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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 2024**

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 audited results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (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 2024, our revenue amounted to RMB25,059 million, representing a decrease of 25% as compared with that of 2023.

In 2024, our net profits amounted to RMB159 million, representing an increase of 1% as compared with that of 2023.

In 2024, our earnings per share amounted to RMB0.10, the same as that of 2023.

I . SELECTED FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED BALANCE SHEET

As at 31 December 2024

		<i>Unit: RMB'000</i>	
Assets	<i>Note</i>	31 December 2024	31 December 2023
Current assets			
Currency funds		5,750,362	7,688,715
Financial assets held for trading		16,499	15,329
Bills receivable		68,634	–
Accounts receivable	2	7,326,744	7,478,973
Receivables financing		106,202	205,246
Prepayments		699,026	713,757
Other receivables		2,299,267	2,297,617
Inventories		310,809	190,400
Contract assets	3	38,265,547	39,123,239
Current portion of non-current assets	4	43,128	44,394
Other current assets		508,747	540,540
		<hr/>	<hr/>
Total current assets		55,394,965	58,298,210
Non-current assets			
Long-term receivables	4	170,007	177,569
Long-term equity investments		544,668	501,063
Contract assets	3	2,875,419	2,984,797
Other equity instrument investments		531,464	589,069
Investment property		201,300	98,600
Fixed assets		853,581	948,472
Construction in progress		76,892	169,423
Right-of-use assets		16,252	19,004
Intangible assets		91,918	94,125
Deferred tax assets		1,078,569	1,005,265
		<hr/>	<hr/>
Total non-current assets		6,440,070	6,587,387
		<hr/>	<hr/>
Total assets		61,835,035	64,885,597
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CONSOLIDATED BALANCE SHEET (Continued)*As at 31 December 2024**Unit: RMB'000*

Liabilities and owners' equity	<i>Note</i>	31 December 2024	31 December 2023
Current liabilities			
Short-term borrowings		2,426,057	2,469,425
Bills payable		1,162,978	1,035,601
Accounts payable	5	32,346,648	34,488,055
Contract liabilities		6,101,267	6,704,485
Employee benefits payable		229,400	283,365
Taxes payable	6	882,346	888,270
Other payables		4,917,071	5,706,782
Current portion of non-current liabilities		462,277	423,082
Other current liabilities		3,732,706	3,796,630
Total current liabilities		52,260,750	55,795,695
Non-current liabilities			
Long-term borrowings		3,172,655	2,849,897
Lease liabilities		11,684	12,149
Total non-current liabilities		3,184,339	2,862,046
Total liabilities		55,445,089	58,657,741
Owners' equity			
Share capital		1,761,384	1,761,384
Capital reserve		1,662,063	1,662,063
Other comprehensive income		37,403	33,608
Surplus reserve		640,960	600,053
Retained profit		2,120,023	1,990,221
Total equity attributable to owners of the Parent		6,221,833	6,047,329
Non-controlling interests		168,113	180,527
Total owners' equity		6,389,946	6,227,856
Total liabilities and owners' equity		61,835,035	64,885,597

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2024

Unit: RMB'000

	Note	2024	2023
Revenue	7	25,058,949	33,492,866
Less: Cost of sales		23,686,597	31,697,268
Taxes and surcharges		75,896	98,055
Selling expenses		2,220	1,126
Administrative expenses		409,984	527,733
Research and development costs		121,202	148,139
Finance costs		344,718	305,027
Including: Interest expenses		381,036	347,501
Interest income		37,786	45,626
Add: Other income		6,488	3,977
Investment income		8,654	(2,854)
Including: Share of profits of associates and joint ventures		12,093	(1,932)
Income on derecognition of financial assets at amortised cost		(5,906)	(3,852)
Gains on fair value changes		(1,664)	(418)
Credit impairment losses	8	(174,431)	(339,084)
Impairment losses on assets		(74,369)	(148,197)
Income from disposal of assets		21,277	66
Operating profit		204,287	229,008
Add: Non-operating income		4,788	1,612
Less: Non-operating expenses		5,072	3,344
Profit before tax		204,003	227,276
Less: Income tax expenses	10	44,552	69,207
Net profit		159,451	158,069

CONSOLIDATED INCOME STATEMENT (Continued)

