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GUANGDONG ADWAY CONSTRUCTION (GROUP) HOLDINGS COMPANY LIMITED\*

廣東愛得威建設(集團)股份有限公司

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

(Stock Code: 6189)

**INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS  
ENDED 30 JUNE 2024**

**FINANCIAL HIGHLIGHTS**

(in RMB million, unless otherwise stated)

|  | For the six months ended 30 June |         |          |
|--|----------------------------------|---------|----------|
|  | 2024                             | 2023    | Change   |
| <b>Revenue</b>                         | <b>5.53</b>                      | 43.79   | -87.37%  |
| <b>Gross Profit</b>                    | <b>0.09</b>                      | 6.96    | -98.71%  |
| <i>Gross Profit Margin</i>             | <b>1.61%</b>                     | 15.89%  | -89.87%  |
| Loss for the Period                    | <b>(8.52)</b>                    | 64.24   | -113.26% |
| <i>Net Loss Margin</i>                 | <b>(153.91%)</b>                 | 146.70% | -204.91% |
| Basic and diluted loss per share (RMB) | <b>(0.04)</b>                    | 0.27    | -114.81% |

The board (the “**Board**”) of directors (the “**Directors**”) of Guangdong Adway Construction (Group) Holdings Company Limited\* (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”), together with the figures for the corresponding period in 2023. These unaudited interim condensed consolidated results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|   |              | For the six months ended |                      |
|---|--------------|--------------------------|----------------------|
|   |              | 30 June                  |                      |
|   |              | 2024                     | 2023                 |
|   |              | <i>RMB'000</i>           | <i>RMB'000</i>       |
|   | <i>Notes</i> |                          |                      |
| Revenue   | 4            | 5,534                    | 43,794               |
| Cost of sales   |              | <u>(5,445)</u>           | <u>(36,835)</u>      |
| <b>Gross Profit</b>   |              | <b>89</b>                | 6,959                |
| Selling and marketing expenses                                  |              | (390)                    | (854)                |
| Administrative expenses   |              | (5,418)                  | (6,826)              |
| Net impairment losses on financial and contract assets          |              | <b>11,696</b>            | 39,372               |
| Other expenses — net  |              | <u>2,026</u>             | <u>38,231</u>        |
| <b>Operating loss</b>   |              | <b>8,004</b>             | 76,882               |
| Finance income  |              | 14                       | 31                   |
| Finance costs   |              | <u>(13,936)</u>          | <u>(11,348)</u>      |
| Finance costs — net   |              | <u>(13,922)</u>          | <u>(11,317)</u>      |
| <b>Loss before income tax</b>                                   |              | <b>(5,918)</b>           | 65,565               |
| Income tax expense  | 5            | <u>(2,600)</u>           | <u>(1,322)</u>       |
| <b>Loss for the period</b>                                      |              | <b><u>(8,518)</u></b>    | <b><u>64,243</u></b> |
| <b>Other comprehensive income</b>                               |              |                          |                      |
| Total comprehensive expenses for the period                     |              | <u><b>(8,518)</b></u>    | <u>64,243</u>        |
| <b>Total profit and comprehensive expenses attributable to:</b> |              |                          |                      |
| Owners of the Company   |              | <u>(8,518)</u>           | <u>64,243</u>        |
| <b>Loss per share</b>   |              |                          |                      |
| — Basic and diluted ( <i>RMB</i> )                              | 6            | <u><b>(0.04)</b></u>     | <u>0.27</u>          |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|                           |              | As at<br><b>30 June</b><br><b>2024</b> | As at<br>31 December<br>2023 |
|---------------------------|--------------|--|------------------------------|
|                           | <i>Notes</i> | <i>RMB'000</i>                         | <i>RMB'000</i>               |
| <b>ASSETS</b>             |              |  |                              |
| <b>Non-current assets</b> |              |  |                              |
| Property and equipment    |              | <b>42,971</b>                          | 44,410                       |
| Right-of-use-assets       |              | —                                      | 8,218                        |
| Investment properties     |              | —                                      | —                            |
| Intangible assets         |              | —                                      | —                            |
|                           |              | <b>42,971</b>                          | 52,628                       |
| <b>Current assets</b>     |              |  |                              |
| Contract assets           |              | —                                      | —                            |
| Trade receivables         | 8            | <b>14,315</b>                          | 23,593                       |
| Other receivables         |              | <b>922</b>                             | 7,117                        |
| Restricted bank balances  |              | <b>8,949</b>                           | 9,352                        |
| Cash and cash equivalents |              | <b>483</b>                             | 876                          |
|                           |              | <b>24,668</b>                          | 40,938                       |
| <b>Total assets</b>       |              | <b>67,639</b>                          | 93,566                       |

