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河北建設集團股份有限公司

HEBEI CONSTRUCTION GROUP CORPORATION LIMITED

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

(Stock Code: 1727)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

The board of directors (the “**Board**”) of Hebei Construction Group Corporation Limited (河北建設集團股份有限公司) (the “**Company**”) hereby announces the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 (the “**Reporting Period**”). This announcement is in compliance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) relating to the information to be included in the preliminary annual results announcement.

FINANCIAL HIGHLIGHTS

In 2025, our revenue amounted to RMB15,480 million, representing a decrease of 38% as compared with that of 2024.

In 2025, our net loss amounted to RMB596 million, representing a decrease of 474% as compared with that of 2024.

In 2025, our loss per share amounted to RMB0.33, representing a decrease of 429% as compared with that of 2024.

CONSOLIDATED BALANCE SHEET

As at 31 December 2025

		<i>Unit: RMB'000</i>	
Assets	<i>Note</i>	31 December 2025	31 December 2024
Current assets			
Currency funds		4,355,441	5,750,362
Financial assets held for trading		16,114	16,499
Bills receivable		62,549	68,634
Accounts receivable	2	9,785,740	7,326,744
Receivables financing		6,970	106,202
Prepayments		398,442	699,026
Other receivables		2,611,141	2,299,267
Inventories		325,086	310,809
Contract assets	3	23,827,184	38,265,547
Current portion of non-current assets	4	43,128	43,128
Other current assets		441,874	508,747
		<u>41,873,669</u>	<u>55,394,965</u>
Total current assets			
Non-current assets			
Long-term receivables	4	126,409	170,007
Long-term equity investments		533,843	544,668
Contract assets	3	2,801,020	2,875,419
Other equity instrument investments		469,775	531,464
Investment property		194,000	201,300
Fixed assets		795,614	853,581
Construction in progress		–	76,892
Right-of-use assets		13,890	16,252
Intangible assets		163,255	91,918
Deferred tax assets		817,717	1,078,569
		<u>5,915,523</u>	<u>6,440,070</u>
Total non-current assets			
		<u>47,789,192</u>	<u>61,835,035</u>
Total assets			

CONSOLIDATED BALANCE SHEET (Continued)*As at 31 December 2025*

		<i>Unit: RMB'000</i>	
		31 December	31 December
Liabilities and owners' equity	<i>Note</i>	2025	2024
Current liabilities			
Short-term borrowings		2,503,124	2,426,057
Bills payable		781,707	1,162,978
Accounts payable	5	21,143,984	32,346,648
Contract liabilities		5,451,454	6,101,267
Employee benefits payable		228,371	229,400
Taxes payable	6	910,345	882,346
Other payables		3,375,459	4,917,071
Current portion of non-current liabilities		2,895,417	462,277
Other current liabilities		3,619,015	3,732,706
Total current liabilities		40,908,876	52,260,750
Non-current liabilities			
Long-term borrowings		1,120,634	3,172,655
Lease liabilities		7,347	11,684
Total non-current liabilities		1,127,981	3,184,339
Total liabilities		42,036,857	55,445,089

CONSOLIDATED BALANCE SHEET (Continued)*As at 31 December 2025*

	<i>Unit: RMB'000</i>	
	31 December	31 December
Liabilities and owners' equity	2025	2024
Owners' equity		
Share capital	1,761,384	1,761,384
Capital reserve	1,662,063	1,662,063
Other comprehensive income	(3,969)	37,403
Surplus reserve	645,972	640,960
Retained profit	<u>1,535,229</u>	<u>2,120,023</u>
 Total equity attributable to owners of the Parent	 <u>5,600,679</u>	 <u>6,221,833</u>
 Non-controlling interests	 <u>151,656</u>	 <u>168,113</u>
 Total owners' equity	 <u>5,752,335</u>	 <u>6,389,946</u>
 Total liabilities and owners' equity	 <u><u>47,789,192</u></u>	 <u><u>61,835,035</u></u>

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2025

		<i>Unit: RMB'000</i>	
	<i>Note</i>	2025	2024
Revenue	7	15,479,890	25,058,949
Less: Cost of sales		14,642,262	23,686,597
Taxes and surcharges		75,352	75,896
Selling expenses		1,169	2,220
Administrative expenses		279,779	409,984
Research and development costs		40,350	121,202
Finance costs		373,802	344,718
Including: Interest expenses		419,749	381,036
Interest income		25,097	37,786
Add: Other income		817	6,488
Investment income		11,856	8,654
Including: Share of profits of associates and joint ventures		7,192	12,093
Income on derecognition of financial assets at amortised cost		(3,029)	(5,906)
Gains on fair value changes		(7,385)	(1,664)
Credit impairment losses	8	(222,071)	(174,431)
Impairment losses on assets		(98,974)	(74,369)
Income from disposal of assets		4,017	21,277
Operating profit		(244,564)	204,287
Add: Non-operating income		6,554	4,788
Less: Non-operating expenses		2,891	5,072
Profit before tax		(240,901)	204,003
Less: Income tax expenses	10	355,338	44,552
Net profit		(596,239)	159,451

CONSOLIDATED INCOME STATEMENT (Continued)

Year ended 31 December 2025

		<i>Unit: RMB'000</i>	
	<i>Note</i>	2025	2024
Classified by the continuity of operation			
Net profit from continuing operations		(596,239)	159,451
Classified by the ownership			
Net profit attributable to shareholders of the parent		(579,782)	170,709
Net loss attributable to non-controlling interests		(16,457)	(11,258)
Other comprehensive income, net of tax		(41,372)	3,795
Other comprehensive income attributable to shareholders of the parent, net of tax		(41,372)	3,795
Other comprehensive income not to be reclassified to profit or loss			
Changes in fair value of other equity instrument investments		<u>(42,285)</u>	<u>3,109</u>
Other comprehensive income to be reclassified to profit or loss			
Changes in fair value of receivables financing		<u>913</u>	<u>686</u>
Total comprehensive income		<u>(637,611)</u>	<u>163,246</u>
Including:			
Total comprehensive income attributable to shareholders of the parent		(621,154)	174,504
Total comprehensive income attributable to non-controlling interests		(16,457)	(11,258)
Earnings per share (RMB/share)			
Basic and diluted earnings per share	<i>11</i>	<u>(0.33)</u>	<u>0.10</u>

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements were prepared in accordance with the Accounting Standards for Business Enterprises – Basic Standards issued by the Ministry of Finance, and the specific accounting standards, interpretations and other relevant regulations issued and revised thereafter (hereafter referred to as the “**Accounting Standards for Business Enterprises**”).

The financial statements have been prepared on a going concern basis.

For the year ended 31 December 2025, the net loss of Group was RMB596,239,000, the net cash outflow from operating activities of the Group was RMB1,868,791,000, and the Company’s net cash outflow from operating activities was RMB1,150,330,000. As of 31 December 2025, the Group had total outstanding commercial acceptances of RMB509,846,000 that had not been honoured as per the prescribed acceptance date; such default of the commercial acceptances has triggered cross-default provisions, involving the Group’s total interest-bearing liabilities of RMB4,941,160,000 (including the Company’s interest-bearing liabilities of RMB2,022,536,000).

The foregoing circumstances indicate the existence of material uncertainties regarding the Group’s ability to continue as a going concern. In light of these matters, the Management has adopted partially and intends to adopt continually multiple plans and measures to improve the Group’s liquidity and financial position, including:

- (1) The Group will negotiate with existing lenders regarding defaults and cross defaults, to reach an agreement and not to take any action to exercise their rights to demand immediate repayment of principal and interest.
- (2) The Group will negotiate with lenders on the renewal or extension of bank borrowings of Hebei Construction Group Corporation Limited and, if necessary, obtain additional credit facilities from existing and other lenders;
- (3) The Group will continue to take active measures to control administrative costs and maintain restraint over capital expenditure; and
- (4) The Group will continue to take active measures to recover construction contract receivables and other receivables.