Year ended 31 December 2024

Unit: RMB'000

	<i>Note</i>	2024	2023
Classified by the continuity of operation			
Net profit from continuing operations		159,451	158,069
Classified by the ownership			
Net profit attributable to shareholders of the parent		170,709	171,395
Net loss attributable to non-controlling interests		(11,258)	(13,326)
Other comprehensive income, net of tax		3,795	(118,868)
Other comprehensive income attributable to shareholders of the parent, net of tax		3,795	(118,868)
Other comprehensive income not to be reclassified to profit or loss			
Changes in fair value of other equity instrument investments		3,109	(120,408)
Other comprehensive income to be reclassified to profit or loss			
Changes in fair value of receivables financing		686	1,540
Total comprehensive income		<u>163,246</u>	<u>39,201</u>
Including:			
Total comprehensive income attributable to shareholders of the parent		174,504	52,527
Total comprehensive income attributable to non-controlling interests		(11,258)	(13,326)
Earnings per share (RMB/share)			
Basic and diluted earnings per share	<i>11</i>	<u>0.10</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, application guidance, 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.

Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises, which truly and completely reflect the financial position of the Company and the Group as at 31 December 2024, as well as its operating results and cash flows in 2024.

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>	
	2024	2023
Within 1 year	6,294,717	6,323,895
1 to 2 years	1,156,111	1,246,093
2 to 3 years	501,379	668,913
Over 3 years	987,408	687,655
	<u>8,939,615</u>	<u>8,926,556</u>
Less: Impairment allowance	1,612,871	1,447,583
Total	<u><u>7,326,744</u></u>	<u><u>7,478,973</u></u>

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. Revenue recognised based on performance progress in excess of progress billings is presented as contract asset while progress billings in excess of revenue recognised based on performance progress is presented as contract liabilities.

Unit: RMB'000

	2024			2023		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Completed but unbilled	<u>43,321,324</u>	<u>(2,180,358)</u>	<u>41,140,966</u>	<u>44,214,025</u>	<u>(2,105,989)</u>	<u>42,108,036</u>
Including:						
Non-current assets	<u>2,971,001</u>	<u>(95,582)</u>	<u>2,875,419</u>	<u>3,079,625</u>	<u>(94,828)</u>	<u>2,984,797</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.

Unit: RMB'000

	2024	2023
Long-term concession project receivables	<u>208,702</u>	210,224
Project receivables	<u>4,733</u>	12,533
	<u>213,435</u>	222,757
Less: Bad debt allowance on long-term receivables	<u>300</u>	794
	<u>213,135</u>	221,963
Less: Long-term receivables due within one year	<u>43,128</u>	44,394
Total	<u>170,007</u>	<u>177,569</u>

The ageing of long-term receivables shall be calculated since the date upon satisfaction for the completion of concession project. As of 31 December 2024, the management of the Group made bad debt provisions of RMB300,000 for long-term receivables based on the lifetime expected credit losses (31 December 2023: RMB794,000).

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>	
	2024	2023
Within 1 year	20,640,524	23,269,785
1 to 2 years	8,877,374	8,134,270
2 to 3 years	1,521,756	1,714,512
Over 3 years	1,306,994	1,369,488
Total	<u>32,346,648</u>	<u>34,488,055</u>

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

6. TAXES PAYABLE

	<i>Unit: RMB'000</i>	
	2024	2023
Enterprise income tax	839,135	833,807
Value-added tax	20,210	30,969
City maintenance and construction tax	10,667	12,123
Educational surcharge	7,547	8,385
Individual income tax	4,033	2,594
Others	754	392
Total	<u>882,346</u>	<u>888,270</u>

7. REVENUE

Unit: RMB'000

	2024	2023
Revenue from primary business	24,443,437	32,941,805
Revenue from other business	615,512	551,061
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Total	25,058,949	33,492,866
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The revenue is as follows:

Unit: RMB'000

	2024	2023
Revenue from contracts with customers	25,029,698	33,471,799
Rental income	29,251	21,067
	<hr/>	<hr/>
Total	25,058,949	33,492,866
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The disaggregation of revenue from contracts with customers is set out as follows:

2024

Unit: RMB'000

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	348,665	171,712	520,377
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>

