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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)

QUARTERLY UPDATE ON ACTION PLANS TO RESOLVE DISCLAIMER OF OPINION

Reference is made to the annual report of Hebei Construction Group Corporation Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2025 published on 17 April 2026 (the “**2025 Annual Report**”). Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the 2025 Annual Report.

The board of directors of the Company (the “**Board**”) would like to provide shareholders and potential investors of the Company with an update on the latest status of the Group.

As disclosed in the 2025 Annual Report, the auditor of the Company was unable to express an opinion on the 2025 Annual Report (the “**Disclaimer of Opinion**”) due to the existence of material uncertainty relating to the Group’s ability to continue as a going concern. The Group has adopted and proposed to continue adopting multiple plans and measures (the “**Action Plans**”) to resolve the Disclaimer of Opinion with a view to improving the Group’s liquidity and financial position.

The Company hereby provides an update on the progress of the Action Plans as at the date of this announcement as follows:

I. NEGOTIATIONS WITH EXISTING LENDERS IN RELATION TO THE DEFAULT AND CROSS-DEFAULT MATTERS

The Group continued to negotiate with existing lenders regarding defaults and cross-defaults with a view to reaching agreement on concerted actions, under which the 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. As at the date of this announcement, the detailed implementation by the Group was as follows:

1. Industrial and Commercial Bank of China Limited renewed a loan of RMB90 million for a term of 12 months at the original interest rate;
2. China Construction Bank Corporation renewed a loan of RMB100 million for a term of 12 months at the original interest rate;
3. Agricultural Bank of China Limited renewed a loan of RMB224 million for a term of 12 months, with the interest rate reduced by 0.5% as compared with last year;
4. Bank of China Limited renewed a loan of RMB100 million for a term of 12 months at the original interest rate;
5. Bank of Communications Co., Ltd. changed the type of credit business and granted a new working capital loan of RMB11.70 million;
6. China Minsheng Banking Corp., Ltd. changed the type of credit business and granted a new working capital loan of RMB13.23 million;
7. Bank of Beijing Co., Ltd. renewed a loan of RMB266.74 million, changed the type of credit business and granted a new working capital loan of RMB10 million. All such loans have a term of 12 months and bear the original interest rate;
8. China CITIC Bank Corporation Limited renewed a loan of RMB386 million for a term of six months at the original interest rate;
9. Bank of Cangzhou Co., Ltd. renewed a loan of RMB247 million at the original interest rate;
10. Hebei Lizhou BOB Rural Commercial Bank Company Limited (河北蠡州北銀農村商業銀行股份有限公司) renewed a loan of RMB18 million, with the loan term extended from 12 months to 24 months at the original interest rate;
11. Bank of Xingtai Co., Ltd. (邢台銀行股份有限公司) renewed a loan of RMB26 million at the original interest rate;

12. Bank of Zhangjiakou Co., Ltd. (張家口銀行股份有限公司) adjusted the repayment schedule of a RMB120 million loan, extending the term from 12 months to 60 months;
13. Bank of Baoding Co., Ltd. (保定銀行股份有限公司) renewed a loan of RMB77 million, extending the term from 19 months to 24 months, with the interest rate reduced by 1% as compared with last year.

II. NEGOTIATIONS WITH LENDERS ON THE RENEWAL OR EXTENSION OF BANK BORROWINGS

The Group continued to negotiate with lenders on the renewal or extension of its bank borrowings. Fully leveraging its coordination mechanism, the Group proactively communicated with government authorities and financial institutions, entered into memoranda of understanding and aligned strategic actions in a concerted effort to maintain stable financing. Since the end of reporting date of the 2025 financial statements, financial institutions have continued to cooperate with the Company without taking any adverse actions such as reducing or withdrawing facilities. The facilities maturing in 2026, including facilities granted to the Group by various financial institutions, are expected to be renewed or extended without satisfying any conditions.

As at the date of this announcement, for the purpose of the cashflow forecasts, the aggregate amount of bank borrowings and facilities of the Group expected to be renewed and extended in FY2026 was RMB6.5 billion. The Company undertook to meet its scheduled principal and interest repayments to the banks, and its credit rating remains at normal levels, satisfying the basic conditions required by financial institutions for loan renewals. As at the date of this announcement, the Company repaid principal and interest pursuant to relevant agreements, and its credit rating remained at normal levels.