Should the Group be unable to achieve the above plans and measures, it may not be able to continue its operations, in which case the financial statements would not be prepared on a going concern basis and adjustments would be required. The effects of such adjustments have not been reflected in the financial statements.

Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements comply with the requirements of the Accounting Standards for Business Enterprises, which truly and completely reflect the financial position of the Company and the Group as at 31 December 2025, as well as its operating results and cash flows in 2025.

2. ACCOUNTS RECEIVABLE

The accounts receivable of the Group are mainly receivables for construction contracting business.

The ageing analysis of accounts receivable is as follows:

	<i>Unit: RMB'000</i>	
	2025	2024
Within 1 year	8,577,412	6,294,717
1 to 2 years	1,357,086	1,156,111
2 to 3 years	558,741	501,379
Over 3 years	1,114,713	987,408
	11,607,952	8,939,615
Less: Bad debt allowance on accounts receivable	1,822,212	1,612,871
Total	9,785,740	7,326,744

Except for project quality deposits receivable, the ageing of accounts receivable was calculated since the invoice date. The ageing of the project quality deposits receivable is calculated from the later of the invoice date and the expiry of the warranty period.

3. CONTRACT ASSETS

Contract assets are mainly generated by the construction project contracting business of the Group. The Group provides construction services in accordance with the construction contract entered into with customers and recognises revenue based on performance progress over the contract period. According to the contract term, customers of the Group make progress billings with the Group based on the performance progress and make payment for the progress billings within the credit term.

	<i>Unit: RMB'000</i>					
	2025			2024		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Completed but unbilled	<u>28,907,536</u>	<u>(2,279,332)</u>	<u>26,628,204</u>	<u>43,321,324</u>	<u>(2,180,358)</u>	<u>41,140,966</u>
Including:						
Non-current assets	<u>2,906,901</u>	<u>(105,881)</u>	<u>2,801,020</u>	<u>2,971,001</u>	<u>(95,582)</u>	<u>2,875,419</u>

4. LONG-TERM RECEIVABLES

The Group's long-term receivables are mainly receivables for provision of build-operate-transfer water supply services, which will be settled in installments during a period from 1 to 25 years.

	<i>Unit: RMB'000</i>	
	2025	2024
Long-term concession project receivables	169,537	208,702
Project receivables	<u>–</u>	<u>4,733</u>
	169,537	213,435
Less: Bad debt allowance on long-term receivables	<u>–</u>	<u>300</u>
	169,537	213,135
Less: Long-term receivables due within one year	<u>43,128</u>	<u>43,128</u>
Total	<u>126,409</u>	<u>170,007</u>

The ageing of long-term receivables shall be calculated since the date upon satisfaction for the completion of concession project.

5. ACCOUNTS PAYABLE

Accounts payable are non-interest bearing and are generally settled within an agreed period.

The ageing analysis of accounts payable is as follows:

	<i>Unit: RMB'000</i>	
	2025	2024
Within 1 year	13,078,457	20,640,524
1 to 2 years	5,289,554	8,877,374
2 to 3 years	1,553,963	1,521,756
Over 3 years	1,222,010	1,306,994
Total	<u>21,143,984</u>	<u>32,346,648</u>

The ageing of accounts payable was calculated since the date the procurement was made.

6. TAXES PAYABLE

	<i>Unit: RMB'000</i>	
	2025	2024
Enterprise income tax	799,988	839,135
Value-added tax	79,676	20,210
City maintenance and construction tax	14,060	10,667
Educational surcharge	9,843	7,547
Individual income tax	3,667	4,033
Others	3,111	754
Total	<u>910,345</u>	<u>882,346</u>

7. REVENUE

	<i>Unit: RMB'000</i>	
	2025	2024
Revenue from primary business	14,893,473	24,443,437
Revenue from other business	<u>586,417</u>	<u>615,512</u>
Total	<u><u>15,479,890</u></u>	<u><u>25,058,949</u></u>

The revenue is as follows:

	<i>Unit: RMB'000</i>	
	2025	2024
Revenue from contracts with customers	15,456,681	25,029,698
Rental income	<u>23,209</u>	<u>29,251</u>
Total	<u><u>15,479,890</u></u>	<u><u>25,058,949</u></u>

The disaggregation of revenue from contracts with customers is set out as follows:

2025

	<i>Unit: RMB'000</i>		
Reporting segment	Construction	Others	Total
Major products			
Building construction	8,799,370	–	8,799,370
Infrastructure construction	4,334,546	309,265	4,643,811
Specialized and other construction	1,450,292	–	1,450,292
Sewage and reclaimed water treatment	–	119,555	119,555
Sales of goods and others	<u>262,539</u>	<u>181,114</u>	<u>443,653</u>
 Total	 <u><u>14,846,747</u></u>	 <u><u>609,934</u></u>	 <u><u>15,456,681</u></u>
Major operating regions			
Mainland China (excluding Hong Kong, Macau and Taiwan)	14,778,875	609,934	15,388,809
Other countries and regions	<u>67,872</u>	<u>–</u>	<u>67,872</u>
 Total	 <u><u>14,846,747</u></u>	 <u><u>609,934</u></u>	 <u><u>15,456,681</u></u>
Timing of revenue recognition			
At a point of time	262,539	181,114	443,653
Within a period of time	<u>14,584,208</u>	<u>428,820</u>	<u>15,013,028</u>
 Total	 <u><u>14,846,747</u></u>	 <u><u>609,934</u></u>	 <u><u>15,456,681</u></u>

The disaggregation of revenue from contracts with customers is set out as follows: (Continued)

2024

	<i>Unit: RMB'000</i>		
Reporting segment	Construction	Others	Total
Major products			
Building construction	15,452,299	–	15,452,299
Infrastructure construction	6,791,287	519,658	7,310,945
Specialized and other construction	1,680,193	–	1,680,193
Sewage and reclaimed water treatment	–	65,884	65,884
Sales of goods and others	<u>348,665</u>	<u>171,712</u>	<u>520,377</u>
Total	<u>24,272,444</u>	<u>757,254</u>	<u>25,029,698</u>
Major operating regions			
Mainland China (excluding Hong Kong, Macau and Taiwan)	<u>24,272,444</u>	<u>757,254</u>	<u>25,029,698</u>
Total	<u>24,272,444</u>	<u>757,254</u>	<u>25,029,698</u>
Timing of revenue recognition			
At a point of time	348,665	171,712	520,377
Within a period of time	<u>23,923,779</u>	<u>585,542</u>	<u>24,509,321</u>
Total	<u>24,272,444</u>	<u>757,254</u>	<u>25,029,698</u>

Recognized revenue is derived from:

	<i>Unit: RMB'000</i>	
	2025	2024
The opening carrying amount of contract liabilities	<u>6,101,267</u>	<u>6,704,485</u>

The information related to performance obligations of the Group is as follows:

Construction services

The performance obligation is fulfilled within the time when the service is provided, and the contract price is usually settled within 90 days after the project payment is invoiced. Generally, the customer retains a certain percentage as the warranty money. The warranty money is usually settled after the warranty period expires.

Sale of goods

The performance obligation is fulfilled when the goods are delivered to the customer. For recurring customers, the contract price is usually settled within 90 days of delivery; for new customers, advance payment is usually required.

Sewage and reclaimed water treatment

The performance obligation is fulfilled within the period of provision of relevant services. The contract period for sewage and reclaimed water treatment is 25 years. The contract price is normally paid within 90 days after settlement.

