

# Huayu Expressway Group Limited

## 華昱高速集團有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 1823

2021  
INTERIM  
REPORT

The background of the cover features a dynamic, abstract design. It consists of numerous curved, overlapping lines in shades of blue, red, and yellow, creating a sense of motion and speed. A bright, multi-pointed starburst or sunburst effect is centered in the upper right quadrant, with rays of light extending across the scene. The overall color palette is dominated by cool blues and teals, contrasted with warmer reds and yellows.

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# Corporate Information

## BOARD OF DIRECTORS

### EXECUTIVE DIRECTORS

Chan Yeung Nam (*Chairman*)  
Mai Qing Quan (*Chief Executive Officer*)  
Fu Jie Pin

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Sun Xiao Nian  
Chu Kin Wang, Peleus  
Hu Lie Ge

## BOARD COMMITTEES

### AUDIT COMMITTEE

Chu Kin Wang, Peleus (*Chairman*)  
Hu Lie Ge  
Sun Xiao Nian

### NOMINATION COMMITTEE

Sun Xiao Nian (*Chairman*)  
Hu Lie Ge  
Fu Jie Pin

### REMUNERATION COMMITTEE

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

## COMPANY SECRETARY

Sin Ka Man *HKICPA, FCCA*

## AUTHORISED REPRESENTATIVES

Chan Yeung Nam  
Sin Ka Man

## REGISTERED OFFICE

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

## HEADQUARTERS IN THE PRC

Zhou Fu Zu  
Xingguangcun Sanhexiang  
Yueyang Economic and Technological Development Zone  
Yueyang  
Hunan Province  
The PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## AUDITORS

KPMG  
Certified Public Accountants  
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance  
8/F, Prince's Building  
10 Chater Road  
Central, Hong Kong

## LEGAL ADVISERS AS TO HONG KONG LAW

Stevenson, Wong & Co.  
39/F Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

## PRINCIPAL BANKERS

China Merchants Bank  
China Construction Bank Corporation

## COMPANY WEBSITE

[www.huayu.com.hk](http://www.huayu.com.hk)

## STOCK CODE

1823

# Management Discussion and Analysis

## FINANCIAL REVIEW

### REVENUE

For the six months ended 30 June 2021 (the “Period”), Huayu Expressway Group Limited (the “Company”) and its subsidiaries (collectively, the “Group”) recorded revenue of approximately HK\$624.3 million, increased by about 202.8% from approximately HK\$206.2 million for the corresponding period of last year. The increase was mainly due to the resumption of economic activities in the PRC after the COVID-19 pandemic period.

The toll revenue received from the Sui-Yue Expressway (Hunan Section) (the “Sui-Yue Expressway”) and the First Phase of Qing Ping Expressway (the “Qing Ping Expressway”, collectively the “Expressways”) for the Period was about HK\$160.7 million, increased by 171.0% from about HK\$59.3 million for the corresponding period of 2020. For the Sui-Yue Expressway, the toll revenue and the traffic flow were about HK\$108.6 million and 6.4 million vehicles respectively for the Period, increased by about 174.9% and 128.6% from the corresponding period of 2020. On the other hand, the toll revenue and the traffic flow of the Qing Ping Expressway were about HK\$52.1 million and 13.1 million vehicles respectively, increased by about 163.1% and 9.2% from the corresponding period of 2020.

The revenue generated from the sales of liquor and spirits was approximately HK\$463.6 million for the Period, increased by 215.6% from about HK\$146.9 million for the corresponding period of 2020. With the resumption of economic activities starting from the middle of 2020, the sales of liquor and spirits increased significantly in the Period.

### COST AND GROSS PROFIT

The Group recorded a gross profit of approximately HK\$237.2 million for the Period, increased by 317.5% from about HK\$56.8 million for the corresponding period of last year. The increase in gross profit was mainly due to recovery of business after the COVID-19 pandemic period. The gross profit ratio was about 38.0%, increased by 37.7% for the corresponding period of last year from about 27.6%. For the Expressways, the segment gross profit was approximately HK\$97.9 million and the gross profit ratio was about 60.9% for the Period. After the COVID-19 pandemic period, the gross profit ratio significantly increased from the corresponding period of last year. For the trading of liquor and spirits, the segment gross profit was about HK\$139.2 million and its gross profit ratio was about 30.0% for the Period, which is nearly the same as that of the corresponding period of last year.

### OTHER REVENUE AND OTHER NET (LOSS)/INCOME

The Group recorded other revenue of approximately HK\$3.3 million for the Period, as compared to an amount of approximately HK\$1.9 million for the corresponding period of last year. Other revenue of the Group mainly referred to the rental income from the billboards along the Expressways and interest income from bank deposits. In addition, the other net income was about HK\$2.2 million for the Period which mainly represented the exchange gain recorded during the Period.

# Management Discussion and Analysis

## ADMINISTRATIVE EXPENSES

Administrative expenses for the Period were approximately HK\$29.8 million, increased by 50.2% from approximately HK\$19.8 million for the corresponding period of last year. The increase was mainly due to the increase in the staff-related cost after the COVID-19 pandemic period.

## SELLING AND DISTRIBUTION COSTS

The Group recorded about HK\$8.3 million selling and distribution costs for the Period, increased by 70.3% from approximately HK\$4.9 million for the corresponding period of last year. The selling and distribution costs mainly represented the advertising fees and staff salaries for the liquor and spirits trading business. The increase was mainly due to the resumption of promotion and marketing activities after the COVID-19 pandemic period.

## FINANCE COSTS

During the Period, the finance costs of the Group were about HK\$28.2 million, increased by about 4.8% from approximately HK\$26.8 million for the corresponding period of last year. The increase was mainly due to the increase in the average exchange rate during the Period.

## PROFIT FOR THE PERIOD

The profit of the Group for the Period was approximately HK\$138.6 million, comparing to the loss for the corresponding period of last year was about HK\$1.9 million. The improvement in profit was mainly due to the recovery of business of the Group after the COVID-19 pandemic period.

## LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the Group financed its operations and capital expenditures with its internal resources, borrowings from the controlling shareholder of the Company and the non-controlling shareholder of Hunan Daoyue Expressway Industry Co., Ltd. and long-term bank loans. As at 30 June 2021, total bank loans drawn by the Group amounted to about HK\$1,241.4 million (as at 31 December 2020: approximately HK\$974.3 million), the amount due to the controlling shareholder of the Company was approximately HK\$102.0 million (as at 31 December 2020: approximately HK\$102.0 million) and the total cash and cash equivalents, including bank deposits and cash on hand amounted to approximately HK\$279.6 million (as at 31 December 2020: approximately HK\$246.5 million). The loan from the non-controlling shareholder of Hunan Daoyue Expressway Industry Co., Ltd was fully repaid during the year.

The Group has always pursued a prudent treasury management policy and actively managed its liquidity position with sufficient standby banking facilities to cope with its daily operation and any demands for capital in future development. As at 30 June 2021, total banking facilities of the Group amounted to approximately HK\$1,241.4 million from banks in the PRC, which were mainly for the settlement of construction costs of the Expressways. The ratio of total outstanding bank loan and other borrowings to total equity was 1.62 (as at 31 December 2020: 1.33).

## Management Discussion and Analysis

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

### INTANGIBLE ASSETS – SERVICE CONCESSION ARRANGEMENTS

The service concession arrangements represent the right of the Group to operate the Expressways and receive toll fees therefrom. According to the accounting policy adopted by the Group, the amount of the intangible assets is subject to the periodical impairment review. To facilitate the review, an independent valuation was performed for Sui-Yue Expressway, by an independent valuer, Ernst & Young Transactions Limited, to determine the value in use of the cash generating unit as at 31 December 2020. No further impairment was recognised for the Period.