2023

Unit: RMB'000

Reporting segment	Construction	Others	Total
Major products			
Building construction	20,490,784	–	20,490,784
Infrastructure construction	8,633,258	1,049,924	9,683,182
Specialized and other construction	2,767,839	–	2,767,839
Sewage and reclaimed water treatment	–	43,423	43,423
Sales of goods and others	363,127	123,444	486,571
Total	<u>32,255,008</u>	<u>1,216,791</u>	<u>33,471,799</u>
Major operating regions			
Mainland China (excluding Hong Kong, Macau and Taiwan)	32,202,417	1,216,791	33,419,208
Other countries and regions	52,591	–	52,591
Total	<u>32,255,008</u>	<u>1,216,791</u>	<u>33,471,799</u>
Timing of revenue recognition			
At a point of time	363,127	123,444	486,571
Within a period of time	31,891,881	1,093,347	32,985,228
Total	<u>32,255,008</u>	<u>1,216,791</u>	<u>33,471,799</u>

Recognized revenue is derived from:

Unit: RMB'000

	2024	2023
The opening carrying amount of contract liabilities	<u>6,704,485</u>	<u>6,939,618</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 is 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>	
	2024	2023
Losses from impairment of accounts receivable	(165,288)	(328,128)
Losses from impairment of other receivables	(9,637)	(12,148)
Losses from impairment of long-term receivables	494	(794)
Impairment losses on financial guarantee contracts	—	1,986
Total	<u>(174,431)</u>	<u>(339,084)</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>	
	2024	2023
Construction costs	23,686,597	31,697,268
Employee benefits included in administrative expenses and selling expenses	249,865	331,156
Research and development costs	121,202	148,139
Depreciation and amortization included in administrative expenses and selling expenses	29,391	26,557
Audit fees	5,500	6,000
Others	127,448	165,146
Total	<u>24,220,003</u>	<u>32,374,266</u>

10. INCOME TAX EXPENSES

	<i>Unit: RMB'000</i>	
	2024	2023
Current income tax	119,105	212,936
Deferred income tax	(74,553)	(143,729)
Total	<u>44,552</u>	<u>69,207</u>

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

	<i>Unit: RMB'000</i>	
	2024	2023
Profit before tax	204,003	227,276
Income tax expenses at the statutory tax rate	51,001	56,819
Tax effect of share of profits and losses of joint ventures and associates	(3,285)	1,588
Effect of non-taxable income	(200)	(1,221)
Effect of non-deductible expenses	1,919	1,670
Effect of utilisation of unrecognised deductible tax losses	(16,244)	(21,448)
Effect of unrecognized deductible temporary differences and deductible tax losses	15,448	36,024
Adjustments on the income tax of previous periods	(4,087)	(4,225)
Income tax expenses	<u>44,552</u>	<u>69,207</u>

11. EARNINGS PER SHARE

	2024	2023
	<i>RMB per share</i>	<i>RMB per share</i>
Basic earnings per share		
Continuing operations	<u>0.10</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>	
	2024	2023
Earnings		
Net profit for the year attributable to owners of the Company		
Continuing operations	<u>170,709</u>	<u>171,395</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 Company 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 2024.

II. 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 of building construction business, infrastructure construction business and specialized and other construction contracting business. In 2024, the Group's new contract value amounted to RMB24,348 million, as compared with RMB31,964 million for the corresponding period of last year. Our outstanding contract value was RMB52,724 million, as compared with RMB59,849 million for the corresponding period of last year.

New contract value (by region):

Year	2024		2023	
	Amount (RMB100 million)	Percentage	Amount (RMB100 million)	Percentage
Total	243.48	100%	319.64	100%
Beijing-Tianjin-Hebei	196.22	80.59%	241.95	75.69%
Other	47.26	19.41%	77.69	24.31%

New contract value (by segment):

Year	2024		2023	
	Amount (RMB100 million)	Percentage	Amount (RMB100 million)	Percentage
Total	243.48	100%	319.64	100%
Building construction	143.10	58.77%	172.92	54.10%
Infrastructure construction	45.48	18.68%	104.36	32.65%
Specialized and other construction	54.90	22.55%	42.36	13.25%

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 2024, the new contract value from the building construction business was RMB14,310 million, compared with RMB17,292 million for the corresponding period of last year.