|   |              | As at<br><b>30 June</b><br><b>2024</b><br><i>RMB'000</i> | As at<br>31 December<br>2023<br><i>RMB'000</i> |
|---|--------------|--|--|
|   | <i>Notes</i> |  |  |
| <b>EQUITY</b>                                       |              |  |  |
| <b>Equity attributable to owners of the Company</b> |              |  |  |
| Share capital                                       |              | 240,931  | 240,931  |
| Reserves  |              | <u>(897,421)</u>   | <u>(888,902)</u>                               |
| <b>Total equity</b>                                 |              | <b><u>(656,490)</u></b>                                  | <b><u>(647,971)</u></b>                        |
| <b>LIABILITIES</b>                                  |              |  |  |
| <b>Non-current liabilities</b>                      |              |  |  |
| Lease liabilities                                   |              | —  | —  |
| Deferred revenue                                    |              | <u>1,303</u>   | <u>1,340</u>                                   |
| Provision   |              | <u>1,303</u>   | <u>1,340</u>                                   |
| <b>Current liabilities</b>                          |              |  |  |
| Trade and other payables                            | 9            | 435,426  | 447,825  |
| Income tax payables                                 |              | 3,680  | 1,096  |
| Borrowings  | 10           | 225,581  | 240,705  |
| Provision   |              | <u>58,138</u>  | <u>50,571</u>                                  |
|   |              | <u>722,826</u>   | <u>740,197</u>                                 |
| <b>Total liabilities</b>                            |              | <b><u>724,129</u></b>                                    | <b><u>741,537</u></b>                          |
| <b>Net current assets</b>                           |              | <u>(698,157)</u>   | <u>(699,259)</u>                               |
| <b>Total assets less current liabilities</b>        |              | <u>(655,187)</u>   | <u>(646,631)</u>                               |
| <b>Net assets</b>                                   |              | <b><u>(656,490)</u></b>                                  | <b><u>(647,971)</u></b>                        |

# NOTES TO THE FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

Guangdong Adway Construction (Group) Holdings Company Limited (the “**Company**”) is a joint stock company incorporated in the People’s Republic of China (the “**PRC**”) with limited liabilities. The Company’s H shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited. The registered and principal place of business of the Company is 3rd Floor, Pengyi Garden Building 1, Bagua No. 1 Road, Futian District, Shenzhen, the PRC.

The Company and its subsidiaries (together the “**Group**”) are principally engaged in provision of interior and exterior building decoration and design services in the PRC.

Mr. Ye Yujing (“**Mr. Ye**”) and Mrs. Ye Xiujin (“**Ms. Ye**”), the wife of Mr. Ye, have been the controlling shareholders of the Group since its establishment.

These consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

### Scope of consolidated financial statements

As of 30 June 2024, the subsidiaries in the scope of consolidated financial statements of the Company are as follows:

Name of the subsidiaries

Huidong Shikuan Decorative Furniture Creative Culture Company Limited

Huidong Yip’s Development Company Limited

Jingdi Industrial (Shenzhen) Company Limited

Adway Construction (Hong Kong) Limited

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. Except for the new and amended standards as disclosed below, the policies have been consistently applied to all the years presented.

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). In addition, the consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The consolidated financial statements have been prepared under the historical cost convention.

## 2.2 Going concern

As of 30 June 2024, the Group's net loss was approximately RMB8,518,000, and as at 30 June 2024, the Group had net current liabilities and net liabilities of approximately RMB698,157,000 and RMB656,490,000, respectively. As at 30 June 2024, the Group had borrowings and cash and cash equivalents of approximately RMB225,581,000 and RMB483,000, respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors of the Company will adopt certain plans and measures to mitigate the liquidity pressure of the Group:

- (i) the Group is currently discussing with creditors and potential investors to carry out debt restructuring exercise for the purpose of reducing the level of debts and obtaining new funding to support the operation of the Group. In the opinion of the directors of the Company, the discussions with creditors and financial institution are constructive. At the same time, the Group has been actively communicating with creditors to resolve the pending litigation cases;
- (ii) the Group is actively seeking for new sources of financing; and
- (iii) the Group will implement measures to control administrative costs to preserve liquidity of the Group.