### EMPLOYEES AND EMOLUMENTS

As at 30 June 2021, the Group employed a total of 494 (as at 31 December 2020: 473) employees in the PRC and Hong Kong, which included the Management, engineers, technicians and general staff. During the Period, the Group's total expenses on the remuneration of employees were approximately HK\$28.5 million (six months ended 30 June 2020: approximately HK\$22.4 million).

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

### FOREIGN EXCHANGE RISK

The Group mainly operates in the PRC with most of the transactions settled in Renminbi. Part of the Group's cash and bank deposits are denominated in Hong Kong dollars. As at 30 June 2021, the Group had not entered into any hedging arrangements to hedge against exposure in foreign currency risk. Any substantial exchange rate fluctuation of foreign currencies against Renminbi may cause financial impacts on the Group. The Management will continue to monitor the Group's foreign currency exposure and will consider taking appropriate actions, including but not limited to hedging should the need arise.

### PLEDGE OF ASSETS

As at 30 June 2021, the bank loan of approximately HK\$1,241.4 million from banks in the PRC was secured by a pledge of the toll collection right owned by the Expressways.

# Management Discussion and Analysis

## BUSINESS REVIEW

### SUI-YUE EXPRESSWAY

Due to the COVID-19 pandemic and the toll fee exemption policy, the operation of Sui-Yue Expressway was significantly affected in 2020. With the resumption of the economy after the lock-down, the economic activities were back to normal in 2021. Average traffic flow for the Period was about 1.06 million vehicles per month, significantly increased from 460,000 vehicles per month for the corresponding period of last year. The average toll for the Period was about HK\$17.0 per vehicle, increased by 20.6% from HK\$14.1 per vehicle for the corresponding period of last year.

### QING PING EXPRESSWAY

On 7 April 2021, the Group entered into an equity transfer agreement to acquire 60% interests in Shenzhen Huayu Expressway Investment Co., Ltd., which possessed an exclusive right to operate Qing Ping Expressway. Qing Ping Expressway is a six-lane expressway that connects Shenzhen Qingshuihe Checkpoint and Bulong Interchange on Shuiguan Expressway. Shuiguan Expressway is a major expressway linking the central business district of Shenzhen with Longgang District and Pingshan New Zone. The acquisition was completed on 29 June 2021.

For the Period, the total toll revenue of Qing Ping Expressway was about HK\$52.1 million, increased by 163.1% from about HK\$19.8 million for the corresponding period of last year. The average traffic flow was about 2.2 million vehicles per month, increased by about 9.2% from about 2.0 million vehicles per month for the corresponding period of last year. Average toll for the Period was about HK\$4.0 per vehicle.

## TRADING OF LIQUOR AND SPIRITS

With the ease of restrictions and resumption of the economy in the PRC after the COVID-19 pandemic from mid-2020, the demand and consumption of liquor and spirits resumed rapidly. The Group recorded a total revenue of HK\$463.6 million, which was about 3.2 times of that for the corresponding period of last year. During the Period, more active marketing campaigns and promotions were organised. With the established marketing network and efficient distribution channel, the reportable segment profit (adjusted EBITDA) for the Period of the liquor and spirits segment was about HK\$121.7 million, about 3.4 times of that of the corresponding period last year.

## SPECIAL INTERIM DIVIDEND

The Group declared a special interim dividend of HK\$0.06 per share to the shareholders of the Company on 31 May 2021 after considering the business, financial and cashflow position of the Group. The dividends were paid on 9 July 2021.

# Management Discussion and Analysis

## PROSPECTS

With the outbreak of the COVID-19 pandemic in the PRC in 2020, the Group faced an unprecedented challenge in its business. But from mid-2020, with the ease of restrictions and resumption of the economy in the PRC, the difficult period was over and the business has been rapidly back to normal. During the Period, the traffic flow and the toll revenue of the Expressways resumed to the level before the pandemic period. Although there were some occasional, short interruptions in the operation because of the minor occasional COVID-19 outbreak from April to May 2021, with the recovery and growth in the economic activities around the Expressways, the future of the expressway business is positive.

During the Period, the Group acquired 60% equity interests of Qing Ping Expressway. The acquisition expands the Group's portfolio of experience in managing and operating expressways, giving the Group a competitive edge when bidding for construction, operation and management rights of other expressways in the PRC in the future. Therefore, the acquisition further increases the market shares and scale of the Group's core business, producing great synergistic effect in term of business growth and the Group's future developments. As Qing Ping Expressway is located in Shenzhen, one of major cities in the PRC, the prospect of it is promising. The Group believes that the acquisition can enhance the Group's competitiveness, further strengthen the Group's reputation within the industry and improve its earning base in the future.

The business of trading liquor and spirits also recovered and improved significantly. The Group is full of confidence about the performance of this business segment in the post COVID-19 pandemic period. In the near future, we will continue our effort in developing the distribution network. More sales and marketing activities will be arranged, such as the tasting events and promotion conference in the coming months.

With the experience of the Directors in successfully completing other PRC toll-expressway projects, and the connections and reputation established by them in the PRC, the Group will continue to tap and pursue opportunities which are consistent with its overall business strategies, and will aim to generate a satisfactory return on investment.

In accordance with the said strategy, the Group may pursue other infrastructure projects in the PRC whenever suitable opportunity arises. Apart from developing new infrastructure projects, the Group may also consider acquiring abandoned or half-developed infrastructure projects, as well as infrastructure projects which are already in operation, from other developers or the government if it is commercially viable to do so. Furthermore, the Group will also consider extending its operation to include some other prosperous businesses once favourable opportunity appears.

## Corporate Governance and Other Information

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

As at 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded in the register therein, or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by the Directors (the "Model Code") contained in the Rules of Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") were as follows:

Name of Director	Nature of Interest	Number of Shares	Percentage
Mr. Chan Yeung Nam ( <i>Note</i> )	Interest of controlled corporation	300,000,000 (L)	72.71%

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

On 12 January 2018, Velocity International Limited had pledged 300,000,000 shares of the Company to TCG Capital Investment Limited (which is wholly owned by Mr. Chan Weng Lin) as security for another term loan facility provided to Velocity International Limited.

Apart from the foregoing, as at 30 June 2021, none of the Directors or chief executive of the Company or any of their spouses or children under eighteen years of age had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company, or any of its holding companies, subsidiaries or other associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

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

# Corporate Governance and Other Information

## SHARE OPTION SCHEME

The Company adopted a share option scheme at the annual general meeting of the Company held on 11 June 2020 (“Share Option Scheme”) for the purpose of motivating eligible persons to optimize their future contributions to the Group and/or reward them for their past contributions, attracting and retaining or otherwise maintaining on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

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

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

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange’s daily quotations sheet on the offer date; and
- (c) the average closing price of a Share as stated in the Stock Exchange’s daily quotation sheet for the five business days immediately preceding the offer date.

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

Since the Share Option Scheme became effective on 11 June 2020, no Option has been granted by the Company under the Share Option Scheme.

The total number of shares available for issue under the Share Option Scheme is 41,260,800, representing approximately 10.0% of the Company’s issued share capital as at the date of the Company’s 2020 annual report and as at the date of this interim report, respectively.

