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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

References are 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**”) and the announcement of the Company dated 17 July 2026 (the “**Announcement**”). Unless the context otherwise requires, the capitalised terms used in this announcement shall have the same meanings as those defined in the 2025 Annual Report and the Announcement.

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. In the Announcement, the Group provided an update on the implementation of the Action Plans as of 17 July 2026.

As at the date of this announcement, the Management has not made any changes to or amendments to the Action Plans. The Company hereby provides an update on the implementation progress and effectiveness 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 RMB255 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 RMB362.5 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; renewed a loan of RMB120.75 million;
6. China Minsheng Banking Corp., Ltd. changed the type of credit business and granted a new working capital loan of RMB13.23 million; renewed a loan of RMB29.9982 million;
7. Bank of Beijing Co., Ltd. renewed a loan of RMB288.96 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 RMB384.59 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. 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 RMB305,431,800, representing a decrease in the outstanding balance of overdue commercial acceptance bills of RMB35,221,000, which had been settled, as compared with the previous quarter. The main components of the Company's overdue commercial acceptance bills mentioned above include: (1) RMB62,903,300 related to amounts for which alternative payment solutions had been agreed and signed with suppliers, of which RMB55,562,800 related to amounts for which installment payment procedures had been completed with suppliers, and RMB7.3405 million related to amounts for which property-for-debt settlement procedures had been completed with suppliers. The relevant arrangements are being implemented steadily by the Company in accordance with the agreements signed; (2) RMB142,170,000 related to amounts that were then under negotiation, and the Company will continue to seek to reach agreements with the holders of the aforementioned commercial acceptance bills through measures such as property-for-debt swaps and negotiated installment payments; and (3) RMB100,358,500 related to amounts for which suppliers had rejected the negotiated solutions. For suppliers who do not accept the negotiated solutions, the Company will raise funds to make payments in batches, with government debt-resolution funds serving as the source of repayment.

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 RMB51,642,500, representing a decrease in the outstanding balance of overdue commercial acceptance bills of RMB10,184,300, which had been settled, as compared with the previous quarter. The main components of the amount of overdue commercial acceptance bills held by the Company's subsidiary mentioned above include: (1) RMB632,700 related to amounts for which installment payment procedures had been completed with suppliers, and the relevant arrangements are being implemented steadily by the Company in accordance with the agreements signed; (2) RMB49,328,700 related to amounts that were then under negotiation, and the Company will continue to seek to reach agreements with the holders of the aforementioned commercial acceptance bills through measures such as property-for-debt swaps and negotiated installment payments; and (3) RMB1,681,100 related to amounts for which suppliers had rejected the negotiated solutions. For suppliers who do not accept the negotiated solutions, the Company will raise funds to make payments in batches, with government debt-resolution funds serving as the source of repayment.

As the main collection period for construction enterprises is before the Spring Festival, the Company expects to complete repayment to suppliers who do not accept the negotiated solutions within the first quarter of 2027. For agreements that have already been reached and those currently under negotiation, the Company will make repayments in accordance with the agreed time stipulated in the agreements reached or expected to be reached. According to the latest dates stipulated in the agreements reached, the Company expects to complete repayment within the first quarter of 2027.

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

From 1 January 2025 to 30 September 2025, the Group incurred entity management expenses of RMB152 million; from 1 January 2026 to 30 September 2026, the Group incurred entity management expenses of RMB120 million, representing a year-on-year decrease of approximately 21%. The Group expects full year entity management expenses for 2026 to be RMB200 million, a decrease of approximately 28% compared with those for 2025.

In 2026, the Company vigorously implemented a management policy of “reducing back-office expenditure and prioritising frontline support”, and continued to streamline its administrative personnel; Organisational performance bonuses under the remuneration structure are calculated and reviewed based on the Company’s operating performance. As the Company’s operating performance for the current year declined compared with that in 2025, the organisational performance bonuses decreased accordingly. For the nine months ended 30 September 2026, salaries and social security contributions under entity management expenses decreased by approximately 22.3% year-on-year, while welfare expenses decreased by approximately 28.9% year-on-year. The Company comprehensively promoted online meetings and online communication, resulting in a year-on-year decrease of approximately 32.3% in transportation expenses under entity management expenses for the current period. The Company changed its auditor from Ernst & Young Hua Ming LLP to WUYIGE Certified Public Accountants LLP, resulting in a year-on-year decrease of approximately 45.3% in consultancy and audit fees for the current period. The contraction in the Company’s business scale compared with 2025 also resulted in a year-on-year decrease of approximately 45.3% in market development expenses. The forecast of management expenses for the Group was determined based on a comprehensive assessment of the Company’s business scale and changes in personnel.

From 1 January 2025 to 30 September 2025, the Group incurred finance costs of RMB291 million; from 1 January 2026 to 30 September 2026, the Group incurred finance costs of RMB278 million, representing a year-on-year decrease of approximately 4.5%. The Group expects full year finance costs for 2026 to be RMB356 million, a decrease of approximately 4.8% compared with those for 2025.