The directors of the Company, taking into account the above plans and measures, are in the opinion that, they are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the assets to their recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements of the Group for the half year ended 30 June 2024.

## 2.3 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing on 1 January 2024:

|                                  |   |
|----------------------------------|---|
| Amendment to HKFRS 16            | Lease Liability in a Sale and Leaseback   |
| Amendments to HKAS 1             | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) |
| Amendments to HKAS 1             | Non-current Liabilities with Covenants  |
| Amendments to HKAS 7 and HKFRS 7 | Supplier Finance Arrangements   |

The application of the amendments to HKFRSs in the current half year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### 2.4 New standards, amendments to standards and interpretations not yet adopted

The following new standards, amendments to standards and interpretations have been published but are not mandatory for the reporting period as of 30 June 2024 and have not been early adopted by the Group:

|                                    |   | <b>Effective for annual periods beginning on or after</b> |
|------------------------------------|---|---|
| Amendments to HKAS 21              | Lack of Exchangeability   | 1 January 2025  |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined  |

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the Group, no significant impact on the financial performance and position of the Group is expected when they become effective.

### 3. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The Group is principally engaged in provision of interior and exterior building decoration and design services in the PRC. Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the board of directors of the Company regards that there is only one segment which is used to make strategic decisions. Revenue and profit before income tax are the measures reported to the executive directors for the purpose of resources allocation and performance assessment.

All of the operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue is derived in the PRC during the six months ended 30 June 2024.

As at 30 June 2024, all of the non-current assets were located in the PRC.

#### 4. REVENUE

|   | For the six months ended 30 June |                      |
|---|----------------------------------|----------------------|
|   | 2024                             | 2023                 |
|   | <i>RMB'000</i>                   | <i>RMB'000</i>       |
| Revenue from construction contracts     | 5,519                            | 43,717               |
| Sales of goods, design and other income | 15                               | 77                   |
|   | <u>5,534</u>                     | <u>43,794</u>        |
| Total                                   | <u><u>5,534</u></u>              | <u><u>43,794</u></u> |

#### 5. INCOME TAX EXPENSE

|                             | For the six months ended 30 June |                     |
|-----------------------------|----------------------------------|---------------------|
|                             | 2024                             | 2023                |
|                             | <i>RMB'000</i>                   | <i>RMB'000</i>      |
| Current income tax          |                                  |                     |
| — PRC enterprise income tax | 2,600                            | 1,322               |
| Deferred income tax         | —                                | —                   |
|                             | <u>2,600</u>                     | <u>1,322</u>        |
|                             | <u><u>2,600</u></u>              | <u><u>1,322</u></u> |

#### 6. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 2024 and 2023.

|   | For the six months ended 30 June |                    |
|---|----------------------------------|--------------------|
|   | 2024                             | 2023               |
| Loss attributable to owners of the Company ( <i>RMB'000</i> )                     | (8,518)                          | 64,243             |
| Weighted average number of ordinary shares in issue<br>( <i>thousand shares</i> ) | <u>240,931</u>                   | <u>240,931</u>     |
| Basic loss per share ( <i>RMB</i> )   | <u><u>(0.04)</u></u>             | <u><u>0.27</u></u> |

The Company did not have any potential dilutive ordinary shares outstanding during the six months ended 2024 and 2023. Diluted earnings per share for the six months ended 2024 and 2023 are the same as the basic earnings per share.



## 7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: Nil).

## 8. TRADE RECEIVABLES

|   | <b>As at<br/>30 June<br/>2024<br/>RMB'000</b> | <b>As at<br/>31 December<br/>2023<br/>RMB'000</b> |
|---|---|---|
| Trade receivables                                   | <b>725,776</b>                                | 758,468   |
| Less: provision for impairment of trade receivables | <b>(711,461)</b>                              | (745,351)   |
| Trade receivables — net                             | <b>14,315</b>                                 | 13,117  |
| Notes receivable                                    | <b>—</b>                                      | 10,476  |
|   | <b><u>14,315</u></b>                          | <b><u>23,593</u></b>                              |