## Corporate Governance and Other Information

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

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

As at 30 June 2021, so far as is known to any Directors or chief executive of the Company, the persons (other than the Directors and the chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, which were directly or indirectly, interested in 10% or more of the nominal value of any shares of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

Name of shareholders	Capacity/Nature of Interest	Long position in ordinary Shares held	Percentage of total issued shares
Velocity International Limited <i>(Note)</i>	Beneficial owner	300,000,000 (L)	72.71%
TCG Capital Investment Limited <i>(Note)</i>	Person having security interest in shares	300,000,000 (L)	72.71%
Chan Weng Lin <i>(Note)</i>	Interest of Controlled Corporation	300,000,000 (L)	72.71%

Note: The entire issued share capital of Velocity International Limited is owned by Mr. Chan Yeung Nam, an executive Director and chairman of the Board. On 12 January 2018, Velocity International Limited had pledged 300,000,000 shares of the Company to TCG Capital Investment Limited (which is wholly-owned by Mr. Chan Weng Lin) as security for a term loan facility provided to Velocity International Limited.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares for the Period.

### CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance in the interests of its shareholders. It had adopted the code provisions contained in the Corporate Governance Code ("CG Code") in Appendix 14 of the Listing Rules. The Company has complied with the code provisions contained in the CG Code during the Period.

# Corporate Governance and Other Information

## AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) which is accountable to the Board and the primary duties of which include the reviewing and supervising of the Group’s financial reporting process and internal control measures. The Audit Committee is comprised of three independent non-executive Directors, namely Mr. Chu Kin Wang, Peleus, Mr. Sun Xiao Nian and Mr. Hu Lie Ge. Mr. Chu Kin Wang, Peleus is the chairman of the Audit Committee. The chairman of the Audit Committee has professional qualification and experience in financial matters in compliance with the requirement of the Listing Rules.

The Audit Committee has met and discussed with the external auditors of the Company, KPMG, and has reviewed the accounting principles and practices adopted by the Group and the unaudited results of the Group for the Period. The Audit Committee considered that the unaudited consolidated results of the Group for the Period are in compliance with the relevant accounting standards, rules and regulations and that appropriate disclosures have been duly made.

## REVIEW OF THE INTERIM REPORT

This interim financial report for the Period has not been audited, but has been reviewed by the Audit Committee and KPMG, Certified Public Accountants, the external auditors of the Company.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

## PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND DESPATCH OF INTERIM REPORT

This 2021 interim report of the Company is available on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.huayu.com.hk](http://www.huayu.com.hk)) respectively.

## EVENTS AFTER THE REPORTING PERIOD

No significant events occurred subsequent to 30 June 2021 up to the date of this interim financial report.

On behalf of the Board of  
**Huayu Expressway Group Limited**

**Chan Yeung Nam**  
*Chairman*

Hong Kong, 20 August 2021

# Review Report of Interim Financial Report



## Review report to the board of directors of Huayu Expressway Group Limited

*(Incorporated in Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the interim financial report set out on pages 15 to 48 which comprises the consolidated statement of financial position of Huayu Expressway Group Limited (“the Company”) and its subsidiaries (together “the Group”) as of 30 June 2021 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants. The Directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

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

## SCOPE OF REVIEW

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

# Review Report of Interim Financial Report

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2021 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

### **KPMG**

*Certified Public Accountants*

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

20 August 2021

# Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021 – unaudited

	Note	Six months ended 30 June	
		2021 HK\$'000	2020 HK\$'000 (restated)
<b>Revenue</b>	3	<b>624,314</b>	206,186
Cost of sales		(387,127)	(149,376)
<b>Gross profit</b>		<b>237,187</b>	56,810
Other revenue	4	3,339	1,947
Other net income/(loss)	4	2,157	(4,631)
Administrative expenses		(29,750)	(19,807)
Selling and distribution costs		(8,316)	(4,884)
<b>Profit from operations</b>		<b>204,617</b>	29,435
Finance costs	5(a)	(28,176)	(26,873)
Share of profit or loss of associates		10,556	833
<b>Profit before taxation</b>	5	<b>186,997</b>	3,395
Income tax	6	(48,348)	(5,319)
<b>Profit/(loss) for the period</b>		<b>138,649</b>	(1,924)
<b>Attributable to:</b>			
Equity shareholders of the Company		103,134	4,325
Non-controlling interests		35,515	(6,249)
<b>Profit/(loss) for the period</b>		<b>138,649</b>	(1,924)
<b>Earnings per share (HK Cents)</b>			
Basic and diluted	7	25.00	1.05

The notes on pages 22 to 48 form part of this interim financial report.

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021 – unaudited

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000 (restated)
<b>Profit/(loss) for the period</b>	<b>138,649</b>	(1,924)
<b>Other comprehensive income for the period:</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of:		
– financial statements of subsidiaries outside Hong Kong	<b>9,002</b>	(7,982)
<b>Total comprehensive income for the period</b>	<b>147,651</b>	(9,906)
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>109,762</b>	(1,634)
Non-controlling interests	<b>37,889</b>	(8,272)
<b>Total comprehensive income for the period</b>	<b>147,651</b>	(9,906)

The notes on pages 22 to 48 form part of this interim financial report.

# Consolidated Statement of Financial Position

At 30 June 2021 – unaudited

	Note	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000 (restated)
<b>Non-current assets</b>			
Property, plant and equipment	8	28,078	19,323
Intangible assets – service concession arrangements	9	1,479,051	1,497,518
Interests in associates		38,122	22,129
Deferred tax assets		139,673	145,390
		<b>1,684,924</b>	1,684,360
<b>Current assets</b>			
Inventories		60,645	94,495
Prepayments and other receivables	10	202,193	36,562
Amounts due from related parties	16(c)	24,142	57,913
Cash and cash equivalents	11	279,597	246,545
Other current assets		–	459
		<b>566,577</b>	435,974
<b>Current liabilities</b>			
Accruals and other payables	12	113,806	91,976
Contract liabilities		5,121	6,591
Amounts due to related parties	16(c)	17,769	9,988
Bank loans and other borrowing	13	138,207	154,466
Lease liabilities		1,325	1,285
		<b>276,228</b>	264,306
<b>Net current assets</b>		<b>290,349</b>	171,668

# Consolidated Statement of Financial Position

At 30 June 2021 – unaudited

	Note	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000 (restated)
<b>Total assets less current liabilities</b>		<b>1,975,273</b>	1,856,028
<b>Non-current liabilities</b>			
Bank loan and other borrowing	13	1,103,160	935,315
Amount due to the controlling shareholder of the Company	16(c)	101,976	101,976
Lease liabilities		1,569	947
		<b>1,206,705</b>	1,038,238
<b>NET ASSETS</b>		<b>768,568</b>	817,790
<b>CAPITAL AND RESERVES</b>	14		
Share capital		4,126	4,126
Reserves		523,401	608,315
<b>Total equity attributable to equity shareholders of the Company</b>		<b>527,527</b>	612,441
<b>Non-controlling interests</b>		<b>241,041</b>	205,349
<b>TOTAL EQUITY</b>		<b>768,568</b>	817,790

Approved and authorised for issue by the Board of Directors on 20 August 2021.

**Chan Yeung Nam**  
*Chairman*

**Mai Qing Quan**  
*Director*

The notes on pages 22 to 48 form part of this interim financial report.