In 2026, the Company continued to maintain close engagement with various financial institutions, actively seeking preferential financial policies and securing favorable support in areas such as loan interest rates and supply chain-related costs, thereby achieving a steady

decline in overall finance costs. The forecast of finance costs for the Group was determined based on a comprehensive assessment of the current loan balance and anticipated future changes.

V. RECOVERY OF CONSTRUCTION CONTRACT RECEIVABLES AND OTHER OPERATING-RELATED FUNDS

The Group continued to take active measures to recover construction contract receivables and other receivables. During the period from 1 January 2026 to 30 September 2026, the Group's total cash inflows amounted to approximately RMB12.749 billion, of which payment collections of construction projects amounted to approximately RMB10.719 billion, accounting for approximately 84.1% of the total cash inflows; collections of other operating-related cash inflows amounted to approximately RMB2.03 billion. Compared with the corresponding period of 2025, payment collections of construction projects decreased by approximately RMB3,281 million, down about 23.4% year-on-year; other operating-related funds decreased by approximately RMB810 million, down about 28.5% year-on-year.

Analysis of Payment Collections

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 September 2026, the Group had collected RMB6.6 billion from government projects, in line with expectations; collections from non-government projects amounted to RMB4.119 billion; collections from newly added output projects in 2026 were RMB2.8 billion; and other operating-related cash inflows totaled RMB2.03 billion. Details of payment collections for main projects are as follows:

Government Projects

No.	Project Name	Amount Collected (RMB)
(1)	Relocation Project of Langfang No.1 Middle School (廊坊一中遷建工程); Party A: Langfang No.1 Middle School Relocation and Municipal Central Hospital Construction Office (廊坊一中遷建和市中心醫院建設辦公室)	132.49 million
(2)	Baoding Hospital of Guang'anmen Hospital of Chinese Academy of Traditional Chinese Medicine Project (中國中醫科學院廣安門醫院保定醫院項目) (Main Structure); Party A: Baoding City Urban Investment Project Construction Management Co., Ltd. (保定市城投項目建設管理有限公司)	83.80 million

No.	Project Name	Amount Collected (RMB)
(3)	Zhangjiakou Rural Revitalisation Modern E-commerce Industrial Park Project (張家口鄉村振興現代電子商務產業園項目); Party A: Zhangjiakou Linsen Real Estate Co., Ltd. (張家口嵐森置業有限責任公司)	74.52 million
(4)	Tongwan Road (Xijiao Expressway – Heping Road) Water Supply Pipeline Project (Phase II) (桐萬路(西郊快速路-和平路)供水管線工程(二次)); Party A: Langfang Qingquan Water Supply Co., Ltd. (廊坊市清泉供水有限責任公司)	68.58 million
(5)	EPC Project General Contracting of Baoding South 2nd Ring Road Pipeline and Supporting Municipal Infrastructure Upgrade & Renovation (保定市南二環管網及配套市政基礎設施提升改造工程EPC工程總承包); Party A: Baoding Urban Management Comprehensive Law Enforcement Bureau (保定市城市管理綜合行政執法局)	67.20 million

Non-government Projects

No.	Project Name	Amount Collected (RMB)
(1)	EPC General Contract of 500,000 kW/2,000,000 kWh Independent New-Type Energy Storage Power Station Project of the Zhenglan Banner (正藍旗50萬千瓦／200萬千瓦時獨立新型儲能電站項目EPC總承包); Party A: Zhenglanqi Hengneng New Energy Co., Ltd. (正藍旗恆能新能源有限公司)	480.00 million
(2)	Relocation Housing Project in Hengjiezi Village, Shibolidian 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) (朝陽區十八里店鄉橫街子村安置房項目(A1#住宅樓等33項)(B1#-B9#住宅樓、B10#產業用房、B11#配套用房、B12#產業用房、B13#開閉站、B14#-B15#配電室、B16#配套用房及2#地下車庫)); Party A: Beijing Dayang Hengji Real Estate Development Co., Ltd. (北京大洋恆基房地產開發有限公司)	227.30 million

No.	Project Name	Amount Collected (RMB)
(3)	General Contracting Project for the Construction Project of Land A in South Zone in the West Side Area of Beihu Core Area in Tianqiao District, Jinan (濟南市天橋區北湖核心區西側片區地塊A南區建設項目施工總承包工程); Party A: Shandong Yuanhong Investment Real Estate Co., Ltd. (山東遠宏投資置業有限公司)	56.57 million
(4)	Landun Classic B Zone Project (Ancillary facilities 10#, 12#, 15#-17#, B1#-B2#, underground parking garage) (蘭頓經典B區項目(10#、12#、15#-17#、B1#-B2# 配套、地下車庫)); Party A: Huailai Jingsheng Real Estate Development Co., Ltd. (懷來縣京盛房地產開發有限公司)	53.96 million
(5)	Main Structure and Supporting Facilities Construction Project for Bid 1 of B2 Zone in Dalian Hengda Harbor Bay Project (大連恆大港灣項目B2區一標段主體及配套建設工程); Party A: Dalian Hengchuang Real Estate Company Limited (大連恆創房地產有限公司)	53.22 million