Ageing analysis of trade receivables based on revenue recognition date is as follows:

|                    | <b>As at<br/>30 June<br/>2024<br/>RMB'000</b> | <b>As at<br/>31 December<br/>2023<br/>RMB'000</b> |
|--------------------|---|---|
| Within 1 year      | <b>56,668</b>                                 | 71,872  |
| 1 year to 2 years  | <b>105,526</b>                                | 132,905   |
| 2 years to 3 years | <b>160,868</b>                                | 159,512   |
| 3 years to 4 years | <b>35,236</b>                                 | 35,334  |
| 4 years to 5 years | <b>246,167</b>                                | 247,077   |
| Over 5 years       | <b>121,312</b>                                | 122,244   |
|                    | <b><u>725,776</u></b>                         | <b><u>768,944</u></b>                             |

## 9. TRADE AND OTHER PAYABLES

|                   | As at<br>30 June<br>2024<br><i>RMB'000</i> | As at<br>31 December<br>2023<br><i>RMB'000</i> |
|-------------------|--|--|
| Trade payables    | <u>315,742</u>                             | <u>340,522</u>                                 |
|                   | <b><u>315,742</u></b>                      | <b><u>340,522</u></b>                          |
| Other tax payable | 13,462                                     | 14,113   |
| Payroll payable   | 3,754                                      | 3,340  |
| Other payables    | <u>102,468</u>                             | <u>89,850</u>                                  |
|                   | <b><u>435,426</u></b>                      | <b><u>447,825</u></b>                          |

Ageing analysis of trade payables is as follows:

|                    | As at<br>30 June<br>2024<br><i>RMB'000</i> | As at<br>31 December<br>2023<br><i>RMB'000</i> |
|--------------------|--|--|
| Within 1 year      | 27,822                                     | 30,529   |
| 1 year to 2 years  | 105,374                                    | 137,392  |
| 2 years to 3 years | 55,091                                     | 42,140   |
| Over 3 years       | <u>127,455</u>                             | <u>130,461</u>                                 |
|                    | <b><u>315,742</u></b>                      | <b><u>340,522</u></b>                          |

## 10. BORROWINGS

|                                       | As at<br>30 June<br>2024<br><i>RMB'000</i> | As at<br>31 December<br>2023<br><i>RMB'000</i> |
|---------------------------------------|--|--|
| Bank borrowings — secured or pledged  | 151,531                                    | 156,655  |
| Bank borrowings — unsecured           | 23,597                                     | 23,597   |
| Other borrowings — secured or pledged | 49,603                                     | 59,603   |
| Other borrowings — unsecured          | <u>850</u>                                 | <u>850</u>                                     |
|                                       | <b><u>225,581</u></b>                      | <b><u>240,705</u></b>                          |

As at 30 June 2024 and 31 December 2023, all of the Group's borrowings are repayable within one year and denominated in RMB.

The weighted average effective interest rate as at 30 June 2024 was 9.21% (2023: 9.93%) per annum.

# MANAGEMENT DISCUSSION AND ANALYSIS

## MARKET REVIEW

2024 is a year full of challenges and changes. Since the second half of 2021, the real estate industry in China has been severely affected. The real estate industry and related industries have been hit by new incidents of debt crisis. The real estate industry has been in a downturn and has continued to show its momentum. Under the pressure from the ongoing Sino-US trade war and the subsequent continued decoupling and suppression of China by the West, the PRC economic growth has slowed down, and the building decoration industry to which the Group belongs has also been seriously affected.

On the other hand, although the PRC economy is facing tremendous challenges, there is huge growth potential. While the building decoration industry has encountered contraction, the market demand on which the industrial development relies remains. As the government's policy on the real estate industries tends to be more favourable, the future development opportunities subsist. The building decoration industry will shift from a high-speed growth stage to a high-quality development stage with opportunities and challenges co-exist.

## BUSINESS REVIEW

The Group provides professional and comprehensive building decorative services for public and private clients (including state-owned enterprises, government departments and institutions, listed companies, foreign-funded enterprises, property developers and property management companies), mainly covering four areas: (i) building decoration works; (ii) electrical and mechanical installation works; (iii) curtain wall engineering works; and (iv) fire safety engineering works. The Group's projects cover a wide range of buildings and properties, including commercial buildings, office buildings, industrial buildings, residential buildings, public buildings and infrastructure as well as hotels.