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021 – unaudited

	Attributable to equity shareholders of the Company							Total	Non-controlling interests	Total
	Share capital	Share premium	Statutory reserve	Other reserve	Share-based compensation reserve	Exchange reserve	Accumulated losses			
	Note 14(a) HK\$'000	Note 14(b)(i) HK\$'000	Note 14(b)(ii) HK\$'000	Note 14(b)(iii) HK\$'000	Note 14(b)(iv) HK\$'000	Note 14(b)(v) HK\$'000	HK\$'000			
<b>Balance at 31 December 2019</b> <b>(audited and originally stated)</b>	4,126	80,118	4,215	825,196	1,945	27,928	(534,726)	408,802	108,905	517,707
Merger accounting restatement (note 1)	-	-	5,870	95,472	-	4,735	101	106,178	70,785	176,963
<b>Balance at 1 January 2020(restated)</b>	4,126	80,118	10,085	920,668	1,945	32,663	(534,625)	514,980	179,690	694,670
<b>Changes in equity for the six months ended</b> <b>30 June 2020:</b>										
Profit for the period	-	-	-	-	-	-	4,325	4,325	(6,249)	(1,924)
Other comprehensive income	-	-	-	-	-	(5,959)	-	(5,959)	(2,023)	(7,982)
<b>Total comprehensive income</b>	-	-	-	-	-	(5,959)	4,325	(1,634)	(8,272)	(9,906)
Equity settled share-based transactions	-	-	-	-	709	-	-	709	93	802
Appropriation to statutory reserve	-	-	2,459	-	-	-	(2,459)	-	-	-
Capital injection into subsidiary	-	-	-	-	-	-	-	-	515	515
Other	-	-	-	(4,585)	-	-	-	(4,585)	-	(4,585)
<b>Balance at 30 June 2020 and 1 July 2020 (restated)</b>	4,126	80,118	12,544	916,083	2,654	26,704	(532,759)	509,470	172,026	681,496
<b>Changes in equity for the six months ended</b> <b>31 December 2020:</b>										
Profit for the period	-	-	-	-	-	-	69,586	69,586	19,221	88,807
Other comprehensive income	-	-	-	-	-	32,632	-	32,632	15,085	47,717
<b>Total comprehensive income</b>	-	-	-	-	-	32,632	69,586	102,218	34,306	136,524
Equity settled share-based transactions	-	-	-	-	753	-	-	753	97	850
Appropriation to statutory reserve	-	-	3,773	-	-	-	(3,773)	-	-	-
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	(1,080)	(1,080)
<b>Balance at 31 December 2020(restated)</b>	4,126	80,118	16,317	916,083	3,407	59,336	(466,946)	612,441	205,349	817,790

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021 – unaudited

	Attributable to equity shareholders of the Company							Total	Non-controlling interests	Total
	Share capital	Share premium	Statutory reserve	Other reserve	Share-based compensation reserve	Exchange reserve	Accumulated losses			
	Note 14(a)	Note 14(b)(i)	Note 14(b)(ii)	Note 14(b)(iii)	Note 14(b)(iv)	Note 14(b)(v)				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
<b>Balance at 1 January 2021 (restated)</b>	4,126	80,118	16,317	916,083	3,407	59,336	(466,946)	612,441	205,349	817,790
<b>Changes in equity for the six months ended 30 June 2020:</b>										
Profit for the period	-	-	-	-	-	-	103,134	103,134	35,515	138,649
Other comprehensive income	-	-	-	-	-	6,628	-	6,628	2,374	9,002
<b>Total comprehensive income</b>	-	-	-	-	-	6,628	103,134	109,762	37,889	147,651
Equity settled share-based transactions	-	-	-	-	671	-	-	671	100	771
Appropriation to statutory reserve	-	-	9,345	-	-	-	(9,345)	-	-	-
Acquisition of a subsidiary under common control	-	-	-	(152,869)	-	-	-	(152,869)	-	(152,869)
Capital injection from non-controlling shareholders	-	-	-	-	-	-	-	-	9,517	9,517
Dividends declared in respect of the current period	-	-	-	-	-	-	(42,478)	(42,478)	(11,814)	(54,292)
<b>Balance at 30 June 2021</b>	4,126	80,118	25,662	763,214	4,078	65,964	(415,635)	527,527	241,041	768,568

The notes on pages 22 to 48 form part of this interim financial report.

# Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2021 – unaudited

	Note	Six months ended 30 June	
		2021 HK\$'000	2020 HK\$'000 (restated)
<b>Operating activities</b>			
Cash generated from operations		103,953	3,336
Tax paid		(20,705)	(5,497)
<b>Net cash generated from/(used in) operating activities</b>		<b>83,248</b>	<b>(2,161)</b>
<b>Investing activities</b>			
Payment for the purchase of fixed assets		(16,696)	(1,576)
Payment for intangible assets		(680)	(1,859)
Payment for investing associates		(5,160)	(9,691)
Interest received		2,393	1,167
Acquisition of a subsidiary under common control		(152,869)	–
<b>Net cash used in investing activities</b>		<b>(173,012)</b>	<b>(11,959)</b>
<b>Financing activities</b>			
Capital element of lease rentals paid		(890)	(640)
Interest element of lease rentals paid		(75)	(69)
Proceeds of loan		291,508	–
Repayment of loans and other borrowing		(152,603)	–
Capital injection from non-controlling shareholders		9,517	–
Borrowing costs paid		(32,275)	(24,131)
Net proceeds from disposal of partial interests in subsidiaries		4,800	–
<b>Net cash generated from/(used in) financing activities</b>		<b>119,982</b>	<b>(24,840)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>30,218</b>	<b>(38,960)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>246,545</b>	<b>262,523</b>
<b>Effect of foreign exchange rate changes</b>		<b>2,834</b>	<b>(16,144)</b>
<b>Cash and cash equivalents at 30 June</b>	11	<b>279,597</b>	<b>207,419</b>

The notes on pages 22 to 48 form part of this interim financial report.

# Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

## 1 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 20 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on pages 13 to 14.

The financial information relating to the financial year ended 31 December 2020 that is included in the interim financial report as comparative information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2020 are available from the Company's registered office. In the auditors' report dated 26 March 2021, the auditors expressed an unqualified opinion on those financial statements.

Management is not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern and has prepared the interim financial report on a going concern basis.

# Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

## 1 BASIS OF PREPARATION (CONTINUED)

### MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING A SUBSIDIARY UNDER COMMON CONTROL

On 7 April 2021, Good Sign Limited (a wholly-owned subsidiary of the Company, the “Purchaser”) entered into an Equity Transfer Agreement with Shenzhen Huayu Investment & Development Group Co., Ltd. (the “Vendor”), a company wholly-owned by Mr. Chan Yeung Nam (“Mr. Chan”). Mr. Chan is an ultimate controlling shareholder of the Company and Shenzhen Huayu Expressway Investment Co., Ltd. (the “Target Company”). Pursuant to the Equity Transfer Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the 60% equity interests in the Target Company (representing the entire equity interests held by the Vendor in the Target Company) at a consideration of RMB127.2 million (approximately HK\$152.9 million) (the “Acquisition”).

The consideration of the Acquisition is 60% of the completion net asset value, being defined as the sum of (i) net asset value of the Target Company at the date of completion and (ii) the fair value gain of land and buildings of the Target Company, being the difference between the book value and the fair value of the land and buildings at the date of completion.

The Vendor is ultimately and beneficially owned by Mr. Chan as to 100.00% of its effective interest. Mr. Chan is a controlling shareholder of the Company interested in 72.71% of the Company through Velocity Partners Limited. As such, the Vendor is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the Acquisition constituted a connected transaction under the Listing Rules. The principal activities of the Target Company are construction, operation and management of the First Phase of Qing-Ping Expressway (S209). Details of the Acquisition are set out in the Company’s circular dated 30 April 2021.

The Acquisition were completed on 29 June 2021 (“Completion Date”). The consideration was amounted to HK\$152.9 million. The consideration was satisfied by the Company through the payment in cash.

The Acquisition was considered as a business combination under common control as the Company and its subsidiaries and the Target Company are both ultimately controlled by Mr. Chan. The acquisition of the Target Company was accounted for using merger accounting in accordance with Hong Kong Accounting Guideline 5 “Merger Accounting for Common Control Combinations” (“AG 5”) issued by the HKICPA. The Group and the Target company are regarded as continuing entities.

# Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

## 1 BASIS OF PREPARATION (CONTINUED)

### MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING A SUBSIDIARY UNDER COMMON CONTROL (CONTINUED)

Under merger accounting, based on the guidance set out in AG 5, the interim financial information incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The adjustments to eliminate share/registered capital of the combining entities or businesses against the related investment costs have been made to other reserve in the consolidated statement of changes in equity.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the prior periods have been restated to include the results of the Target Company as if these acquisitions had been completed since the date the respective business first came under the common control of the Company. The consolidated statement of financial position as at 31 December 2020 have been restated to adjust the carrying amounts of the assets and liabilities of the Target Company which had been in existence as at 31 December 2020 as if those entities or businesses were combined from the date when they first came under the common control of the Company (see below for the financial impacts).

# Notes to the Unaudited Interim Financial Report

(Expressed in Hong Kong dollars unless otherwise indicated)

## 1 BASIS OF PREPARATION (CONTINUED)

### MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING A SUBSIDIARY UNDER COMMON CONTROL (CONTINUED)

(i) **Effect on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2020:**

	The Group (before business combination under common control) HK\$'000  (originally stated)	Business combination of entities under common control HK\$'000	Consolidated HK\$'000 (unaudited and restated)
<b>Revenue</b>	186,397	19,789	206,186
Cost of sales	(125,784)	(23,592)	(149,376)
<b>Gross profit/(loss)</b>	60,613	(3,803)	56,810
Other revenue	1,244	703	1,947
Other net (loss)/income	(4,726)	95	(4,631)
Administrative expenses	(16,607)	(3,200)	(19,807)
Selling and distribution costs	(4,884)	–	(4,884)
<b>Profit/(loss) from operations</b>	35,640	(6,205)	29,435
Finance costs	(25,007)	(1,866)	(26,873)
Share of profit or loss of associates	833	–	833
<b>Profit/(loss) before taxation</b>	11,466	(8,071)	3,395
Income tax	(5,319)	–	(5,319)
<b>Profit/(loss) for the period</b>	6,147	(8,071)	(1,924)
<b>Attributable to:</b>			
Equity shareholders of the Company	9,168	(4,843)	4,325
Non-controlling interests	(3,021)	(3,228)	(6,249)
<b>Profit/(loss) for the period</b>	6,147	(8,071)	(1,924)

# Notes to the Unaudited Interim Financial Report

## 1 BASIS OF PREPARATION (CONTINUED)

### MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING A SUBSIDIARY UNDER COMMON CONTROL (CONTINUED)

#### (ii) Effect on the condensed consolidated statement of financial position as at 31 December 2020:

	The Group (before business combination under common control) HK\$'000	Business combination of entities under common control HK\$'000	Adjustments HK\$'000	Consolidated HK\$'000 (restated)
<b>Non-current assets</b>				
Property, plant and equipment	18,517	806	–	19,323
Intangible assets – service concession arrangements	1,312,774	184,744	–	1,497,518
Interests in associates	22,129	–	–	22,129
Deferred tax assets	145,390	–	–	145,390
	1,498,810	185,550	–	1,684,360
<b>Current assets</b>				
Inventories	94,495	–	–	94,495
Prepayments and other receivables	34,983	1,579	–	36,562
Amounts due from related parties	4,814	53,099	–	57,913
Cash and cash equivalents	230,775	15,770	–	246,545
Other current assets	459	–	–	459
	365,526	70,448	–	435,974
<b>Current liabilities</b>				
Accruals and other payables	79,794	12,182	–	91,976
Contract liabilities	6,591	–	–	6,591
Amounts due to related parties	8,422	1,566	–	9,988
Bank loans and other borrowing	106,938	47,528	–	154,466
Lease liabilities	1,285	–	–	1,285
	203,030	61,276	–	264,306
<b>Net current assets</b>	162,496	9,172	–	171,668

# Notes to the Unaudited Interim Financial Report

## 1 BASIS OF PREPARATION (CONTINUED)

### MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING A SUBSIDIARY UNDER COMMON CONTROL (CONTINUED)

#### (ii) Effect on the condensed consolidated statement of financial position as at 31 December 2020: (CONTINUED)

	The Group (before business combination under common control) HK\$'000	Business combination of entities under common control HK\$'000	Adjustments HK\$'000	Consolidated HK\$'000 (restated)
<b>Total assets less current liabilities</b>	1,661,306	194,722	–	1,856,028
<b>Non-current liabilities</b>				
Bank loan and other borrowing	935,315	–	–	935,315
Amount due to the controlling shareholder of the Company	101,976	–	–	101,976
Lease liabilities	947	–	–	947
	1,038,238	–	–	1,038,238
<b>NET ASSETS</b>	623,068	194,722	–	817,790
<b>CAPITAL AND RESERVES</b>				
Share capital	4,126	159,120	(159,120)	4,126
Reserves	491,481	35,602	81,232	608,315
<b>Total equity attributable to equity shareholders of the Company</b>	495,607	194,722	(77,888)	612,441
<b>Non-controlling interests</b>	127,461	–	77,888	205,349
<b>TOTAL EQUITY</b>	623,068	194,722	–	817,790

# Notes to the Unaudited Interim Financial Report

## 1 BASIS OF PREPARATION (CONTINUED)

### MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING A SUBSIDIARY UNDER COMMON CONTROL (CONTINUED)

(ii) The effect of the restatement on the Group's equity on 31 December 2019 is summarised as follows:

	The Group (before business combination under common control) HK\$'000 (originally stated)	Business combination of entities under common control HK\$'000	Adjustments HK\$'000 Note	Consolidated HK\$'000 (restated)
Share capital	4,126	159,120	(159,120)	4,126
Share premium	80,118	–	–	80,118
Statutory reserve	4,215	9,784	(3,914)	10,085
Other reserve	825,196	–	95,472	920,668
Share-based compensation reserve	1,945	–	–	1,945
Exchange reserve	27,928	7,891	(3,156)	32,663
Accumulated losses	(534,726)	168	(67)	(534,625)
<b>Total</b>	<b>408,802</b>	<b>176,963</b>	<b>(70,785)</b>	<b>514,980</b>
Non-controlling interests	108,905	–	70,785	179,690
<b>Total</b>	<b>517,707</b>	<b>176,963</b>	<b>–</b>	<b>694,670</b>

Note: The adjustments represent the reclassification of reserves to conform with the presentation of the Group's condensed consolidated financial statements

# Notes to the Unaudited Interim Financial Report

## 1 BASIS OF PREPARATION (CONTINUED)

### MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING A SUBSIDIARY UNDER COMMON CONTROL (CONTINUED)

- (iii) The effect of the restatement on the Group's basic and diluted earnings per share for the six months ended 30 June 2020 is as follows:

	Six months ended 30 June 2020
<hr/>	
<b>Basic and diluted earnings per share (HK Cents)</b>	
Unaudited and originally stated	2.22
Adjustments arising from business combination under common control	(1.17)
<hr/>	
Restated	1.05

- (iv) The effect of the restatement on the Group's cash flow for the six months ended 30 June 2020 is summarised as follows:

	Six months ended 30 June 2020 HK\$'000
<hr/>	
Increase in net cash from operating activities	18,799
Increase in net cash used in investing activities	92
Decrease in net cash from financing activities	(1,866)
Increase in cash and cash equivalents at the end of period	29,687

# Notes to the Unaudited Interim Financial Report

## 2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*

None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 3 REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments. No operating segments have been aggregated to form the following reportable segments.