III. RESOLUTION OF DEFAULTS ON COMMERCIAL ACCEPTANCE BILLS

1. The Group continued to resolve defaults on commercial acceptance bills through measures such as property-for-debt swaps and negotiated installment arrangements. The Company had established a dedicated debt-repayment mechanism for collections of construction projects. Each month, a fixed proportion of project payment collections was set aside and designated for the specific purpose of repaying overdue commercial acceptance bills, which were honoured in an orderly manner in line with collection progress, and it is expected that all overdue commercial acceptance bills will be fully settled by 31 December 2026. At the same time, the Company is continuously advancing debt-structure optimisation, prioritising the use of operating cash flow to proactively repay high-cost bank loans, thereby reducing interest-bearing liabilities and lowering overall financing costs, while further improving the financial statement structure and strengthening the Company's going-concern capability.

2. Updates on the agreements reached between the Company and holders of commercial acceptance bills regarding property-for-debt swaps, negotiated installment payments and other measures to resolve defaults are set out below:

As at the date of this announcement, the Company's overdue commercial acceptance bills amounted to RMB340,652,800. Of these, RMB67,568,600 related to amounts for which alternative payment solutions had been agreed and signed with suppliers; RMB164,213,300 related to amounts that were then under negotiation; and RMB108,870,900 related to amounts for which suppliers had rejected the negotiated solutions.

As at the date of this announcement, HCG Tianchen Construction Engineering Co., Ltd., a wholly-owned subsidiary of the Company, had overdue commercial acceptance bills of RMB61,826,800. Of these, RMB632,700 related to amounts for which installment payment procedures had been completed with suppliers but the bills had not yet been returned; RMB56,361,100 related to amounts that were then under negotiation; and RMB4,833,000 related to amounts for which suppliers had rejected the negotiated solutions.

IV. CONTROL OF ADMINISTRATIVE COSTS AND MAINTENANCE OF RESTRAINT OVER CAPITAL EXPENDITURE

From 1 January 2025 to 30 June 2025, the Group incurred entity management expenses of RMB122 million; from 1 January 2026 to 30 June 2026, the Group incurred entity management expenses of RMB92 million, representing a year-on-year decrease of 24.6%. The Group expects full year entity management expenses for 2026 to be RMB200 million, a decrease of 28% compared with those for 2025.

From 1 January 2025 to 30 June 2025, the Group incurred finance costs of RMB184 million; from 1 January 2026 to 30 June 2026, the Group incurred finance costs of RMB178 million, representing a year-on-year decrease of 3%. The Group expects full year finance costs for 2026 to be RMB356 million, a decrease of 4.8% compared with those for 2025.

V. RECOVERY OF CONSTRUCTION CONTRACT RECEIVABLES AND OTHER RECEIVABLES

The Group continued to take active measures to recover construction contract receivables and other receivables. During the period from 1 January 2026 to 30 June 2026, the Group's total cash inflows amounted to approximately RMB11.0 billion, of which payment collections of construction projects amounted to approximately RMB7.974 billion, accounting for approximately 72.5% of the total cash inflows; collections of other receivables amounted to approximately RMB1.72 billion. Compared with the corresponding period of 2025, payment collections of construction projects increased by approximately RMB974 million, up about

13.9% year-on-year; collections of other receivables increased by approximately RMB220 million, up about 14.7%. Other operating and financing related cash inflows are expected to amount to approximately RMB1.306 billion, which will serve as supplementary funding.

Payment collections from government projects are the core driver of construction revenue growth, and both collection and revenue are expected to increase steadily as compared to 2025. During the period from 1 January 2026 to 30 June 2026, the Group had collected approximately RMB4.91 billion from government projects, in line with expectations; collections from non-government projects amounted to approximately RMB3.064 billion; collections from newly added output projects in 2026 were RMB1.0 billion; and other operating related cash inflows totaled RMB1.72 billion. Due to the construction industry's seasonality, Q1 was typically a low-activity period affected by weather conditions, the Chinese New Year holiday and production preparation, resulting in limited new output. Since collections were directly linked to output recognition, incremental collections were correspondingly lower. This pattern is consistent with industry norms and full-year collections are expected to increase in tandem as production resumes at a normal pace. Relying on the high certainty of collections and payment stability of government projects, the Group further strengthened its cash flow resilience, which effectively solidified its operating foundation and enabled it to maintain good cooperation with various financial institutions, thereby providing strong support for steady business expansion going forward and the renewal of financing and credit facilities.

The Board will continue to implement the above Action Plans on a best effort basis, with a view to addressing the Disclaimer of Opinion as soon as possible. The Company will publish further announcements in due course to inform shareholders and potential investors of the Company of updates on the Action Plans.

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

Hebei, the PRC
17 July 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. HAU Pui Ying, Mr. LING Bin and Ms. WANG Bei.