With over 26 years of operating history, the Group has gained substantial experience and brand reputation in the building decoration industry in the PRC, with a broad range of the highest level of qualifications and licenses in the building decoration industry. However, due to the continuous impact of the Company's bank debt default, capital chain rupture, lack of solvency and increasing number of litigation cases, the business continued to be substantially reduced in the first half of 2024.

On 30 May 2024, the Company, as the contractor, signed the "Design, Procurement and Construction General Contract" (《設計採購施工總承包合同》) with the employer, Waste-free New Energy (Shanwei) Co., Ltd.\* (無廢新能源(汕尾)有限公司) to build a "waste-free green energy comprehensive super charging station" project in Shanwei Middle Avenue, Hongcao Town, Shanwei City (south of Shanwei Yatailong Food Co., Ltd.\* (汕尾雅泰隆食品有限公司) and north of Changqing Road) with a contract price of RMB600 million, which is scheduled to start on 1 October 2024.

## **FINANCIAL REVIEW**

### **Revenue and gross profit margin**

The Group's revenue decreased by 87.36% from approximately RMB43.79 million for the six months ended 30 June 2023 to approximately RMB5.53 million for the six months ended 30 June 2024. Such decrease was mainly due to the significant decrease in contract value.

The Group's gross profit decreased by 98.72% from approximately RMB6.96 million for the six months ended 30 June 2023 to approximately RMB0.09 million for the six months ended 30 June 2024. The gross profit margin decreased from 15.89% for the six months ended 30 June 2023 to 1.61% for the six months ended 30 June 2024.

### **Loss for the period**

The Group's loss for the six months ended 30 June 2024 was approximately RMB8.52 million, which was mainly because the revenue was insufficient to cover administrative expenses and finance costs.

## **LIQUIDITY AND CAPITAL RESOURCES**

As at 30 June 2024 and 31 December 2023, the Group's monetary capital (including cash and cash equivalents and restricted cash) amounted to approximately RMB9.43 million and RMB10.23 million, respectively. The decrease in the Group's monetary capital was mainly due to the repayment of certain personal loans and the payment of daily expenses; the Company is unable to obtain new external financing due to its debt default; and in order to ensure the completion of projects, direct payment to suppliers by the major procurement customers mainly due to the freezing of the Company's accounts.

On 22 September 2023, the Company announced that "the Restructuring Transactions involves, inter alia, (1) the Debt Restructuring; (2) the Capital Reduction; (3) the proposed issue of new Domestic Shares under the Specific Mandate; (4) the proposed placing of new H Shares under the Specific Mandate; (5) the proposed amendment to the Articles; and continued suspension of trading". The Company intends to utilise all the proceeds from the subscription of Domestic Shares and the placing of H Shares towards the debt restructuring for settling its target reduced debts. The Company will also actively adopt various measures, including but not limited to obtaining new credit lines from financial institutions, enhancing settling and collection of contract assets and account receivables associated with clients and engineering projects, to restore the Company's liquidity. For details, please refer to the announcement of the Company dated 22 September 2023. As at the date of this announcement, the aforementioned subscription of Domestic Shares and the placing of H Shares have not been carried out.

## **1. Trade receivables and contract assets**

The trade receivables decreased from approximately RMB23.59 million for the year ended 31 December 2023 to approximately RMB14.32 million for the six months ended 30 June 2024. The trade receivables are the amounts due from customers in the ordinary course of business. In view of the slowdown in economic growth, the substantial increase in defaults in the real estate industry and the significant increase in defaults by the Company's customers, the Group has made provisions in relation to all projects of which certain settlement and payment processes have been delayed after due consideration.

## **2. Trade and other payables**

The trade and other payables decreased from approximately RMB448.92 million for the year ended 31 December 2023 to approximately RMB439.11 million for the six months ended 30 June 2024, which was mainly due to the settlement with suppliers and the clearance of accounts payable that were not required to be paid during the period.

## **3. Borrowings**

As at 30 June 2024, the Group had borrowings in the amount of approximately RMB225.58 million (31 December 2023: approximately RMB240.71 million), majority of which are interest-bearing bank borrowings. The Group's bank borrowings were all at fixed interest rates. As at 30 June 2024, the weighted average effective interest rate was 9.21% (2023: 9.93%) per annum.