### (A) DISAGGREGATION OF REVENUE

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

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000 (restated)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products or service lines		
– Toll income	160,688	59,292
– Sales of liquor and spirits	463,626	146,894
	<b>624,314</b>	<b>206,186</b>

# Notes to the Unaudited Interim Financial Report

## 3 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (A) DISAGGREGATION OF REVENUE (CONTINUED)

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

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

### (B) INFORMATION ABOUT PROFIT OR LOSS, ASSETS AND LIABILITIES

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

For the six months ended 30 June	The Expressway		Liquor and spirits		Total	
	2021 HK\$'000	2020 HK\$'000 (restated)	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000 (restated)
<b>Reportable segment revenue</b>	<b>160,688</b>	59,292	<b>463,626</b>	146,894	<b>624,314</b>	206,186
Interest income from bank deposits	(865)	(213)	(554)	(290)	(1,419)	(503)
Interest expenses	28,100	26,804	57	23	28,157	26,827
Depreciation and amortisation	37,629	27,422	911	238	38,540	27,660
<b>Reportable segment profit (adjusted EBITDA)</b>	<b>125,971</b>	30,788	<b>121,680</b>	35,733	<b>247,651</b>	66,521
As at 30 June/31 December						
<b>Reportable segment assets</b>	<b>1,641,320</b>	1,706,647	<b>386,381</b>	192,960	<b>2,038,542</b>	1,899,607
<b>Reportable segment liabilities</b>	<b>1,300,631</b>	1,231,633	<b>65,192</b>	29,494	<b>1,365,823</b>	1,261,127

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

# Notes to the Unaudited Interim Financial Report

## 3 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (C) RECONCILIATIONS OF REPORTABLE SEGMENT PROFIT OR LOSS

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000 (restated)
Reportable segment profit (adjusted EBITDA)	247,651	66,521
Reportable segment profit derived from		
Group's external customers and associates	247,651	66,521
Other revenue	973	663
Other net income/(loss)	1,179	(4,958)
Depreciation and amortisation	(39,102)	(28,222)
Finance costs	(28,176)	(26,873)
Share of profits less losses of associates	10,556	833
Unallocated head office and corporate expenses	(6,084)	(4,569)
Consolidated profit before taxation	186,997	3,395

## 4 OTHER REVENUE AND NET INCOME/(LOSS)

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000 (restated)
<b>Other revenue</b>		
Billboard rental income	946	780
Interest income from bank deposits	2,393	1,167
	3,339	1,947
<b>Other net income/(loss)</b>		
Net foreign exchange gain/(loss)	1,199	(5,028)
Others	958	397
	2,157	(4,631)

# Notes to the Unaudited Interim Financial Report

## 5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000 (restated)
<b>(a) Finance costs:</b>		
Interest on bank loans and other borrowing	28,101	26,804
Interest on lease liabilities	75	69
	<b>28,176</b>	<b>26,873</b>
<b>(b) Staff costs:</b>		
Salaries, wages and other benefits	23,182	19,323
Contributions to defined contribution retirement plans	4,549	2,273
Share-based payment expenses	771	802
	<b>28,502</b>	<b>22,398</b>
<b>(c) Other items:</b>		
Depreciation charge		
– owned property, plant and equipment	2,630	2,659
– right-of-use assets	917	579
Amortisation	35,555	24,984
Operating leases	665	461

# Notes to the Unaudited Interim Financial Report

## 6 INCOME TAX

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000 (restated)
Current tax – PRC corporate income tax	40,736	9,237
Deferred tax – Origination and reversal of temporary differences	7,612	(3,918)
	<b>48,348</b>	5,319

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.
- (ii) No provision has been made for Hong Kong Profits Tax as the Group did not have assessable profits subject to Hong Kong Profits Tax during the periods ended 30 June 2021 and 2020.
- (iii) Pursuant to the income tax rules and regulations of the PRC, the subsidiaries in the PRC are liable to PRC corporate income tax at a rate of 25% (six months ended 30 June 2020: 25%) on their assessable profits. Reversal and origination of temporary differences are in connection with the impairment provision and construction profit of intangible assets-service concession arrangements, deductible tax losses and other deductible temporary differences.

# Notes to the Unaudited Interim Financial Report

## 7 EARNINGS PER SHARE

### (A) EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated profit attributable to ordinary equity shareholders of the Company for the period of \$103,134,000 (six months ended 30 June 2020: \$4,325,000) and the weighted average number of 412,608,000 (six months ended 30 June 2020: 412,608,000) shares in issue during the interim period.

### (B) DILUTED EARNINGS PER SHARE

There were no dilutive potential ordinary shares for the six months ended 30 June 2021 and 2020, therefore, diluted earnings per share is equivalent to basic earnings per share.

## 8 PROPERTY, PLANT AND EQUIPMENT

### (A) RIGHT-OF-USE ASSETS

During the six months ended 30 June 2021, the Group entered into a number of lease agreements for use of office premises, and therefore recognised the additions to right-of-use assets of \$1,651,000 (six months ended 30 June 2020: \$306,000).

### (B) ACQUISITIONS AND DISPOSAL OF OWNED ASSETS

During the six months ended 30 June 2021, the Group acquired items of equipment with a total cost of \$12,191,000 (six months ended 30 June 2020: \$1,680,000). No item was disposed of during the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

## Notes to the Unaudited Interim Financial Report

### 9 INTANGIBLE ASSETS – SERVICE CONCESSION ARRANGEMENTS

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000 (restated)
<b>Cost:</b>		
At 1 January	3,056,909	2,837,474
Additions	–	34,710
Exchange adjustments	34,990	184,725
At 30 June/31 December	3,091,899	3,056,909
<b>Accumulated amortisation:</b>		
At 1 January	907,750	793,349
Charge for the period/year	35,555	59,914
Exchange adjustments	10,443	54,487
At 30 June/31 December	953,748	907,750
<b>Accumulated impairment loss:</b>		
At 1 January	651,641	612,209
Exchange adjustments	7,459	39,432
At 30 June/31 December	659,100	651,641
<b>Net book value:</b>		
At 30 June/31 December	1,479,051	1,497,518

The service concession arrangements represents the Group's right to operate the Sui-Yue Expressway (Hunan Section) (the "Sui-Yue Expressway") and the First Phase of Qing-Ping Expressway (S209) (the "Qing-Ping Expressway") and receive fees therefrom.

The amortisation of intangible asset – service concession arrangements is recognised in statement of profit or loss on a unit of usage basis over the estimated useful life, which is the period when it is available for use to the end of the concession period.

# Notes to the Unaudited Interim Financial Report

## 9 INTANGIBLE ASSETS – SERVICE CONCESSION ARRANGEMENTS (CONTINUED)

### IMPAIRMENT LOSS

The recoverable amount of the cash generating unit containing the Sui-Yue Expressway and Qing-Ping Expressway was determined by value in use, based on the expected free cash flows up to the end of the service concession arrangements period, and a pre-tax discount rate.

The discount rate is a pre-tax measure estimated using the Capital Asset Pricing Model based on the industry average ratios and the CGU's specific risks.

Management are not aware of any significant changes in the assumptions in current period. As the Sui-Yue Expressway and Qing-Ping Expressway was written down to recoverable amount in previous periods, any further adverse changes in the key assumptions used in determining the value in use may lead to further impairment of the intangible assets.

## 10 PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000 (restated)
Prepayments	189,384	24,243
Other receivables	12,809	12,319
	<b>202,193</b>	36,562

All of the prepayments and other receivables are expected to be recovered within one year.

