong Hi-Speed Company Limited	Controlling shareholder of the Company
COSCO SHIPPING (Hong Kong) Co., Limited	Shareholder of the Company
Guoneng Power Technology & Engineering Co., Ltd.	Shareholder of the Company
Shandong Traffic Planning Design Institute Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Information Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Traffic Engineering Supervision Consulting Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Tongwei Information Engineering Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Luqiao Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Xinlian Technology Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Engineering Inspection Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Water General Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Dongfang Road and Bridge Construction Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Industrial Development Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Smart City Service Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Engineering Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Supply Chain Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company

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Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

18. RELATED PARTY TRANSACTIONS (Continued)

(a) Information of related parties (Continued)

Name	Relationships with the Group
Shandong Hi-Speed Engineering Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Aobang Transportation Facilities Engineering Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Jining Hongxiang Highway Survey Design and Research Institute Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Construction Technology Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Qingdao Property Management Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Qilu Electronic Tendering & Purchasing Service Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Environmental Protection Industry Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Road and Bridge Construction Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Zhengchen Technology Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Jiaotong Construction New Material Technology Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Zhengwei Detection Technology Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Engineering Construction Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Maintenance Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Transportation Construction Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company

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Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

18. RELATED PARTY TRANSACTIONS (Continued)

(a) Information of related parties (Continued)

Name	Relationships with the Group
Shandong Hi-Speed Jinan Development Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Road & Bridge Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed New Energy Development Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Road and Bridge Group Heze Construction Co., Ltd	Fellow subsidiary of the Ultimate holding Company
Shandong High-Speed Chain Cloud Technology Co., Ltd	Fellow subsidiary of the Ultimate holding Company
Shandong Road and Bridge Group Equipment Technology Co., Ltd	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Transportation Construction Group Co., Ltd. Luzhong Branch	Fellow subsidiary of the Ultimate holding Company
Liaocheng Transportation Development Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Transportation New Energy Technology Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Transportation Technology Co., Ltd	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Property Management Co., Ltd	Fellow subsidiary of the Ultimate holding Company

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Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

18. RELATED PARTY TRANSACTIONS (Continued)

(a) Information of related parties (Continued)

Name	Relationships with the Group
Shandong Hi-Speed Qilu Construction Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Transportation Equipment Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Material Digital Technology Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Technology Investment Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Asphalt Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Property Services Development Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Taidong Highway Engineering Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Xinlian Payment Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Basketball Club Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed (Weihai) International Trade Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Peninsula Investment Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Qilu Eurasian Train Operation Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Shandong Hi-Speed Ecological Environment Group Co., Ltd.	Fellow subsidiary of the Ultimate holding Company
Weihai Bank Co., Ltd.	An associate of the controlling shareholder of the Company
Jinan Xinyue New Road Material Research and Development Co., Ltd.	An associate of the Company's subsidiary

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

18. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties

The Group had the following transactions with related parties during the period:

		For the six months ended 30 June	
	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Construction service income:			
Fellow subsidiary of ultimate holding company	(i)	27,177	6,267
Sales of goods:			
Fellow subsidiary of ultimate holding company	(i)	68,654	151,525
Interest income:			
An associate of the controlling shareholder of the Company	(i)	93	12
Other service income:			
Fellow subsidiary of ultimate holding company	(i)	13	–
Controlling shareholder of the Company	(i)	13	–
		95,950	157,804

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

18. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties (Continued)

		For the six months ended 30 June	
	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Purchases of equipment:			
Fellow subsidiary of ultimate holding company	(i)	–	81
Purchases of goods:			
Fellow subsidiary of ultimate holding company	(i)	12,654	94,293
An associate of the Company's subsidiary	(i)	105	–
Employee service fees:			
Fellow subsidiary of ultimate holding company	(i)	7,774	7,483
Interest expenses:			
Ultimate holding company	(ii)	7,606	8,677
Rent of land:			
Ultimate holding company	(i)	5,774	5,774
Maintenance services:			
Fellow subsidiary of ultimate holding company	(i)	7,793	139
Design and technical service expenses:			
Fellow subsidiary of ultimate holding company	(i)	1,381	1,657
Construction cost and supervision fees:			
Fellow subsidiary of ultimate holding company	(i)	84,891	805,869
Other service expenses:			
Fellow subsidiary of ultimate holding company	(i)	193	520
Ultimate holding company	(i)	–	111
		128,171	924,604

Notes:

- (i) During the reporting period, the transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.
- (ii) The interest rate of loans from the ultimate holding company is 2.60% per annum (six months ended 30 June 2024: 2.95%).