In terms of bank borrowings, as at the date of this announcement, the total outstanding bank borrowings due were RMB217.83 million. Among such outstanding bank borrowings, on 27 February 2024, the People's Court of Luohu District of Shenzhen City, Guangdong Province issued to the Company a notice of auction on the debt-secured assets (39,406.27 square meters of the land use right of the guarantor, Huidong Yip's Development Company Limited\* (惠東葉氏實業發展有限公司), located in Taiyang'ao Industrial City, Baihua Town, Huidong County, Huizhou City, Guangdong Province), in respect of which the amount of debt default applied by Luohu Sub-branch of Shenzhen Rural Commercial Bank Co., Ltd. was approximately RMB30.00 million. As of 30 June 2024, the above auction has been completed.

## **4. Pledged assets**

As at 30 June 2024, the Group's short-term borrowing was secured and pledged by fixed asset of approximately RMB37.44 million in total (31 December 2023: RMB38.35 million) and guaranteed by certain connected persons.

## **5. Gearing ratio**

The gearing ratio was 1,070.58% as at 30 June 2024 while the ratio as at 31 December 2023 was 792.53%, which was mainly due to further provisions made for the Group's trade receivables and contract assets.

Gearing ratio represents net debt divided by total assets. Net debt is calculated as total borrowings plus lease liability, trade and other payables, contract liabilities, deferred income. Total assets are calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

## **6. Capital expenditure**

For the six months ended 30 June 2024, the Group had no capital expenditure (2023: Nil).

## **7. Capital commitments**

As at 30 June 2024, the Group had no capital commitments (2023: Nil).

Since its establishment, the Company has not conducted business overseas. As at 30 June 2024, the Group did not have any overseas debt commitments.

## **8. Contingent liabilities**

As at 30 June 2024, due to financial constraints, overdue bank borrowings and involvement in a number of litigations, the bank deposits of the Group with the total amount of approximately RMB8.95 million has been frozen by the courts in the PRC. According to the Group's in-house legal adviser, the Directors estimated that the Group may be liable for payables, interest and default of approximately RMB58.14 million in total as a result of the litigation and provision for such amount has been made.

## **9. Fluctuation of RMB exchange rate and foreign exchange risks**

The majority of the Group's business and all bank borrowings are denominated and accounted for in RMB. Therefore, the Group does not have significant exposure to foreign exchange fluctuation. The Board does not expect that the fluctuation of RMB exchange rate and other foreign exchange fluctuations will have material impact on the business operations or financial results of the Group.

The Group currently has no hedging policy with respect to the foreign exchange risks. Therefore, the Group has not entered into any hedging transactions to management potential fluctuation in foreign currency.

## **10. Significant investments in, acquisitions or disposal of subsidiaries, affiliated companies or assets**

The Group did not have any significant investments in, acquisitions or disposal of subsidiaries or affiliated companies or assets during the six months ended 30 June 2024.

## **11. Employees and remuneration policy**

As at 30 June 2024, the Group had 39 employees (as at 31 December 2023: 50). During the six months ended 30 June 2024, the Group incurred employee costs of approximately RMB3.02 million (six months ended 30 June 2023: approximately RMB3.59 million). Directors, supervisors and senior management of the Company receive compensation in the form of fees, salaries, allowances, discretionary bonuses, defined pension contribution plans and other benefits in kind with reference to those paid by comparable companies, time commitment and the performance of the Company. The Company also reimburses its Directors, supervisors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to the Company or executing their functions in relation to the operations of the Company.

In addition, the Group determines salaries based on each employee's qualifications, position and seniority, and implements systematic and targeted vocational training for employees of different levels on a regular basis and in combination with daily work to meet different requirements, and attaches importance to individual initiative and responsibility. The Group makes contributions to mandatory social security funds for the benefit of employees, including pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund.



## **FUTURE DEVELOPMENT PROSPECTS AND STRATEGIES**

The Group is committed to becoming an internationally leading green decoration comprehensive service provider, through debt restructuring, introducing new investors to enter and invest, resolving debt and liquidity risks, and gaining new life.

### **1. To pay attention to segmented markets and focus on regional development**

The Group will actively respond to the national policy of stimulating economic recovery in infrastructure investment, real estate, and building decoration industries to expand its business, adopt a cautious order-acceptance strategy, tighten selection criteria against high-quality customers for newly signed orders, empower the Company's building decoration business with technology, and improve the Company's competitiveness. The Group will mainly support and develop businesses in the medical and hotel segments, focusing on the development of the "Guangdong-Hong Kong-Macao Greater Bay Area" to continuously consolidate and highlight its advantages in the segments.

