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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)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

FINANCIAL HIGHLIGHTS

(in RMB million, unless otherwise stated)

	Year ended 31 December		
	2024	2023	Changes
Revenue	0.20	61.37	(99.67%)
Gross profit	0.09	8.09	(98.89%)
<i>Gross Profit Margin</i>	47.21%	13.18%	258.19%
Loss for the year	(55.71)	(16.50)	237.64%
Basic and diluted loss per share (RMB)	(0.23)	(0.07)	228.57%

The board (the “**Board**”) of directors (the “**Directors**”) of Guangdong Adway Construction (Group) Holdings Company Limited (the “**Company**”) is pleased to announce the annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”), together with the comparative figures for the corresponding period of last year. These annual results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
Revenue	4	197	61,366
Cost of sales		<u>(104)</u>	<u>(53,281)</u>
Gross profit		93	8,085
Other income		266	524
Other (losses)/gains — net		(22,657)	11,414
Selling and marketing expenses		(1,244)	(1,895)
Administrative expenses		(8,200)	(21,844)
Reversal of impairment loss on financial and contract assets, net		24,342	18,769
Impairment losses on non-current assets		<u>(635)</u>	<u>—</u>
Operating (loss)/profit		(8,035)	15,053
Finance income		22	43
Finance costs		<u>(45,028)</u>	<u>(30,276)</u>
Finance costs — net		<u>(45,006)</u>	<u>(30,233)</u>
Loss before income tax		(53,041)	(15,180)
Income tax expense	5	<u>(2,668)</u>	<u>(1,322)</u>
Loss and total comprehensive expense for the year		<u>(55,709)</u>	<u>(16,502)</u>
Loss per share			
— Basic and diluted (<i>RMB</i>)	6	<u>(0.23)</u>	<u>(0.07)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property and equipment		40,661	44,410
Right-of-use-assets		—	8,218
Intangible assets		—	—
		40,661	52,628
CURRENT ASSETS			
Trade receivables	8	3,442	23,593
Other receivables		6,588	7,117
Restricted cash		6,547	9,352
Cash and cash equivalents		486	876
		17,063	40,938
CURRENT LIABILITIES			
Trade and other payables	9	448,705	447,825
Income tax payables		3,745	1,096
Other borrowings		91,148	60,453
Bank borrowings		133,657	180,252
Provisions		82,884	50,571
		760,139	740,197
NET CURRENT LIABILITIES		(743,076)	(699,259)
TOTAL ASSETS LESS CURRENT LIABILITIES		(702,415)	(646,631)

	As at 31 December	
	2024	2023
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES		
Deferred revenue	<u>1,265</u>	<u>1,340</u>
	<u>1,265</u>	<u>1,340</u>
NET LIABILITIES	<u>(703,680)</u>	<u>(647,971)</u>
CAPITAL AND RESERVES		
Share capital	240,931	240,931
Reserves	<u>(944,611)</u>	<u>(888,902)</u>
TOTAL EQUITY	<u>(703,680)</u>	<u>(647,971)</u>

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.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2.4(i) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these consolidated financial statements.

2.2 Basis of preparation of the consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.3 Going Concern Basis

The Group incurred a net loss of approximately RMB55,709,000 for the year ended 31 December 2024 and, as at 31 December 2024, the Group had net current liabilities and net liabilities of approximately RMB743,076,000 and RMB703,680,000 respectively. As at 31 December 2024, the Group's borrowings were approximately RMB224,805,000, while the Group had cash and cash equivalents of approximately RMB486,000. These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern.

In view of such circumstances, the directors of the Company have undertaken a number of plans and measures to improve the Group's liquidity and financial position, including:

- (i) the Group has been actively negotiating with the creditors in carrying out settlement arrangement for the purpose of extension of repayment schedule and debt restructuring in reducing the level of outstanding payable balances of the Group;
- (ii) the Group will continue to communicate with the banks and other lenders to carry out debt restructuring for the purpose of reducing the level of debts of the Group; and
- (iii) the Group has been actively identifying potential investors in securing new fundings to support the Group's operation.