8. CREDIT IMPAIRMENT LOSSES

	<i>Unit: RMB'000</i>	
	2025	2024
Losses from bad debts	<u>(222,071)</u>	<u>(174,431)</u>

9. EXPENSES BY NATURE

The supplemental information of the Group's operating costs, selling expenses, administrative expenses and research and development costs by nature is as follows:

	<i>Unit: RMB'000</i>	
	2025	2024
Construction costs	14,642,262	23,686,597
Employee benefits included in administrative expenses and selling expenses	162,763	249,865
Research and development costs	40,350	121,202
Depreciation and amortization included in administrative expenses and selling expenses	28,811	29,391
Audit fees	5,500	5,500
Others	<u>83,874</u>	<u>127,448</u>
Total	<u>14,963,560</u>	<u>24,220,003</u>

10. INCOME TAX EXPENSES

	<i>Unit: RMB'000</i>	
	2025	2024
Current income tax expenses	80,672	119,105
Deferred income tax expenses	<u>274,666</u>	<u>(74,553)</u>
Total	<u>355,338</u>	<u>44,552</u>

The relationship between income tax expenses and the total profit is as follows:

	<i>Unit: RMB'000</i>	
	2025	2024
Total profit	(240,901)	204,003
Income tax expenses at the statutory tax rate	(60,225)	51,001
Tax effect of share of profits and losses of joint ventures and associates	(2,174)	(3,285)
Effect of non-taxable income	(224)	(200)
Effect of non-deductible expenses	1,350	1,919
Effect of utilisation of unrecognised deductible tax losses	(17,788)	(16,244)
Effect of unrecognized deductible temporary differences and deductible losses on deferred tax	438,085	15,448
Adjustments on the income tax of previous periods	(3,686)	(4,087)
Income tax expenses	<u>355,338</u>	<u>44,552</u>

11. EARNINGS PER SHARE

	2025	2024
	RMB per share	RMB per share
Basic earnings per share		
Continuing operations	<u>(0.33)</u>	<u>0.10</u>

Basic earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue. The number of newly issued ordinary shares is determined according to the specific terms of the issue contract and calculated from the date of consideration receivable (normally the stock issue date).

The calculation of the basic earnings per share and diluted earnings per share is as follows:

	<i>Unit: RMB'000</i>	
	2025	2024
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company		
Continuing operations	<u>(579,782)</u>	<u>170,709</u>
Shares		
Weighted average number of ordinary shares in issue of the Company	<u>1,761,383,500</u>	<u>1,761,383,500</u>

The Group had no dilutive potential ordinary shares, therefore diluted earnings per share equals to basic earnings per share.

12. DIVIDENDS

The Company plans not to distribute dividends for the year ended 31 December 2025.

EXTRACT FROM INDEPENDENT AUDITOR'S REPORT

The following is an extract from the independent auditor's report issued by Ernst & Young, the Company's auditors, on the Group's financial statements for the year ended 31 December 2025:

Disclaimer of Opinion

We have audited the financial statements of Hebei Construction Group Corporation Limited, which comprise the consolidated and company's balance sheet as of 31 December 2025, the consolidated and company income statements, the statements of changes in owners' equity and the statements of cash flows for the year then ended, and notes to the financial statements.

We do not express audit opinion on the accompanying financial statements of Hebei Construction Group Corporation Limited. Due to the significance of the matters described in the "Basis for the Disclaimer of Opinion" section, we were unable to obtain sufficient and appropriate audit evidence to form a basis of our audit opinion on the financial statements.

Basis for Disclaimer of Opinion

Material uncertainty related to going concern

For the year ended 31 December 2025, the consolidated net loss of Hebei Construction Group Corporation Limited was RMB596,239,000, the consolidated net cash outflow from operating activities was RMB1,868,791,000, and the Company's net cash outflow from operating activities was RMB1,150,330,000. As of 31 December 2025, Hebei Construction Group Corporation Limited had total outstanding commercial acceptances of RMB509,846,000 that had not been honoured as per the prescribed acceptance date; such default of the commercial acceptances has triggered cross-default provisions, involving total consolidated interest-bearing liabilities of RMB4,941,160,000 (including the Company's interest-bearing liabilities of RMB2,022,536,000). The above circumstances indicate the existence of a material uncertainty that may cast significant doubt on the continuing ability of Hebei Construction Group Corporation Limited. Note II to the financial statements disclosed the measures partially taken and to be taken continually by management to improve the financial position of Hebei Construction Group Corporation Limited. However, as of the date of the audit report, we were unable to obtain sufficient and appropriate audit evidence to assess whether it was appropriate for Hebei Construction Group Corporation Limited to prepare the financial statements on a going concern basis, or whether the disclosures in the financial statements were adequate. The matter is likely to have a significant and extensive impact on the 2025 financial statements.

MANAGEMENT OF THE GROUP'S POSITION AND BASIS REGARDING THE DISCLAIMER OF OPINION

The directors of the Company (the “**Directors**”) have reviewed the Group’s cash flow forecasts prepared by the management of the Group (the “**Management**”) , covering the 12 month period from the balance sheet date. The Directors of the Company are of the view that, based on the plans and measures recorded in Note II to the financial statements and taking into account expected cash flows to be generated from its operations, the Group will have sufficient working capital to fund its operations and to meet its financial obligations falling due within 12 months from 31 December 2025. Accordingly, the Directors consider it appropriate to prepare the consolidated financial statements on a going concern basis.

However, in respect of the assumption that the Management will be successful in such plans and measures taken or to be taken continually, the independent auditor was unable to obtain sufficient and appropriate audit evidence regarding the assumptions used in the going concern basis. As a result, the independent auditor expressed a disclaimer of opinion on the going concern basis.

Considering that the financial statements have been prepared by the Management on a going concern basis, and their validity depends on the outcome of the measures under the Management’s assumptions, there is no disagreement between the Management and the independent auditor regarding the disclaimer of opinion.

AUDIT COMMITTEE’S VIEW ON THE DISCLAIMER OF OPINION AND MANAGEMENT’S POSITION

The audit committee of the Board of the Company (the “**Audit Committee**“) has reviewed the information provided by the Management in relation to the audit matters. The Audit Committee has been advised by the independent auditor that its reasons for expressing the disclaimer of opinion are described in the section “Basis for Disclaimer of Opinion” as set out in the extract from the independent auditor’s report included in this announcement. After due and careful consideration, the Audit Committee has reviewed and concurs with the Management’s position of judgements in respect of the going concern assumptions, which are based on:

- (1) the Group has maintained normal operations, and undertook several large public building construction and municipal infrastructure construction projects during the year; and
- (2) the Company has been proactively implementing multiple plans and actions to alleviate liquidity pressure and improve the Group’s financial position, the details of which are described in the section headed “**THE GROUP’S ACTION PLAN FOR ADDRESSING THE DISCLAIMER OF OPINION**”.

The Audit Committee has no objection to the Management’s position, and it also acknowledges that the independent auditor may hold a different view on the Group’s going concern basis.