## Notes to the Unaudited Interim Financial Report

### 11 CASH AND CASH EQUIVALENTS

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000 (restated)
Cash at bank and on hand	279,597	246,545

### 12 ACCRUALS AND OTHER PAYABLES

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000 (restated)
Construction payables	34,533	47,498
Suspense receipts	1,463	2,297
Accruals	15,085	21,980
Taxes payable	30,878	7,277
Interest payable	1,574	6,516
Dividend payable	24,756	–
Other payables	5,517	6,408
	<b>113,806</b>	<b>91,976</b>

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

# Notes to the Unaudited Interim Financial Report

## 13 BANK LOANS AND OTHER BORROWINGS

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000 (restated)
<i>Current liability</i>		
Current portion of a long-term secured bank loans	138,207	154,466
<i>Non-current liabilities</i>		
Long-term secured bank loan	1,103,160	819,858
Interest-bearing borrowing	–	115,457
	<b>1,241,367</b>	<b>1,089,781</b>

At 30 June 2021 and 31 December 2020, the bank loans was repayable as follows:

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000 (restated)
Within 1 year or on demand	138,207	154,466
After 1 year but within 2 years	96,144	118,820
After 2 years but within 5 years	288,432	507,563
After 5 years	718,584	308,932
	<b>1,241,367</b>	<b>1,089,781</b>

The Group's rights to operate the Sui-Yue Expressway and Qing-Ping Expressway and receive toll fees therefrom, have been pledged to secure the bank loans.

# Notes to the Unaudited Interim Financial Report

## 13 BANK LOANS AND OTHER BORROWINGS (CONTINUED)

The bank loans of the Group is subject to certain financial covenants. The Group regularly monitors its compliance with these covenants, and adherence to the timetable of the scheduled repayments of the term loans and does not consider it probable that the bank will exercise its discretion to demand repayment so long as the Group continues to meet these requirements. As at 30 June 2021, none of the covenants relating to drawn down facilities had been breached (31 December 2020: Nil).

The other borrowing has been fully repaid in the period. The other borrowing at 31 December 2020 was proceeded from the non-controlling shareholder of Hunan Daoyue Expressway Industry Co., Ltd., which is unsecured with interest rate based on the relevant one to five years benchmark interest rate published by the People's Bank of China.

## 14 CAPITAL, RESERVES AND DIVIDENDS

### (A) SHARE CAPITAL

	2021		2020	
	No. of shares	HK\$'000	No. of shares	HK\$'000
<i>Authorised:</i>				
Ordinary shares of \$0.01 each	10,000,000,000	100,000	10,000,000,000	100,000
<i>Ordinary shares, issued and fully paid:</i>				
At 1 January	412,608,000	4,126	412,608,000	4,126
At 30 June 2021/31 December 2020	412,608,000	4,126	412,608,000	4,126

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

# Notes to the Unaudited Interim Financial Report

## 14 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (B) RESERVES

#### (i) Share premium

Share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company. Under the Companies Law of Cayman Islands, the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

#### (ii) Statutory reserve

Pursuant to applicable PRC regulations, PRC subsidiaries are required to appropriate 10% of their profit after tax (after offsetting prior years' losses) to the reserve until such reserve reaches 50% of the registered capital. The transfer to the reserve must be made before distribution of dividends to shareholders. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase paid-in capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

#### (iii) Other reserve

- (1) On 13 April 2009, the Company acquired 90% equity interest in Daoyue from Shenzhen Huayu Investment & Development (Group) Co., Ltd. The difference between the historical carrying value of the shares of Daoyue acquired and the acquisition consideration paid by the Company amounting to \$7,604,000 is debited in "Other reserve".
- (2) Pursuant to the Group's reorganisation before its initial public offering, the ultimate controlling shareholder of the Group assigned to the Company the receivable balances due from group companies amounted to \$513,388,000. The difference between the assigned receivable balances over the nominal value of \$3,000,000 of the shares issued by the Company in exchange thereof was also recorded in "Other reserve".
- (3) On 17 December 2018, 17 June 2019, 18 June 2019 and 30 July 2019, the Group completed the disposal of 30% equity interest in Daoyue, 20% equity interest in Yuanque, 10% equity interest in Healthy Wine and 3% equity interest in Healthy Wine respectively. The differences between the fair value of consideration receivables and the net book value of subsidiaries and other directly related transaction costs were recorded in "Other reserve".

# Notes to the Unaudited Interim Financial Report

## 14 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (B) RESERVES (CONTINUED)

#### (iii) Other reserve (CONTINUED)

- (4) On 29 July 2020, the Group acquired 20% equity interest in Yuanque from a former substantial shareholder of a subsidiary, pursuant to the relevant share purchase agreement. As a result, the percentage of equity interest held by the Group in Yuanque increased from 80% to 100% during the year. The changes in the Group's equity interest in Yuanque resulted in a decrease in "Other reserve".
- (5) On 29 June 2021, the Group acquired 60% equity interest in the Target Company from the Vendor, the difference between the consideration of HK\$152,869,000 paid for acquisition of interest in the Target Company and the 60% of share capital of the Target Company of HK\$95,472,000 as at 29 June 2021 were recorded in "Other reserve". The acquisition is accounted for by using merger accounting in accordance with Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations".

#### (iv) Share-based compensation reserve

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employee as consideration for equity instruments (restricted shares) of a subsidiary. The restricted shares are recognised for the difference between the grant price and the fair value of the restricted shares at the grant date.

The executive director of a subsidiary approved the Restricted Share Award Scheme (the "Award Scheme") on 18 June 2019 and 30 July 2019 respectively (the "Grant Dates"). Subsequently the restricted shares were allotted to the selected participants. Selected participants are entitled to the related distribution derived from the relevant restricted shares during the period from the dates of the allotted of the restricted shares to the vesting dates (both dates inclusive) of such restricted shares.

The above transactions were considered as equity-settled share-based payments to employees. Share-based payment expenses of \$771,000 were recognised for the period ended 30 June 2021 (the period ended 30 June 2020: \$802,000).

# Notes to the Unaudited Interim Financial Report

## 14 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (B) RESERVES (CONTINUED)

#### (v) Exchange reserve

Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the PRC operation.

### (C) DIVIDENDS

Dividends payable to equity shareholders attributable to the interim period.

The Board of the Company declared a special interim dividend of \$0.06 per share to the shareholders of the Company for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

On 25 April 2021, the Board of the target company has declared the payment of dividends to the Vendor and the non-controlling shareholder by the way of offsetting with amount due from related parties of \$17,722,000 and \$11,814,000 respectively.

### (D) CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a debt-to-equity ratio. For this purpose, adjusted net debt is defined as total debt (which includes accruals and other payables, amounts due to related parties and bank loans). Equity comprises all components of equity.

# Notes to the Unaudited Interim Financial Report

## 15 COMMITMENTS

At 30 June 2021, the Group had no capital commitments outstanding not provided for in the interim financial report (31 December 2020: Nil).

## 16 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the interim financial report, the Group entered into the following material related party transactions.