Payment Collection Forecast for 2026 Q4

The Group's cumulative payment collections from construction projects in the first three quarters of 2026 amounted to RMB10.719 billion, averaging approximately RMB1.19 billion per month. It is expected that a total of RMB2.2 billion will be collected in October and November 2026, and approximately RMB2.0 billion will be collected in December 2026. This is attributable to the seasonal pattern of collections in the construction industry: government and state-owned enterprise customers typically concentrate the approval and disbursement of fiscal funds towards the end of fourth quarter. Based on the above, the collections of fourth quarter of 2026 are expected to amount to approximately RMB4.2 billion, comprising three specific components:

First, regular progress-based project collections, estimated at approximately RMB3.57 billion for the three months in the fourth quarter of 2026 based on the average monthly collections of RMB1.19 billion in the first three quarters of 2026. Second, special allocations for debt resolution in Baoding, of which RMB570 million was disbursed last year and RMB620 million between January and September this year, leaving an available quota of RMB6.305 billion. As local government debt-resolution efforts accelerate, further funds are expected to be released in the fourth quarter of 2026, although the amount actually received will depend on the progress of fiscal approval and disbursement. Third, targeted recovery of long-aged receivables, comprising the collections of fourth quarter of 2026 arising from the implementation of the aforementioned measures such as transfers of claims and liabilities, direct payments by principals and property-

for-debt swaps. Taken together, these three components are expected to result in the collections of fourth quarter of 2026 of approximately RMB4.2 billion. The annual total collections for 2026 is expected to be approximately RMB15.0 billion.

Collection Measures for Long-Aged Receivables

The Group classifies receivables from construction projects that are overdue for two years or more as long-aged receivables and implements differentiated collection strategies according to each project's risk rating: (1) transfer of claims and liabilities: for projects that are exceptionally long overdue, the Group enters into transfer agreements for claims and liabilities to transfer its collection rights to related parties or third parties with the actual capacity to perform, while simultaneously offsetting the relevant liabilities; (2) direct payment by principals: for projects with a longer ageing profile but a sound performance and credit record, and with the suppliers' knowledge, the Group coordinates direct communication between the suppliers and principals. The principals pay amounts payable to the Group directly into the suppliers' accounts, and the Group simultaneously offsets the corresponding receivables and payables; (3) property-for-debt swaps: for debtors experiencing cash-flow difficulties but holding property assets, the Group negotiates to accept properties in settlement of debts; and (4) recovery through legal proceedings: for higher-risk projects, the legal department takes the lead in commencing legal proceedings and applying for asset preservation at the same time. Before or during such proceedings, measures are taken to freeze or seize the debtors' bank accounts, equity interests and real properties to prevent the transfer of assets.

The collection of the Group's long-aged receivables has progressed more slowly than expected, primarily due to: (1) the multiple levels of approval required for the allocation of fiscal funds to local government and state-owned enterprise projects, including approval by finance and audit authorities, which generally result in lengthy disbursement cycles; (2) common difficulties in determining the final settlement amounts for historical projects, making it challenging to trigger payment milestones. The Group expects to take the following key remedial measures to recover long-aged receivables:

- (1) transfer of claims and liabilities: for projects that are exceptionally long overdue, complete the confirmation of claims and liabilities and sign the transfer agreements within the specified time frame;
- (2) direct payment by principals: for projects that are long overdue but where the principals have strong credit profiles, consult with the suppliers and the principals to facilitate the latter's direct payment of amounts payable to the Group into the suppliers' accounts;
- (3) unlock dormant claims via property-for-debt swaps: for debtors facing cash-flow difficulties but holding quality property assets, accelerate negotiations and the signing of agreements to accept properties in settlement of debts;

- (4) litigation and asset preservation as a backstop: for projects that are overdue for two years or more and without substantive progress towards repayment, complete the filing of legal proceedings or applications for asset preservation within Q4;
- (5) coordination on debt-resolution funds: maintain regular communication with local government debt-resolution task forces and seek to secure the allocation of special-purpose funds, such as Baoding debt-resolution funds, to the Group's projects.

The Audit Committee has actively and independently supervised the quarterly implementation of the above Action Plans. Specifically, the Audit Committee has regularly received reports from the Management on the implementation of the Action Plans, reviewed the quarterly progress information and relevant supporting documents submitted by the Management, and focused on the implementation progress and effectiveness of the key measures, including the progress of negotiations with lenders regarding defaults, cross-defaults, renewal or extension of bank borrowings, the resolution of defaults on commercial acceptance bills, the control of administrative costs and capital expenditure, and the recovery of construction project payments and other operating-related funds. The Audit Committee has also discussed the Management's assessment of the Group's liquidity, financing stability, debt settlement arrangements, collection forecasts and collection measures for long-aged receivables, required the Management to explain the actual implementation status, and will continue to follow up on the progress of outstanding matters in subsequent quarters. After review and discussion, the Audit Committee agreed with the Management's assessment of the Action Plans and the work carried out, and will continue to supervise the Management in advancing the relevant measures according to the Action Plans.

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 October 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.