THE GROUP'S ACTION PLAN FOR ADDRESSING THE DISCLAIMER OF OPINION

The foregoing circumstances indicate the existence of material uncertainties regarding the Group's ability to continue as a going concern. In light of these matters, the Group has adopted and proposed to adopt continually multiple plans and measures to improve the Group's liquidity and financial position, including:

- (1) The Group will continue to negotiate with existing lenders regarding defaults and cross defaults to reach an agreement on concerted actions, under which lenders will refrain from exercising their rights to demand immediate repayment of principal and interest. This primarily includes: first, maintaining the normal classification of loans into five categories, and agreeing not to withdraw loans, discontinue lending, restrict credit lines, initiate litigation, be the first to classify loans as non-performing, or downgrade classification results; and second, further strengthening communication between both parties to assist the Company in coordinating with higher-level banks to adopt various policies, such as principal-free loan renewals. Within a reasonable scope, for loans that are about to mature, measures such as renewal, extension of principal and interest repayment periods, reduction of interest rates, and adjustment of repayment plans will be adopted in accordance with regulations to maintain the stability of loan quotas;
- (2) The Group will continue to negotiate with lenders on the renewal or extension of bank borrowings of the Company and, if necessary, obtain additional credit facilities from existing and other lenders;
- (3) The Group will continue to resolve defaults on commercial acceptance bills through measures such as property-for-debt swaps and negotiated installment payments;
- (4) The Group will continue to take active measures to control administrative costs and maintain restraint over capital expenditure; and
- (5) The Group will continue to take active measures to recover construction contract receivables and other receivables.

IMPACT ON THE FINANCIAL CONDITION OF THE GROUP

If the Group fails to materialize the above plans and measures, the going concern may be affected. The financial data must be adjusted to reduce the book value of the Group's assets to their recoverable amount, to recognize any potential additional liabilities that may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The impact of these adjustments is not reflected in the financial statements of the Company for the year ended 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a leading non-state-owned construction group in China and is principally engaged in the following businesses:

- Construction contracting business. The Group provides construction project contracting services mainly as a general contractor for building construction projects and infrastructure construction projects.
- Other businesses. The Group is also engaged in service concession arrangements and other businesses.

A substantial majority of the Group's revenue is generated from the construction contracting business, which mainly comprises building construction business, infrastructure construction business and specialized and other construction contracting business. In 2025, the Group's new contract value amounted to RMB12,369 million, as compared with RMB24,348 million for the corresponding period of last year. Our outstanding contract value was RMB48,736 million, as compared with RMB52,724 million for the corresponding period of last year.

New contract value (by region):

Year	2025		2024	
	Amount (RMB100 million)	Percentage	Amount (RMB100 million)	Percentage
Total	123.69	100.00%	243.48	100.00%
Beijing-Tianjin-Hebei Region	94.32	76.26%	196.22	80.59%
Other	29.37	23.74%	47.26	19.41%

New contract value (by segment):

Year	2025		2024	
	Amount (RMB100 million)	Percentage	Amount (RMB100 million)	Percentage
Total	123.69	100%	243.48	100%
Building construction	57.70	46.65%	143.10	58.77%
Infrastructure construction	39.30	31.77%	45.48	18.68%
Specialized and other construction	26.69	21.58%	54.90	22.55%

BUILDING CONSTRUCTION BUSINESS

The Group provides construction contracting services for residential, public works, industrial and commercial construction projects. The Group undertakes most of such construction projects as a general contractor. As a general contractor, the Group undertakes all main aspects of construction projects, including building construction, foundation work, curtain wall construction, building decoration and fire engineering. The Group is also responsible for engaging subcontractors in providing construction services and the labor force for construction projects, coordinating the works of all parties, providing the major equipment and machinery, procuring raw materials and ensuring that construction projects are carried out on schedule. In 2025, the new contract value from the building construction business was RMB5,770 million, compared with RMB14,310 million for the corresponding period of last year.

New contract value of the building construction business (by segment):

Year	2025		2024	
	Amount (RMB100 million)	Percentage	Amount (RMB100 million)	Percentage
Total	57.70	100.00%	143.10	100.00%
Residential construction	22.26	38.58%	43.35	30.30%
Public building construction	26.64	46.17%	74.33	51.94%
Industrial building construction	7.86	13.62%	17.93	12.53%
Commercial building construction	0.94	1.63%	7.49	5.23%

INFRASTRUCTURE CONSTRUCTION BUSINESS

The Group provides construction contracting services for municipal and transportation infrastructure projects, including water supply and water treatment, gas and heating, urban pipelines, roads, bridges and airport runway facilities. The Group undertakes most of such construction projects as a general contractor. The Group's infrastructure construction customers are primarily local governments. In 2025, the new contract value from the infrastructure construction business was RMB3,930 million, compared with RMB4,548 million for the corresponding period of last year.

New contract value of the infrastructure construction business (by segment):

Year	2025		2024	
	Amount (RMB100 million)	Percentage	Amount (RMB100 million)	Percentage
Total	39.30	100.00%	45.48	100.00%
Municipal infrastructure construction	30.50	77.62%	33.51	73.68%
Transportation infrastructure construction	8.80	22.38%	11.97	26.32%

SPECIALIZED AND OTHER CONSTRUCTION CONTRACTING BUSINESS

The Group also undertakes construction contracting projects by leveraging its qualifications and experience in specialized areas such as electrical and mechanical installation and construction of steel structures. The Group's electrical and mechanical installation projects generally cover the supply, installation and maintenance of equipment for power plants, pipelines for heating and natural gas, as well as air-conditioning, mechanical ventilation and exhaust air systems. Steel structure construction generally refers to the building of the structural supporting elements comprising steel columns, girders and beams of a construction project. In 2025, new contracts from the specialized and other construction contracting business were valued at RMB2,669 million, compared with RMB5,490 million for the corresponding period of last year.

New contract value of the specialized and other construction contracting business (by segment):

Year	2025		2024	
	Amount (RMB100 million)	Percentage	Amount (RMB100 million)	Percentage
Total	26.69	100.00%	54.90	100.00%
Electrical and mechanical installation	1.41	5.28%	3.63	6.61%
Steel structures	0.12	0.45%	0.10	0.18%
Decoration	2.91	10.90%	3.95	7.20%
Water and electricity	3.53	13.22%	17.64	32.13%
New energy (photovoltaic, wind energy)	9.70	36.35%	16.66	30.35%
Other construction business	9.02	33.80%	12.92	23.53%

Representative projects of the building construction business are as follows:

Representative projects of new contracts

Project category	Name of project	Contract value (in RMB100 million)	Region
Residential building construction	Relocation Housing Project in Hengjiezi Village, Shibalidian Township, Chaoyang District (33 Items Such as A1# Residential Building) (B1#–B9# Residential Buildings, B10# Industrial Building, B11# Ancillary Building, B12# Industrial Building, B13# Switching Station, B14#–B15# Power Distribution Rooms, B16# Ancillary Building and 2# Underground Garage)	9.63	Beijing
Residential building construction	Bid II of Resettlement House Project of Huangshanmudian Liangmachang in Pingfang Township, Chaoyang District (East Area) (30 Items Such as 01-1# Residential Building)	6.98	Beijing
Public building construction	Design and Construction Project of Inner Mongolia Hospital of Beijing Friendship Hospital, Capital Medical University	3.45	Inner Mongolia Autonomous Region
Public building construction	Construction Project of Bohai Rim Regional Emergency Rescue Centre in Hebei Province	3.00	Hebei
Public building construction	General Contract of Construction of Comprehensive Building for Mental Health and Psychiatric Services in Hunan Province	2.51	Hunan
Public building construction	Construction of the Hebei Provincial Capital-circling (Langfang) Regional Emergency Rescue Centre Project	2.24	Hebei
Industrial building construction	General Contracting Project for the Construction of Hua'an Industry Sanhe Yanjiao Beijing-Tianjin-Hebei Specialised and Sophisticated Electrical and Electronics Industrial Base Project	1.48	Hebei

Project category	Name of project	Contract value <i>(in RMB100 million)</i>	Region
Residential building construction	Phase II of Block C Project of Beiyunhe Station (Phase II), Hebei District (Buildings 1-4, Elevated Floors and Underground Garage)	1.28	Tianjin
Public building construction	General Contract (EPC) of Junior High School at Plot AX-2, Cuizhai Subdistrict, Qibu District	1.05	Shandong
Public building construction	Construction of Student Dormitory Project at West Campus of Hebei Agricultural University	1.01	Hebei