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

18. RELATED PARTY TRANSACTIONS (Continued)

(c) Commitments with related parties

In the Jihe expressway reconstruction and expansion project, digital transformation project on Qilu Expressway and purchase of equipment for Energy Technology Station equipment installation project, the Group entered into purchase agreements with Shandong Luqiao Group Co., Ltd., Shandong Zhengchen Technology Co., Ltd., Shandong Water General Co., Ltd., Shandong Aobang Transportation Facilities Engineering Co., Ltd., Shandong Hi-Speed Construction Technology Co., Ltd. and Shandong Traffic Engineering Supervision Consulting Co., Ltd. for engineering and supervision services, with Shandong Traffic Planning Design Institute Group Co., Ltd. for design services, with Shandong Hi-Speed Information Group Co., Ltd. for digital transformation services, with Shandong Hi-Speed Smart City Services Co., Ltd. for labour outsourcing services. As at 30 June 2025, the committed fees payable for the service is approximately RMB345,390,000 (31 December 2024: RMB336,171,000), RMB90,000 (31 December 2024: RMB90,000), RMB19,985,000 (31 December 2024: Nil) and Nil (31 December 2024: RMB285,000) respectively.

(d) Outstanding balances with related parties

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Cash and cash equivalents:		
An associate of the controlling shareholder of the Company	38,940	157,299
Prepayments and other receivables:		
Fellow subsidiary of ultimate holding company	35,243	3,818
An associate of the Company's subsidiary	255	6
	35,498	3,824
Trade and bills receivables:		
Fellow subsidiary of ultimate holding company	124,841	88,862
An associate of the Company's subsidiary	901	1,502
Controlling shareholder of the Company	–	616
Ultimate holding company	10	–
	125,752	90,980
Contract assets		
Fellow subsidiary of ultimate holding company	83,353	49,730
Trade and bills payables		
Fellow subsidiary of ultimate holding company	111,556	1,112,930
An associate of the Company's subsidiary	11,971	12,992
	123,527	1,125,922

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

18. RELATED PARTY TRANSACTIONS (Continued)

(d) Outstanding balances with related parties (Continued)

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Other payables and accruals		
Ultimate holding company	37,121	20,233
Fellow subsidiary of ultimate holding company	38,368	36,470
Shareholder of the Company	404	1,264
	75,893	57,967
Dividend payables		
Ultimate holding company	77,850	–
Shareholder of the Company	72,150	–
	150,000	–
Lease liabilities		
Ultimate holding company	59,725	66,726
Interest-bearing borrowings		
Ultimate holding company	563,017	582,282

Balances with the above related parties were unsecured and non-interest-bearing except for the interest-bearing borrowings from Shandong Hi-Speed Group and deposit in Weihai Bank at an interest rate of 2.60% and 0.10% per annual (31 December 2024: 2.60% and 0.10%) respectively.

(e) Cross-border fund centralised operation and management services

The Group entered into a service agreement with Shandong Hi-Speed Group with an effective date of 1 January 2024 for cross-border fund centralised operation and management. During the period from 1 January 2024 to 30 June 2025, the daily deposit balance of the Group in the cross-border fund centralised operation and management account of Shandong Hi-Speed Group shall not exceed RMB140 million. As at 30 June 2025, the balance is nil. Shandong Hi-Speed Group provides the above services without charging service fees.

Notes to the Condensed Consolidated Financial Information (Continued)

For the six months ended 30 June 2025

19. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has determined that the carrying amounts of cash and cash equivalents, trade and bills receivables, financial assets included in prepayments and other receivables, other financial assets at amortised cost, trade and bills payables, dividend payables and financial liabilities included in the current portion of other payables and accruals based on their notional amounts, reasonably approximate to their fair values because these financial instruments are mostly short term in nature.

The fair values of the non-current portion of other receivables and other assets, interest-bearing bank and other borrowings and the non-current portion of other payables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values approximate to their carrying amounts.