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

Year	2024		2023	
	Amount (RMB100 million)	Percentage	Amount (RMB100 million)	Percentage
Total	143.10	100%	172.92	100%
Residential construction	43.35	30.30%	36.26	20.97%
Public building construction	74.33	51.94%	109.42	63.28%
Industrial building construction	17.93	12.53%	27.24	15.75%
Commercial building construction	7.49	5.23%	0	0%

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 runways facilities. The Group undertakes most of such construction projects as a general contractor. The Group's infrastructure construction customers are primarily local governments. In 2024, the new contract value from the infrastructure construction business was RMB4,548 million, compared with RMB10,436 million for the corresponding period of last year.

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

Year	2024		2023	
	Amount (RMB100 million)	Percentage	Amount (RMB100 million)	Percentage
Total	45.48	100%	104.36	100%
Municipal infrastructure construction	33.51	73.68%	82.22	78.78%
Transportation infrastructure construction	11.97	26.32%	22.14	21.22%

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 2024, new contracts from the specialized and other construction contracting business were valued at RMB5,490 million, compared with RMB4,236 million for the corresponding period of the last year.

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

Year	2024		2023	
	Amount (RMB100 million)	Percentage	Amount (RMB100 million)	Percentage
Total	54.90	100%	42.36	100%
Electrical and mechanical installation	3.63	6.61%	9.87	23.31%
Steel structures	0.10	0.18%	1.79	4.22%
Decoration	3.95	7.20%	5.37	12.67%
Water and electricity	17.64	32.13%	/	/
New energy (photovoltaic, wind energy)	16.66	30.35%	/	/
Other construction business	12.92	23.53%	25.33	59.80%

FINANCIAL REVIEW

Revenue, Cost of Sales and Gross Profit

The revenue of the Group for 2024 amounted to RMB25,059 million, representing a decrease of approximately RMB8,434 million as compared with last year, which was mainly due to the decrease in revenue from construction contracting segment of RMB8,499 million.

In particular:

Operating Results of Construction Contracting Segment

	As at 31 December 2024				As at 31 December 2023			
	Revenue	Cost	Gross profit rate	Percentage	Revenue	Cost	Gross profit rate	Percentage
	<i>RMB100</i>	<i>RMB100</i>			<i>RMB100</i>	<i>RMB100</i>		
	<i>million</i>	<i>million</i>	<i>%</i>	<i>%</i>	<i>million</i>	<i>million</i>	<i>%</i>	<i>%</i>
Building construction business	154.52	148.00	4.2	63.2	204.91	196.26	4.2	62.2
Infrastructure construction business	73.11	67.95	7.1	29.9	96.83	90.30	6.7	29.4
Specialized and other construction business	16.80	15.84	5.7	6.9	27.68	25.88	6.5	8.4
Total	<u>244.43</u>	<u>231.79</u>	5.2		<u>329.42</u>	<u>312.44</u>	5.2	

The revenue from construction contracting segment for 2024 decreased by RMB8,499 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 Group in 2024 decreased as compared with last year.

Detail 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 General Contracting of New Construction Project of High School Affiliated to Changzhou Institute of Educational Science and the Construction Project of Shengzhou Culture and Media Center, were completed, resulting in a decrease in revenue from building construction business of RMB5,039 million as compared to last year. During the Reporting Period, the gross profit margin of the building construction business did not change significantly as compared to last year.
- (2) The revenue from infrastructure construction business decreased by RMB2,372 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 Baoding Baigou New Town Drainage Pipe Network Renewal Project, 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 an increase in the gross profit margin compared to last year.

- (3) The revenue from specialized and other construction business decreased by RMB1,088 million in 2024 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 last year.

Administrative Expenses

Administrative expenses amounted to RMB410 million in 2024, representing a decrease of RMB118 million as compared with that of 2023, 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 RMB121 million in 2024, representing a decrease of RMB27 million as compared with that of 2023. 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 RMB174 million in 2024, representing a decrease of RMB165 million as compared with that of 2023, which was mainly due to the fact that the Group had made individual bad debt provision for customers with significant risk of default based on the operating conditions of the customers in the previous year, and no substantial new significant defaults were identified this year, resulting in a reduction in credit impairment losses.