Representative projects of the infrastructure construction business are as follows:

Representative projects of new contracts

Project category	Name of project	Contract value <i>(in RMB100 million)</i>	Region
Transportation infrastructure construction	General Contracting for Design and Construction of Anping Section Reconstruction Project of Provincial Highway S333 Haixing-Shunping	5.84	Hebei
Municipal infrastructure construction	General Contract (EPC) of Bid Section III of Lanshan Hot Spring Rehabilitation Pastoral Complex Project	5.00	Shandong
Municipal infrastructure construction	Flood Control and Drainage Project – Bid Section II of General Contract of Baoding (Lianchi District) Pipe Network and Supporting Municipal Infrastructure Project	4.82	Hebei
Municipal infrastructure construction	Flood Control and Drainage Project – General Contracting of Rainwater Pumping Station of Sunshine North Street, Rainwater Pumping Station of Baihua Road Underpass Bridge and Rainwater Storage Pool of Great Wall North Street	2.51	Hebei
Municipal infrastructure construction	Construction of In-depth Treatment for Yindingzhuang Wastewater Treatment Plant in Baoding	2.26	Hebei

Project category	Name of project	Contract value <i>(in RMB100 million)</i>	Region
Municipal infrastructure construction	General Contracting of Infrastructure Project of Huanghuagou Rainwater Pumping Station in East Second Ring Road	1.72	Hebei
Municipal infrastructure construction	Construction of In-depth Treatment for Lugang Wastewater Treatment Plant in Baoding	1.69	Hebei
Municipal infrastructure construction	Underground Drainage Pipeline Renovation Project (2025) in Xilinhaote City	1.68	Inner Mongolia Autonomous Region
Municipal infrastructure construction	EPC General Contract of South Bid Section II of Ring Main Heating Pipeline Network Construction Project in Urban Area of Langfang City	1.56	Hebei
Municipal infrastructure construction	General Contract of Planned Road No. 1 for Infrastructure and Ancillary Facilities (Phase I) of International Medical Park (West Area) in Baoding National High-tech Industrial Development Zone	1.48	Hebei
Municipal infrastructure construction	2025 Residential Compound Pipeline Network Renovation Project (Phase I) in Xilinhaote City, Xilingol League, Inner Mongolia	1.28	Inner Mongolia Autonomous Region

Representative projects of the specialized and other construction contracting business are as follows:

Representative projects of new contracts

Project category	Name of project	Contract value (in RMB100 million)	Region
Other construction business	EPC General Contract of Cixian 100 MW/300 MWh Shared Energy Storage Power Station Project	5.70	Hebei
Other construction business	EPC General Contract of New 100 MW/200 MWh Independent Energy Storage Power Station Project of Antai (Baoding) New Energy Technology Co., Ltd.	3.57	Hebei
Other building construction	Construction of integrated Forestry and Fruit Industry Demonstration Park of primary, secondary, and tertiary industries in Fuping County	1.97	Hebei
Water and electricity works	Caohe River Regulation Project (Baibao Bridge to Fangshang Bridge Section) in Mancheng District, Baoding City	1.07	Hebei
Decoration	Construction of Shantytown Renovation Project (Yanfuyunlu Phase I) Jointly Developed by Five Villages of Mujiachang in Xiangdu District	0.98	Hebei
Water and electricity works	General Contract (EPC) for Design and Construction of Ecological Restoration Works of Juma River (Zhangshi Expressway Bridge to National Highway 207 Section) in Laiyuan County	0.98	Hebei

Representative projects under construction

Project category	Name of project	Contract value (in RMB100 million)	Region
Public building	General Contracting of Baoding Hospital of Guang'anmen Hospital of Chinese Academy of Traditional Chinese Medicine	19.43	Hebei
	Design and Construction General Contracting (EPC) of the New Campus of Shunping County Hospital	6.07	Hebei
	Overall Relocation Project of Wenan County Hospital	6.57	Hebei
	EPC General Contract of the Second Phase Construction Project of Gu'an People's Hospital Xinxian Hospital	4.33	Hebei
	General Contract for Design and Construction of Relocation Project of Dacheng County Hospital	6.37	Hebei
	Construction of the Second Phase of Fuxing Campus of Affiliated Hospital of Hebei University of Engineering	7.03	Hebei
	Construction of 101 Medical Complex Building in Zhengding New Area Hospital (North Area Phase I) of the Second Hospital of Hebei Medical University	7.68	Hebei
	EPC General Contract of Survey-design-construction of Supporting Infrastructure Upgrading Project of Bianque Temple in Neiqiu County	6.88	Hebei
	Cangzhou Economic and Trade Vocational Education Park Project – Cangzhou Polytechnic University	4.32	Hebei
	EPC Project General Contracting of Infrastructure and Related Supporting Facilities Construction and Upgrading Project in Beiqingshan Scenic Area	7.42	Hebei

Project category	Name of project	Contract value <i>(in RMB100 million)</i>	Region
Residential building	Shengtai Orchid Garden Project and Outdoor Supporting Facilities	3.65	Hebei
	Bid II of Resettlement House Project of Huangshanmudian Liangmachang in Pingfang Township, Chaoyang District (East Area) (30 Items Such as 01-1# Residential Building)	6.98	Beijing
	Baoding Xidayuan Area Reconstruction Resettlement Housing Construction Project Construction Bid Section I	3.35	Hebei
	Zizweifengjing Engineering General Contracting	4.86	Hebei
	General Contracting (EPC) for Survey, Design and Construction of CPPQ-A4-5 Plot Project in Huangpu District	9.08	Guangdong
	Langton Shangpin Yayuan Project (1#-19# Residential Building, 1#-4# Supporting Rooms, Kindergarten, Underground Garage)	4.52	Hebei
	Reconstruction of Dongwangcaozhuang Shantytown in Gaoyang County and Supporting Infrastructure Construction Project (Bid II)	5.61	Hebei
	General Contracting Project of Hengshui Yongjin Peninsula Project Phase III and Phase VI	7.45	Hebei
Commercial building	Hengbai International Plaza Construction Project	2.35	Hebei
	Zhangjiakou Rural Revitalisation Modern E-commerce Industrial Park Project	6.63	Hebei
Industrial building	General Contracting Project of Hua'an Industry Baoding High-tech Digital Wisdom Valley Project	3.04	Hebei
	Standardised Workshop Project (EPC) of Modern Equipment Manufacturing Industrial Park in Dangshan Economic Development Zone	3.47	Anhui
	Construction of Standardisation Science and Technology Park Project in Laiyuan Economic Development Zone, Hebei	4.36	Hebei

Project category	Name of project	Contract value <i>(in RMB100 million)</i>	Region
	EPC General Contract of Dezhou Emergency Material Reserve and Cold Chain Logistics Support Base Project	5.30	Shandong
	Civil Engineering and Steel Structure Engineering of Annual Production of 1GW Perovskite Solar Cell Module Project (Phase I)	1.57	Jiangsu
	General Contracting Project for the Construction of Hua'an Industry Sanhe Yanjiao Beijing-Tianjin-Hebei Specialised and Sophisticated Electrical and Electronics Industrial Base Project	1.48	Hebei
Transportation infrastructure construction	Yangzhou Taizhou International Airport Phase II Extension Project Flight Area Track Project Bid I	2.01	Jiangsu
	New Construction Project of South Extension of Renmin Avenue to Hengfeng South Exit of Shanghai-Kunming Expressway (Connecting Line from S205 Renmin Avenue to New National Highway 320) in Hengfeng County	1.45	Jiangxi
	Construction of Track Engineering in the Flight Area of Panzhou Guanshan Civil Airport Project (Bid III)	2.69	Guizhou
	Flight Area Foundation Treatment and Earthwork Construction of Expansion and Reconstruction Project of Kunming Changshui International Airport (Bid W8)	5.73	Yunnan
	Earthwork and Track Works of Newly-built Jindalai General Airport in Helong of Jilin Province	2.08	Jilin
Municipal infrastructure construction	EPC General Contract for Infrastructure Construction Project of Innovative Manufacturing Industrial Park	13.62	Hebei
	Second Bid Section of Design and Construction General Contract for Reconstruction Project of Urban and Rural Integrated Pipe Network and Supporting Facilities in Jingxiu District of Baoding City	3.02	Hebei