### **2. Optimize the project management process and promote management quality and efficiency**

The Group will continue to optimize the project management process and improve the efficiency of the project management through business process re-engineering and innovative solution. We will optimize business models, strengthen risk control and liquidity management based on changes in national industry management.

### **3. Enhance talent reserve**

The Group will strengthen the construction of corporate culture, optimize the existing personnel of the Company, hire outstanding management and project manager talents in the industry, and create a "market development oriented, business professional, and career enterprising management composite" team.

### **4. Explore new business opportunities**

While focusing on developing its core business, the Company will explore new business opportunities and businesses with new investors, and expand into new energy and technological innovation sectors, moving from traditional architectural decoration service enterprises to technological innovation fields.



## **OTHER INFORMATION**

### **1. Purchases, sale or redemption of the Company's listed securities**

During the Reporting Period, there was no purchase, sale or redemption of any listed securities of the Company (including sale of treasury shares (as defined under the Listing Rules)) by the Company or any of its subsidiaries. As at 30 June 2024, the Company did not hold any treasury shares.

### **2. Compliance with the corporate governance code**

The Board comprises four executive Directors, one non-executive Director and four independent non-executive Directors. The Company has adopted the code provisions of the Corporate Governance Code (the “**CG Code**”) set out in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company has fully complied with all applicable code provisions set out in the CG Code during the Reporting Period.

The Directors will review the corporate governance policies and compliance with the CG Code each financial year.

### **3. Model code for securities transactions**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as the Company's code of conduct regarding securities transactions of the Directors and supervisors of the Company. Upon specific enquiries, all Company's Directors and Supervisors confirmed that they have complied with the relevant provisions of the Model Code during the Reporting Period.

Relevant employees who, because of their office in the Company, are likely to be in possession of inside information, have also been requested to comply with the relevant provisions of the Model Code. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company during the Reporting Period.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (2023: Nil).

## **REVIEW OF THE AUDIT COMMITTEE**

The Audit Committee has reviewed with the Company's management the accounting principles and practices adopted by the Group and discussed risk management and internal controls and financial reporting matters, including a review of the interim results of the Group for the six months ended 30 June 2024.

## **EVENTS AFTER THE REPORTING PERIOD**

### **1. Breaches of the terms of the loan agreements**

From the end of the Reporting Period and up to the date of this announcement, the loans amounted to approximately RMB217.83 million in total from 8 banks, 1 company and 3 individuals were due, and the Group failed to repay and renew the due loan.

According to Rule 13.19 of the Listing Rules, the Group has breached the terms of its loan agreement with the aforementioned banks and other lenders while the Group has not yet obtained any waivers from these banks and other lenders in respect of the defaults and aforementioned banks and other lenders demanded the immediate repayment from the Group.

The Company will inform and update its shareholders and other investors of any material development in relation to the above by way of announcement as and when appropriate.

### **2. Bankruptcy restructuring matters**

On 5 July 2024, the Company announced that "Inside Information — Updates On The Bankruptcy Restructuring Application Of The Company" and the Company's application to the Shenzhen Intermediate People's Court (the "**Court**") for bankruptcy restructuring has been rejected. The Company will adjust and improve the restructuring plan in accordance with the Court's opinion and reapply to the Court for the Company's bankruptcy restructuring.

The Company will inform and update its shareholders and other investors of any material development in relation to the above by way of announcement as and when appropriate. For details, please refer to the announcement of the Company dated 5 July 2024.

Save as disclosed above, the Group does not have any material matters that are required to be disclosed from the end of the Reporting Period up to the date of this announcement.

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

This interim results announcement has been published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.aidewei.cn](http://www.aidewei.cn)) and the interim report for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company, if necessary, and published on the aforesaid websites of the Stock Exchange and the Company in due course.

By order of the Board  
**Guangdong Adway Construction (Group) Holdings Company Limited\***  
**Mr. Ye Yujing**  
*Chairman*

Shenzhen, the PRC, 16 August 2024

*As at the date of this announcement, the Board comprises Mr. Ye Yujing, Ms. Ye Xiujin, Mr. Ye Guofeng and Mr. Ye Jiajun as executive Directors; Mr. Zhuang Liangbin as non-executive Director; and Mr. Cai Huiming, Mr. Sun Changqing, Mr. Lin Zhiyang and Mr. Zhou Wanxiong as independent non-executive Directors.*

\* *For identification purpose only*