Asset Impairment Losses

Asset impairment losses amounted to RMB74 million in 2024, representing a decrease of RMB74 million as compared with that of 2023, mainly due to the accelerated settlement speed by the Group during the year, resulting in a corresponding reduction in asset impairment losses.

Investment income

Investment income amounted to RMB9 million in 2024, representing an increase of RMB12 million as compared with that of 2023, 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 RMB21 million in 2024, mainly due to the Group's disposal of a batch of properties and equipment, resulting in a gain of RMB21 million.

Income Tax Expenses

Income tax expenses amounted to RMB45 million in 2024, representing a decrease of RMB25 million as compared with that of 2023, which was mainly due to the decrease in income tax expense as a result of the decrease in profit before tax for the year as compared with the previous year.

Net Profit

Based on the above factors, net profit amounted to RMB159 million in 2024, representing an increase of approximately RMB1 million as compared with that 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 2024 and 31 December 2023, the Group had cash and cash equivalents of approximately RMB5,000 million and approximately RMB6,528 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 2024, the currency funds of the Group were RMB5,750 million, representing a decrease of RMB1,938 million as compared with that at the end of 2023, 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 2024, the long-term equity investment was RMB545 million, representing an increase of RMB44 million as compared with that at the end of 2023, mainly due to an increase in investment income from associates and joint ventures.

Receivables Financing

As at 31 December 2024, the receivables financing of the Group was RMB106 million, representing a decrease of RMB99 million as compared with that at the end of 2023, which was mainly due to the fact that during the year the Group prefers to settle by bank deposits instead of accepting bank acceptance bills issued by real estate enterprises.

Accounts Receivable and Long-term Receivables

As at 31 December 2024, the net value of accounts receivable was RMB7,327 million, representing a decrease of approximately RMB152 million as compared with that at the end of 2023 without significant overall change.

The net value of long-term receivables (including the portion due within one year) was RMB213 million, without significant change as compared with that at the end of 2023.

Other Receivables

As at 31 December 2024, the net value of other receivables was RMB2,299 million, without significant change as compared with that at the end of 2023.

Contract Assets and Construction Services Contract Liabilities

The net value of contract assets as at 31 December 2024 was RMB41,141 million, representing a decrease of approximately RMB967 million as compared with the end of 2023, which was mainly due to the settlement of the performance progress of relevant construction contracts. Contract liabilities as at 31 December 2024 were RMB6,101 million, representing a decrease of approximately RMB603 million as compared with that at the end of 2023, which was mainly due to the decrease in contract liabilities as a result of the deduction of advanced 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 2024 was RMB531 million, representing a decrease of RMB58 million as compared with 2023, 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 2024, the Group's interest-bearing borrowings were approximately RMB6,056 million (31 December 2023: approximately RMB5,736 million).

Bills and Accounts Payable

The balance of accounts payable as at 31 December 2024 was RMB32,347 million, representing a decrease of RMB2,141 million or 6% as compared with that at the end of 2023, which was mainly due to the decrease in project volume during the year, resulting in lower procurement volume. The balance of bills payable increased by RMB130 million as compared with that at the end of last year, which was mainly due the fact that the Group enriched payment methods, adjusted the payment structure, and increased the proportion of bill payments.

Capital Expenditures

Capital expenditures in 2024 were approximately RMB22 million, representing a decrease of RMB23 million as compared to that of 2023, with a slight change.

Capital Commitment

As at 31 December 2024, the Group did not have any material capital commitment.

Financial Ratios

	31 December 2024	31 December 2023
Current ratio (times) ⁽¹⁾	1.10	1.00
Quick ratio (times) ⁽²⁾	1.10	1.00
Gearing ratio ⁽³⁾	94.8%	92.1%
Return on assets ⁽⁴⁾	0.3%	0.2%
Return on equity ⁽⁵⁾	2.5%	2.6%

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 Company has won the bid for 51% equity interest in Zhongwei Construction Engineering Co., Ltd. (“**Zhongwei Construction**”) through public auction, and entered into the Equity Transfer Agreement with the government platform company on 19 March 2024 (after trading hours) at a consideration of RMB51,510,000 (the “**Acquisition**”). For details, please refer to the announcement of the Company dated 20 March 2024. The Acquisition was completed on 7 April 2024.