Project category	Name of project	Contract value <i>(in RMB100 million)</i>	Region
	Construction of In-depth Treatment for Yindingzhuang Wastewater Treatment Plant in Baoding	2.26	Hebei
	Flood Control and Drainage Project – General Contracting of Rainwater Pumping Station of Sunshine North Street, Rainwater Pumping Station of Baihua Road Underpass Bridge and Rainwater Storage Pool of Great Wall North Street	2.51	Hebei
	General Contracting of Infrastructure Upgrading and Reconstruction and New Supporting Road Network Project of Anguo Modern Chinese Medicine Industrial Park in Hebei Province	2.19	Hebei
	EPC General Contracting for Water Quality Upgrading and Ancillary Facilities Construction Project of Chengxi Sewage Plant in Laishui County	1.46	Hebei
	General Contracting of Infrastructure Project of Huanghuagou Rainwater Pumping Station in East Second Ring Road	1.72	Hebei
	General Contract of Planned Road No. 1 for Infrastructure and Ancillary Facilities (Phase I) of International Medical Park (West Area) in Baoding National High-tech Industrial Development Zone	1.48	Hebei
Electrical and mechanical installation	PC General Contracting of the Integration Project of Hebei Xingtai Runsong Ningjin Wind Power Generation and Storage	6.19	Hebei
Decoration	Renovation Project of Baoding State-owned Elderly Care Complex	0.31	Hebei
Specialized and other construction business	Construction of New Surface Water Plant and Supporting Projects in Qingyuan District of Baoding City (Water Pipeline and Foundation Treatment Project of Water Plant)	1.70	Hebei
	Baoding City Water System Construction Project – Water Network Protection and Water Quality Improvement Project (General Contract)	11.60	Hebei

Project category	Name of project	Contract value <i>(in RMB100 million)</i>	Region
	Newly-built Surface Water Plant and Supporting Works in Qingyuan District, Baoding City (Surface Water Plant Section)	1.29	Hebei

Representative projects of completed projects

Project category	Name of project	Executive contract value <i>(in RMB100 million)</i>	Region
Public building	Knowledge City ZSCXN-B3-2 (Medical City) Project (知識城ZSCXN-B3-2 (醫療城) 項目)	12.60	Guangdong
	The Third People's Hospital of Xing'an League Relocation and Rebuild Construction Project (興安盟第三人民醫院遷址新建新增建設項目)	3.36	Inner Mongolia Autonomous
	Construction Project of Double Creation Incubation Center in South New District of Fuyang City (阜陽市城南新區雙創孵化中心建設項目)	2.77	Anhui
	Project of New Engineering Complex of Minhang Campus of Shanghai Jiao Tong University (上海交通大學閔行校區新工程館項目)	3.70	Shanghai
	Area A of Diangu Financial Center (電谷金融中心A區)	6.82	Hebei
Residential building	Underground Garage and Outdoor Supporting Facilities of Bid I, Residential Buildings 1#-6# and 8# in Ziruiyuan East Zone (紫瑞園東區1#-6#、8#住宅樓，一標段地下車庫及室外配套設施)	1.80	Hebei
	Phase II Project of Urban Village Reconstruction in Longtun New City, Botou City (泊頭市龍屯新城城中村改造二期項目)	9.54	Hebei
	General Contracting of the Second Phase of Changlingju Commercial and Residential Project (長嶺居商住項目二期工程施工總承包)	4.23	Hebei

Project category	Name of project	Executive contract value <i>(in RMB100 million)</i>	Region
	General Contracting Project of Public Facilities and Residential Projects in Wolong Bay International Business District-A Zone, Phase 5A (臥龍灣國際商務區公共設施及住宅項目一A區5A期總承包工程)	3.87	Liaoning
	Ziruiyuan East Zone Construction Project Bid I (紫瑞園東區建設項目一標段)	1.80	Hebei
	General Contracting of Residential Project in Jinbinbao (Gua) 2022-17 Plot (津濱保(掛)2022-17號地住宅項目施工總承包)	2.98	Tianjin
Commercial building	General Contracting (EPC) for Survey, Design and Construction of the First Phase Construction Project of Fortune Plaza in Knowledge City (知識城財富廣場一期建設工程勘察設計施工總承包 (EPC))	2.46	Guangdong
Industrial building	Construction and Installation Works of 3#4#5# Factory Building, 6# Dining Room, 7# Dormitory Building, Diesel Generator Room, Boiler Room and Pool Pump Room (Phase I Project) of Hebei Yuanmeng Clothing Co., Ltd. (河北源夢服飾有限公司制帽工業智能4.0實施項目(一期工程)3#4#5#廠房、6#餐廳、7#宿舍樓、柴油發電機房、鍋爐房、水池泵房建築安裝工程)	0.61	Hebei
Transportation infrastructure construction	Bid 003 of T3B Terminal Building and the Fourth Runway Project of Chongqing Jiangbei International Airport (重慶江北國際機場T3B航站樓及第四跑道工程飛行區場道工程003標段)	6.16	Chongqing

Project category	Name of project	Executive contract value <i>(in RMB100 million)</i>	Region
Municipal infrastructure construction	Section Two of General Contracting of Road Construction (Phase I) of the Baoding Culture and Sports New City and Supporting Infrastructure Construction Project (保定市文體新城及配套基礎設施工程建設項目道路(一期)工程施工總承包二標段)	3.49	Hebei
	General Contracting for the Reconstruction Project of Urban Rainwater Pipe Network Damaged by flood in Gaobeidian City (高碑店市城區雨水管網水毀重建項目工程總承包)	1.46	Hebei

FINANCIAL REVIEW

Revenue, Cost of Sales and Gross Profit

The revenue of the Group for 2025 amounted to RMB15,480 million, representing a decrease of approximately RMB9,579 million as compared with last year, which was mainly due to the decrease in revenue from construction contracting segment of RMB9,550 million.

In particular:

Operating Results of Construction Contracting Segment

	As at 31 December 2025				As at 31 December 2024			
	Revenue	Cost	Gross profit rate	Percentage	Revenue	Cost	Gross profit rate	Percentage
	RMB100	RMB100			RMB100	RMB100		
	million	million	%	%	million	million	%	%
Building construction business	87.99	84.93	3.5	59.1	154.52	148	4.2	63.2
Infrastructure construction business	46.44	43.45	6.4	31.2	73.11	67.95	7.1	29.9
Specialized and other construction business	14.5	13.91	4.1	9.7	16.8	15.84	5.7	6.9
Total	<u>148.93</u>	<u>142.29</u>	4.5		<u>244.43</u>	<u>231.79</u>	5.2	

The revenue from construction contracting segment for 2025 decreased by RMB9,550 million, which was mainly due to: on one hand, certain large-scale projects of the Group were completed during the year as compared with last year; on the other hand, the contract value and number of new projects undertaken by the Company in 2025 decreased as compared with last year.