(A) DURING THE PERIOD, THE DIRECTORS ARE OF THE VIEW THAT THE FOLLOWING INDIVIDUALS AND COMPANIES ARE RELATED PARTIES OF THE GROUP:

Name of party	Relationship
Mr Chan Yeung Nam* 陳陽南	Controlling shareholder of the Company
Shenzhen Huayu Investment & Development (Group) Co., Ltd.* 深圳華昱投資開發(集團)有限公司	Under the control of the controlling shareholder of the Company
Shenzhen Huayu Highway Maintenance Engineering Co., Ltd.* 深圳華昱道路養護工程有限公司	Under the control of the controlling shareholder of the Company
Shenzhen Yufa Property Management Co., Ltd.* 深圳市昱發物業管理有限公司	Under the control of the controlling shareholder of the Company
Shenzhen Qinglong Expressway Co., Ltd.* 深圳清龍高速公路有限公司	Under the control of the controlling shareholder of the Company
Shenzhen Huayu Telecom Equipment Development Co., Ltd.* 深圳市華昱電信設備發展有限公司	Under the control of the controlling shareholder of the Company
Hunan Huayu Xiaoxiang Liquor Co., Ltd.* 湖南華昱瀟湘酒業有限公司	Associate of a subsidiary
Guizhou Huayu Shenqian Liquor Co., Ltd.* 貴州華昱深黔酒業有限公司	Associate of a subsidiary
Shanxi Huayu Hengyun Liquor Co., Ltd.* 陝西華昱恒韻酒業有限公司	Associate of a subsidiary
Henan Huayu Dingli Liquor Co., Ltd.* 河南華昱鼎立酒業有限公司	Associate of a subsidiary
Beijing Huayu Shengjing Liquor Co., Ltd.* 北京華昱盛京酒業有限公司	Associate of a subsidiary

# Notes to the Unaudited Interim Financial Report

## 16 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(A) DURING THE PERIOD, THE DIRECTORS ARE OF THE VIEW THAT THE FOLLOWING INDIVIDUALS AND COMPANIES ARE RELATED PARTIES OF THE GROUP: (CONTINUED)

Name of party	Relationship
Guangdong Huayu Yuehai Liquor Co., Ltd.* 廣東華昱粵海酒業有限公司	Associate of a subsidiary
Shandong Huayu Detai Liquor Co., Ltd.* 山東華昱德泰酒業有限公司	Associate of a subsidiary
Xinchuangjian (Guangdong) Investment Co., Ltd.* 新創建(廣東)投資有限公司	Shareholder with significant influence on a subsidiary
Guizhou Ruoshui Fangyuan Investment Management Co., Ltd.* 貴州若水方圓投資管理有限公司	Shareholder with significant influence on a subsidiary
Mr Ran Changxian* 冉昌賢	Shareholder with significant influence on subsidiaries
Shenzhen Expressway Company Limited* 深圳高速公路股份有限公司	Shareholder with significant influence on a subsidiary
Shenzhen High-speed Advertising Co., Ltd.* 深圳市高速廣告有限公司	Under the control of a shareholder with significant influence on a subsidiary
Shenzhen High-speed Operation Development Co., Ltd.* 深圳高速運營發展有限公司	Under the control of a shareholder with significant influence on a subsidiary

\* The English translation of the companies' or persons' names are for reference only. The official names of these companies and persons are in Chinese.

# Notes to the Unaudited Interim Financial Report

## 16 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Six months ended 30 June	
	2021 HK\$'000	2020 HK\$'000 (restated)
Sales to related companies		
– Hunan Huayu Xiaoxiang Liquor Co., Ltd.	39,689	18,051
– Henan Huayu Dingli Liquor Co., Ltd.	38,171	10,096
– Guizhou Huayu Shengqian Liquor Co., Ltd.	19,951	4,438
– Shanxi Huayu Hengyun Liquor Co., Ltd.	20,828	–
– Beijing Huayu Shengjing Liquor Co., Ltd.	30,011	4,911
– Guangdong Huayu Yuehai Liquor Co., Ltd.	33,736	–
– Shandong Huayu Detai Liquor Co., Ltd.	27,309	–
Rendering of services to Shenzhen High-speed Advertising Co., Ltd.	463	425
Receiving services from related companies		
– Shenzhen Huayu Telecom Equipment Development Co., Ltd.	41	727
– Shenzhen Yufa Property Management Co., Ltd.	504	463
Expense paid on behalf of the Group by related companies		
– Shenzhen Huayu Investment & Development (Group) Co., Ltd.	15	243
– Xinchuangjian (Guangdong) Investment Co., Ltd.	138	127
– Shenzhen Qinglong Expressway Co., Ltd.	903	751
Consideration of acquisition of a subsidiary from related companies		
– Shenzhen Huayu Investment & Development (Group) Co., Ltd.	152,869	–
Dividend paid to related companies		
– Shenzhen Expressway Company Limited	7,478	–
– Shenzhen Huayu Investment & Development (Group) Co., Ltd.	11,217	–
Repayment to Xinchuangjian (Guangdong) Investment Co., Ltd.	123,818	–
Interest on borrowing from Xinchuangjian (Guangdong) Investment Co., Ltd.	1,923	2,185

# Notes to the Unaudited Interim Financial Report

## 16 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

### (C) BALANCES WITH RELATED PARTIES

As at 30 June 2021 and 31 December 2020, the Group had the following balances with related parties:

	At 30 June 2021 HK\$'000	At 31 December 2020 HK\$'000 (restated)
Amounts due from related parties		
– Shenzhen Expressway Company Limited	9,657	21,239
– Shenzhen Huayu Investment & Development (Group) Co., Ltd.	14,485	31,860
– Guizhou Huayu Shenqian Liquor Co., Ltd.	–	61
– Mr Ran Changxian	–	4,753
Amounts due to related parties		
– Shenzhen Huayu Telecom Equipment Development Co., Ltd.	(410)	(1,361)
– Shenzhen Qinglong Expressway Co., Ltd.	(695)	–
– Shenzhen Yufa Property Management Co., Ltd.	(337)	(83)
– Shenzhen High-speed Advertising Co., Ltd.	(24)	(24)
– Shenzhen High-speed Operation Development Co., Ltd.	–	(98)
– Hunan Huayu Xiaoxiang Liquor Co., Ltd.	(481)	(2,414)
– Henan Huayu Dingli Liquor Co., Ltd.	(3,308)	(3,031)
– Shanxi Huayu Hengyun Liquor Co., Ltd.	(421)	(172)
– Beijing Huayu Shengjing Liquor Co., Ltd.	(3,988)	(2,142)
– Shandong Huayu Detai Liquor Co., Ltd.	(481)	–
– Guizhou Huayu Shenqian Liquor Co., Ltd.	(2,896)	(59)
– Guangdong Huayu Yuehai Liquor Co., Ltd.	(4,002)	–
– Shenzhen Huayu Investment & Development (Group) Co., Ltd.	(657)	(536)
– Guangdong Xin Chuan Co., Ltd.	(69)	(68)
Amount due to the controlling shareholder of the Company	(101,976)	(101,976)
Other borrowings from a related company		
– Xinchuangjian (Guangdong) Investment Co., Ltd.	–	(115,457)
Interest payable on borrowings from a related company		
– Xinchuangjian (Guangdong) Investment Co., Ltd.	–	(5,103)
	<b>(95,603)</b>	<b>(174,611)</b>

Note 1: Balance with the controlling shareholder represented advance made from the controlling shareholder of the Group. This advance is unsecured and interest-free.

# Notes to the Unaudited Interim Financial Report

## 17 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, Shenzhen Huayu Wine Development Co., Ltd. (the “Seller”), an indirect wholly-owned subsidiary of the Company, entered into the share transfer agreement with Guizhou Renhuai Xianyechang Trading Co., Ltd. (the “Purchaser”), a subsidiary of Mr Ran Changxian, pursuant to which the Seller has agreed to sell, and the Purchaser has agreed to purchase, 10% equity interests in the Huayu Healthy Wine (Shenzhen) Co., Ltd. (the “Target Interests”) at a total consideration of approximately RMB 13.63 million (equivalent to HK\$ 16.36 million) in cash on 6 July 2021.

On 22 July 2021, the Seller and the Purchaser entered into a supplemental agreement to amend certain terms of the share transfer agreement dated 6 July 2021. Pursuant to the supplemental agreement, the consideration shall be adjusted to approximately RMB19.71 million (equivalent to approximately HK\$23.65 million).