On 20 May 2024 (after trading hours), the Company (as seller) entered into the Equity Transfer Agreement with Baoding Qiande Trading Company Limited (“**Baoding Qiande**”) and Baoding Qian Yao Trading Company Limited (“**Baoding Qian Yao**”) (as purchasers), pursuant to which the Company agreed to sell and Baoding Qiande and Baoding Qian Yao agreed to purchase a total of 100% equity interests in Zhongwei Construction (the “**Disposal**”). Upon completion of the Disposal, the Company ceased to hold any equity interest in Zhongwei Construction, and the results of Zhongwei Construction were no longer consolidated into the Group’s financial statements. For details, please refer to the Company’s announcement dated 20 May 2024. The Disposal was completed on 24 May 2024.

Save as disclosed above, the Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the Reporting Period.

Contingent Liabilities

As at 31 December 2024, the Group had contingent liabilities arising from pending litigation or arbitration amounting to RMB40 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

Save as disclosed in this announcement, 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 2025 is the last year of the Company's "14th Five-Year Plan" and an important year for the Company to comprehensively enhance new momentum and new capabilities for stable and healthy development. Currently, the international environment is becoming more severe and complex, and there are blockages in the domestic economic cycle with insufficient effective demand. However, the favorable conditions such as a solid foundation, strong resilience and great potential for economic development in our country have not changed. Since 2024, the central government has promptly introduced a package of incremental policies and unprecedented debt reduction measures, adjusting the monetary policy to "moderately loose" for the first time in over a decade. The signs of evolution in our country's economy from bottoming out, to stabilizing, and then to recovery, are becoming increasingly evident.

In the new year, it is essential to scientifically assess the "timing" and "trends" and dialectically grasp the "risks" and "opportunities". We will continue to adhere to the strategy of "consolidating our strength, upgrading our standards, pioneering and innovating to achieve sustainable development", hold ourselves to the standards of a listed company, with exceptional performance as our primary goal, prioritize profitability, facilitate organization guarantee, brace talent development, and adopt a digital and innovation driven approach. We will focus on simulated joint-stock system as the core of organizational development, work hard, overcome difficulties, unite as one, and forge ahead to strive for a new era of high-quality development for the Company.

In 2025, the Company will focus on enhancing its capabilities of market expansion, and adhere to the strategy of deepening efforts in specific regions and industries. We will continue to strengthen the advantageous regions, focus on advantageous industries, continuously optimize the undertaking structure, and improve project profitability; intensify efforts in developing markets within various cities and counties in Hebei Province; and make good use of the professional business reputation in the fields of healthcare, scientific education, airport runways, landscaping and ancient architecture to highlight distinctive competitive advantages.

We will focus on enhancing production safety work and continuously improve on-site management levels. With a sense of responsibility, we will solidly promote the safe production work, standardization of engineering project management and risk prevention work to achieve stable company operations. We will actively carry out project management standardization, strive to create process excellence in safe, civilized and green standardized construction.

We will strive to enhance quality and technical strength, continuously enriching the technological connotation of the enterprise. We will continuously promote the standardization of quality management, enhance engineering quality, and actively create high-quality projects at all levels. Following the approach of keeping pace with the situation, being innovative, creating models and promoting applications, we will focus on the research and development of intelligent construction technology, enhance digital design capabilities, and vigorously promote and apply new energy-saving, low-carbon, green and intelligent technologies and equipment.

In 2025, the Company will, as always, actively fulfill its social responsibilities, care for the environment, pay taxes according to law, and operate in good faith, so that the Company could highly align the interests of its development with the interests of the society. We will continue to uphold the modest, prudent and hard-working style, bear in mind the tone of improving quality and efficiency to go steady and go far, and make unremitting efforts to realize the beautiful vision of being a long-lasting business!

III. OTHER INFORMATION

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024.

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 2024, 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 AND SUPERVISORS

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 and supervisors to conduct transactions of the Company’s securities. The Company has made specific inquiries to all directors and supervisors 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 2024.

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.

AUDITORS

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 2024 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 2024 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 of the Board has reviewed the annual results of the Group for 2024 and the audited consolidated financial report for the year ended 31 December 2024 prepared under the Chinese Accounting Standards for Business Enterprises.

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 2024 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 dispatched 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
31 March 2025

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.