Detailed analysis is as follows:

- (1) for building construction business, being the largest revenue contributor to construction contracting business, during the Reporting Period, affected by the macro-economic situation, the property market remained in the doldrums, with a decrease in new projects and a slowdown in construction progress, leading to a decrease in revenue from the building construction business as compared to the same period of last year. At the same time, during the Reporting Period, certain large-scale projects, such as the EPC General Contract of the Second Phase Construction Project of Gu'an People's Hospital Xinxian Hospital (固安縣人民醫院新縣醫院二期建設項目EPC總承包) were nearly completed, resulting in a decrease in revenue from building construction business of RMB6,653 million as compared to last year. During the Reporting Period, affected by the overall downward trend of the construction industry, the gross profit margin of the building construction business decreased as compared to last year.
- (2) the revenue from infrastructure construction business decreased by RMB2,667 million as compared to last year. During the Reporting Period, certain large-scale infrastructure projects newly undertaken last year with high gross profit, such as the main structures of the Changchun Beihu Fine Chemicals and New Materials Industrial Demonstration Park Project (Phase I) – EPC Contract for Municipal Engineering: Installation of Equipment for Specialised and Domestic Wastewater Treatment Plants (長春北湖精細化工新材料產業示範園項目(一期)市政工程總承包—專用及生活污水處理廠設備安裝工程項目), were completed by the end of last year, and the project was totally finished this year, resulting in a decrease in revenue from infrastructure business compared to last year, and a decrease in the gross profit margin compared to last year.
- (3) the revenue from specialized and other construction business decreased by RMB230 million in 2025 as compared to last year. Such business mainly comprises other construction businesses such as electrical and mechanical installation and steel structures, which have shorter construction periods. During the Reporting Period, the number of newly undertaken projects for specialized and other construction business decreased compared to last year, resulting in lower revenue as compared to the same period of last year.

ADMINISTRATIVE EXPENSES

Administrative expenses amounted to RMB280 million in 2025, representing a decrease of RMB130 million as compared with that of 2024, which was mainly due to the decrease in wages and salaries expenses for the year as compared with last year.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs amounted to RMB40 million in 2025, representing a decrease of RMB80 million as compared with that of 2024. The research and development costs mainly include the Group's costs incurred for research of special projects or production process. Projects initiated in recent years were completed last year, and fewer new projects were initiated, resulting in a decrease in research and development costs.

CREDIT IMPAIRMENT LOSSES

Credit impairment losses amounted to RMB222 million in 2025, representing an increase of RMB48 million as compared with that of 2024, which was mainly due to the slower payment collection from certain customers of the Group and the increased risk of default, resulting in an increase in credit impairment losses.

ASSET IMPAIRMENT LOSSES

Asset impairment losses amounted to RMB99 million in 2025, representing an increase of RMB25 million as compared with that of 2024, which was mainly due to the slower payment collection from certain customers of the Group and the increased risk of default, resulting in an increase in asset impairment losses.

INVESTMENT INCOME

Investment income amounted to RMB12 million in 2025, representing an increase of RMB3 million as compared with that of 2024, which was mainly due to the sustained profitability of associated and joint ventures from strategic investments, resulting in an increase in investment income.

GAINS FROM DISPOSAL OF ASSETS

Gains from disposal of assets amounted to RMB4 million in 2025, representing a decrease of RMB17 million as compared with that of 2024, mainly due to the reduction in assets disposed of by the Group during the year.

INCOME TAX EXPENSES

Income tax expenses amounted to RMB355 million in 2025, representing an increase of RMB311 million as compared with that of 2024, which was mainly due to the reduction in the recoverability of deferred income tax for the current year and the Group reversed certain deferred income tax assets arising from temporary differences in previous years, resulting in an increase in income tax expenses.

NET LOSS

Based on the above factors, net loss amounted to RMB596 million in 2025, representing a decrease of approximately RMB756 million as compared with the net profit of last year.

LIQUIDITY, FINANCIAL SOURCES AND CAPITAL STRUCTURE

The Group finances operations primarily through cash generated from operating activities and interest-bearing borrowings. As at 31 December 2025 and 31 December 2024, the Group had cash and cash equivalents of approximately RMB3,195 million and approximately RMB5,000 million, respectively. For the liquidity and capital structure of the funds of the Group, please refer to the “Financial Ratios” below.

CURRENCY FUNDS

As at 31 December 2025, the currency funds of the Group were RMB4,355 million, representing a decrease of RMB1,395 million as compared with that at the end of 2024, which was mainly due to the net cash outflows from operating activities.

FINANCIAL POLICY

The Group regularly monitors cash flow and cash balances, and is dedicated to maintaining the optimal liquidity level required for working capital and keeping its business and multiple growth strategies at a stable and healthy level during the Reporting Period. In the future, the Group intends to finance operations through cash generated from operating activities and interest-bearing borrowings.

LONG-TERM EQUITY INVESTMENTS

As at 31 December 2025, the long-term equity investment was RMB534 million, representing a decrease of RMB11 million as compared with that at the end of 2024, mainly due to the disposal of an associate by the Group during the year.

RECEIVABLES FINANCING

As at 31 December 2025, the receivables financing of the Group was RMB7 million, representing a decrease of RMB99 million as compared with that at the end of 2024, which was mainly due to the fact that the Group preferred to settle the accounts receivable through bank deposits during the year.

ACCOUNTS RECEIVABLE AND LONG-TERM RECEIVABLES

As at 31 December 2025, the net value of accounts receivable was RMB9,786 million, representing an increase of approximately RMB2,459 million as compared with that at the end of 2024, which was mainly due to the low settlement of some projects in the Group.

The net value of long-term receivables (including the portion due within one year) was RMB170 million, representing a decrease of RMB44 million as compared with the end of 2024, which was mainly due to the recovery of certain amounts.

OTHER RECEIVABLES

As at 31 December 2025, the net value of other receivables was RMB2,611 million, representing an increase of RMB312 million as compared with that at the end of 2024, which was mainly due to the delayed recovery of performance bonds.

CONTRACT ASSETS AND CONSTRUCTION SERVICES CONTRACT LIABILITIES

The net value of contract assets as at 31 December 2025 was RMB26,628 million, representing a decrease of approximately RMB14,513 million as compared with the contract assets at the end of 2024, which was mainly due to the settlement of relevant construction contracts in accordance with the performance progress. Contract liabilities as at 31 December 2025 were RMB5,451 million, representing a decrease of approximately RMB650 million as compared with that at the end of 2024, which was mainly due to the decrease in contract liabilities as a result of the deduction of advance payments for construction projects by progress payments for certain projects during the year.

OTHER EQUITY INSTRUMENT INVESTMENT

The carrying value of other equity instrument investments as at 31 December 2025 was RMB470 million, representing a decrease of RMB62 million as compared with 2024, primarily due to changes in fair value.

BORROWINGS

The bank borrowings of the Group mainly include long-term and short-term borrowings from financial institutions.

As at 31 December 2025, the Group's interest-bearing borrowings were approximately RMB6,513 million (31 December 2024: approximately RMB6,056 million).

BILLS AND ACCOUNTS PAYABLE

As at 31 December 2025, the balance of accounts payable was RMB21,144 million, representing a decrease of RMB11,203 million as compared with that at the end of 2024. The balance of bills payable amounted to RMB782 million, representing a decrease of RMB381 million as compared with that at the end of last year, which was mainly due to the decrease in project volume during the year, resulting in lower procurement volume.

CAPITAL EXPENDITURES

Capital expenditures in 2025 were approximately RMB6 million, representing a decrease of RMB16 million as compared to that of 2024, with a slight change.

CAPITAL COMMITMENT

As at 31 December 2025, the Group did not have any material capital commitment.

Financial Ratios

	31 December 2025	31 December 2024
Current ratio (times) ⁽¹⁾	1.02	1.10
Quick ratio (times) ⁽²⁾	1.02	1.10
Gearing ratio ⁽³⁾	113.2%	94.8%
Return on assets ⁽⁴⁾	(1.1%)	0.3%
Return on equity ⁽⁵⁾	(9.8%)	2.5%

Notes:

- (1) Current ratio (times) represents total current assets divided by total current liabilities as at the relevant date.
- (2) Quick ratio (times) represents total current assets minus inventory divided by total current liabilities as at the relevant date.
- (3) Gearing ratio represents total interest-bearing liabilities divided by equity as at the relevant date and multiplied by 100%.
- (4) Return on assets represents profit for the year divided by the average of total assets at the beginning and end of the year and multiplied by 100%.
- (5) Return on equity represents profit for the year divided by the average of total equity at the beginning and end of the year and multiplied by 100%.

SIGNIFICANT ACQUISITION OR DISPOSAL

The Group did not have any significant acquisition and disposal of subsidiaries, associates and joint ventures during the Reporting Period.

SIGNIFICANT INVESTMENTS

As at 31 December 2025, the Group did not hold any significant investments.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group had contingent liabilities arising from pending litigation or arbitration amounting to RMB52 million.

RMB EXCHANGE RATE FLUCTUATIONS AND EXCHANGE RISK

Most of the Group's businesses and all bank loans have been traded in RMB so there is no significant foreign exchange fluctuation risk. The Board does not expect that fluctuations in the RMB exchange rate and exchange fluctuations of other foreign currencies will have a significant impact on the Group's business or performance. The Group currently has no relevant foreign exchange risk hedging policies and therefore it has not carried out any hedging transactions to manage the potential risks of foreign currency fluctuations.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the Reporting Period, the Group had no material acquisition and disposal of subsidiaries.

SIGNIFICANT SUBSEQUENT EVENTS

As at the date of this announcement, the Group has no significant subsequent events.

OUTLOOK

The year 2026 marks the opening year of the Company's "15th Five-Year Plan" and an important year for forging ahead under pressure and breaking through challenges. The task of ensuring the successful completion of the year's work carries significant responsibility and has far-reaching implications. At present, the external environment remains complex and volatile, the foundations of economic recovery remain unsteady, and competition within the industry continues to intensify. However, the fundamental trend of long-term economic growth in China remains unchanged. Based on the experience of developed countries, the construction industry has always been a vital component of economic development. The Central Economic Work Conference has proposed favorable policies such as "continuing to implement a more proactive fiscal policy" and "appropriately increasing the scale of central budgetary investment", sending positive signals for the development of the industry.

In the new year, the Company will continue to adhere to the strategy of “consolidating our strength, upgrading our standards, pioneering and innovating to achieve sustainable development”. Based on the requirements of listed companies, we will adopt the excellent performance model as our framework, prioritize efficiency as our core, rely on organization as our safeguard, leverage talent as our support, utilize informatization as our tool, and harness innovation as our driving force. With the shareholding system as the focus of our organizational construction, we will forge ahead steadily while overcoming challenges, create new opportunities through deepening reforms, and serve as pioneers and practitioners who boldly adapt to environmental changes, striving to achieve a strong start to the “15th Five-Year Plan”.

In 2026, the Company will continue to focus on deepening its market presence and exploring new development opportunities. The Company will strengthen headquarters leadership and leverage the value of its platforms. We will continue to optimise the functional layout of the “Ten Major Platforms”, transforming Hebei Construction into a platform-based service enterprise characterised by a light-asset, heavy-service, specialised and creditworthy model. The Company will continue to focus on the market within Hebei Province, firmly establishing a strong foothold in all 11 prefecture-level cities within the province, and strengthening and refining its city-level enterprises. We will capitalise on our existing strengths to expand into key markets outside the province, such as Inner Mongolia, the Yangtze River Delta and the Pearl River Delta. We will seize development opportunities in the new energy sector, closely follow national policy directions, and focus our efforts on emerging sectors such as “wind and solar power and energy storage”.

Consistently focus on safety in production to ensure steady and sustainable progress. We will continue to strengthen safety management and control, building a robust “safety barrier” for production. With the goal of “zero casualties”, we will dynamically identify major hazard sources and vigorously advance the ‘dual-control’ mechanism of graded safety risk management and the identification and rectification of hidden dangers. We will intensify specialised management of large machinery and fire safety, and establish a standardised construction site based on safe, civilised and environmentally friendly practices.

Constantly refine quality and technical expertise, and foster innovation capabilities. The Company will advance the standardisation of quality management to strengthen the safeguards for project quality. By focusing on the creation of high-quality projects, the Company will continue to implement rigorous process control to ensure the delivery of national-level high-quality projects, thereby achieving a dual enhancement of project quality and brand influence. The Company will closely follow national policy directions and actively participate in the development of national-level smart construction pilot cities.

In 2026, the Company will continue to actively fulfil its social responsibilities, protect the environment, pay taxes in accordance with the law, and conduct business with integrity, ensuring that the interests of the Company’s development are closely aligned with those of society. The Company will continue to uphold the fine traditions of modesty, prudence and hard work, and strive tirelessly to realise its vision of becoming a century-old enterprise!

OTHER INFORMATION

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining a high level of corporate governance to meet business needs and shareholders' requirements. To ensure that the Company is able to fully fulfill its obligations under the Listing Rules, the Company has established an effective corporate supervision structure and is committed to continually improving its internal control and corporate governance mechanisms. The Company also operates in strict accordance with the articles of association, the working rules of the committees under the Board, the Company Law, and the relevant laws, regulations and regulatory documents, as well as the relevant provisions of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"), so as to do a good job in corporate information disclosure, investor relationship management and service.

During the year ended 31 December 2025, the Company had complied with all the code provisions under the Corporate Governance Code as set out in Appendix C1 to the Listing Rules and had adopted most of the recommended best practices as set out therein.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code for all Directors to conduct transactions of the Company's securities. The Company has made specific inquiries to all Directors about their compliance with the Model Code, and they all confirmed that they have complied with the standards specified in the Model Code during the year ended 31 December 2025.

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

During the Reporting Period, the Company or its subsidiaries did not purchase, sell or redeem any of the Company's listed securities (including sale or transfer of treasury shares). At the end of the Reporting Period, no treasury shares were held by the Company or its subsidiaries.

AUDITOR

The Company has appointed Ernst & Young Hua Ming LLP (“**EY Hua Ming**”) as the auditor of the Company for the audit of annual financial report for the year ended 31 December 2025 under the Chinese Accounting Standards for Business Enterprises. The figures in respect of the Group’s consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Company’s auditor, EY Hua Ming, as consistent with the amounts set out in the Group’s consolidated financial statements. The work performed by EY Hua Ming in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by EY Hua Ming on the results announcement.

AUDIT COMMITTEE

The Audit Committee has reviewed the annual results of the Group for 2025 and the consolidated financial statements of the Group for the year ended 31 December 2025.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on the HKEXnews website of the Hong Kong Stock Exchange at www.hkexnews.hk and the website of the Company at www.hebjs.com.cn. The annual report of the Company for 2025 will be published on the aforesaid website of the HKEXnews of the Hong Kong Stock Exchange and the website of the Company in due course, and will be despatched to H shareholders of the Company who have indicated that they wish to receive a printed version of the corporate communications of the Company.

By order of the Board
Hebei Construction Group Corporation Limited
LI Baozhong
Chairman and Executive Director

Hebei, the PRC
30 March 2026

As of the date of this announcement, the executive directors are Mr. LI Baozhong, Mr. SHANG Jinfeng, Mr. ZHAO Wensheng, Mr. TIAN Wei and Mr. ZHANG Wenzhong; the non-executive director is Mr. LI Baoyuan; and the independent non-executive directors are Ms. SHEN Lifeng, Ms. CHEN Xin and Mr. CHAN Ngai Sang Kenny.