The directors of the Company are of the opinion that, taking into account the above plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the next twelve months from 31 December 2024. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2024 on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Group will be able to implement the aforementioned plans and measures, Whether the Group will be able to continue as a going concern will depend upon the Group's ability to generate adequate financing and operating cash flows through: (i) the successful negotiation with the creditors in carrying out settlement arrangement for the purpose of extension of repayment schedule and debt restructuring in reducing the level of outstanding payable balances of the Group; (ii) the successful negotiation with the banks and other lenders to carry out debt restructuring for the purpose of reducing the level of debts of the Group; and (iii) successfully securing new funding from the potential investors to support the Group's operation.

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 year ended 31 December 2024.

2.4 Adoption of new or amended HKFRSs and changes in other accounting policies

(i) *Changes in accounting policies*

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these consolidated financial statements for the current accounting period:

- Amendments to HKAS 1, Presentation of financial statements — Classification of liabilities as current or non-current and amendments to HKAS 1, Presentation of financial statements — Non-current liabilities with covenants
- Amendments to HKFRS 16, Leases — Lease liability in a sale and leaseback
- Amendments to HKAS 7, Statement of cash flows and HKFRS 7, Financial instruments: Disclosures — Supplier finance arrangements
- Hong Kong Interpretation 5 (Revised), Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause

The adoption of new or amended HKFRSs did not have any material impact on the amounts recognised in prior period and are not expected to significantly affect the current and future periods.

(ii) *Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2024*

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates — Lack of exchangeability</i>	1 January 2025
Amendments to HKFRS 9, Financial instruments and HKFRS 7, <i>Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRSs — Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027
Amendments to HK-Int 5, Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause.	1 January 2027
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 directors of the Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by chief operation decision-maker (“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 years ended 31 December 2024 and 2023.

As at 31 December 2024 and 2023, all of the non-current assets were located in the PRC.

4. REVENUE

	Year ended 31 December	
	2024	2023
	<i>RMB’000</i>	<i>RMB’000</i>
Revenue from construction contracts	197	61,221
Sales of goods, design and other income	—	145
	<u>197</u>	<u>61,366</u>
Total	<u><u>197</u></u>	<u><u>61,366</u></u>

5. INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
	<i>RMB’000</i>	<i>RMB’000</i>
Current income tax		
— PRC enterprise income tax	2,668	—
— Under provision for prior years	—	1,322
	<u>2,668</u>	<u>1,322</u>
Total	<u><u>2,668</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 years ended 31 December 2024 and 2023.

	Year ended 31 December	
	2024	2023
Loss attributable to owners of the Company (<i>RMB'000</i>)	(55,709)	(16,502)
Weighted average number of ordinary shares in issue (<i>thousand shares</i>)	<u>240,931</u>	<u>240,931</u>
Basic loss per share (<i>RMB</i>)	<u>(0.23)</u>	<u>(0.07)</u>

The Company did not have any potential ordinary shares outstanding during the years ended 31 December 2024 and 2023. Diluted earnings per share for the year ended 31 December 2024 and 2023 are the same as the basic earnings per share.

7. DIVIDENDS

The board of directors did not recommend the payment of any final dividend in respect of the year ended 31 December 2024 and 2023.

8. TRADE RECEIVABLES

	As at 31 December	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	40,806	758,468
Less: provision for impairment of trade receivables	<u>(37,364)</u>	<u>(745,351)</u>
Trade receivables — net	3,442	13,117
Notes receivable	<u>—</u>	<u>10,476</u>
	<u>3,442</u>	<u>23,593</u>

Movements of the loss allowance for trade receivables as below:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
At 1 January	745,351	751,862
Reversal of impairment loss	(12,541)	(6,511)
Written off	<u>(695,446)</u>	<u>—</u>
At 31 December	<u>37,364</u>	<u>745,351</u>

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

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	4,816	71,872
1 year to 2 years	9,791	132,905
2 years to 3 years	10,689	159,512
3 years to 4 years	13,185	35,334
4 years to 5 years	2,002	247,077
Over 5 years	323	122,244
	<u>40,806</u>	<u>768,944</u>

9. TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	<u>296,504</u>	<u>340,522</u>
Other tax payable	15,205	14,113
Payroll payable	4,583	3,340
Other payables	<u>132,413</u>	<u>89,850</u>
	<u>448,705</u>	<u>447,825</u>

Ageing analysis of trade payables based on invoice date is as follows:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	4,392	30,529
1 year to 2 years	50,529	137,392
2 years to 3 years	137,392	42,140
Over 3 years	<u>122,191</u>	<u>130,461</u>
	<u>296,504</u>	<u>340,522</u>

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is the extract of the independent auditor’s report from the external auditor of the Company:

“DISCLAIMER OF OPINION

We do not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2024. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

1. Multiple uncertainties related to going concern

As described in Note 2.3 to the consolidated financial statements, the Group incurred a net loss of approximately RMB55,709,000 for the year ended 31 December 2024 and, as at 31 December 2024, the Group had net current liabilities and net liabilities of approximately RMB743,076,000 and RMB703,680,000 respectively. As at 31 December 2024, the Group’s borrowings were approximately RMB224,805,000, while the Group had cash and cash equivalents of approximately RMB486,000. These conditions indicate the existence of multiple uncertainties that may cast significant doubt about the Group’s ability to continue as a going concern.

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in Note 2.3 to the consolidated financial statements. The validity of the going concern assumptions on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including: (i) the successful negotiation with the creditors in carrying out settlement arrangement for the purpose of extension of repayment schedule and debt restructuring in reducing the level of outstanding payable balances of the Group; (ii) the successful negotiation with the banks and other lenders to carry out debt restructuring for the purpose of reducing the level of debts of the Group; and (iii) successfully securing new funding from the potential investors to support the Group's operation.

Should the Group be unable to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might 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 these consolidated financial statements."

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2024, affected by the impact of the real estate downturn, the slowdown in the growth of traditional infrastructure, and the increased pressure on collection, the building decoration industry experienced widespread losses and persistent operational pressures due to multiple challenges. A growing number of enterprises confronted existential crises and underwent rigorous tests of their transformation strategies. The Group was also affected by the entire industry and faced great cyclical challenges.

While the building decoration industry has encountered its 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 remain. The building decoration industry will shift from a high-speed growth stage to a high-quality development stage with the co-existence of opportunities and challenges. The industry's low-carbon transformation, coupled with the adoption of more actionable carbon reduction strategies, and the collaborative creation of new industrial opportunities have emerged as defining trends in shaping the industry's future.

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 27 years of operation 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 combined impact of the Company's bank debt default, capital chain rupture, lack of solvency, and the increase in litigation cases, the business in 2024 was significantly reduced.

FINANCIAL REVIEW

Revenue and gross profit margin

The Group's revenue decreased by 99.68% from approximately RMB61.37 million for the year ended 31 December 2024 to approximately RMB0.197 million for the Reporting Period. The decrease in revenue was mainly due to the slowdown of the domestic economy, the continuous increase in default events in the real estate sector, the Company's bank debt defaults, and the disruption of the capital chain, which led to a significant reduction in contract value in 2024.

The Group's gross profit decreased by 98.85% from approximately RMB8.09 million for the year ended 31 December 2023 to approximately RMB0.093 million for the Reporting Period. The Group's gross profit margin increased from 13.18% for the year ended 31 December 2023 to 47.21% for the Reporting Period, which was mainly due to the decrease in costs.

Loss for the year

The Group's loss for the year increased by 174% from approximately RMB16.5 million for the year ended 31 December 2023 to approximately RMB45.21 million during the Reporting Period, primarily due to a comprehensive reconciliation and clearance of accounts receivable, other receivables, contract assets, and other assets as of 31 December 2023, which confirmed significant impairment of financial assets, resulting in substantial losses. For the year ended 31 December 2023, the Company strictly controlled administrative expenses and focused on the collection of receivables and other receivables, resulting in a significant reduction in the Group's loss.

LIQUIDITY AND CAPITAL RESOURCES

As at the end of the Reporting Period and 31 December 2023, the Group's monetary capital (comprising cash and cash equivalents and restricted cash) was approximately RMB7.03 million and RMB10.23 million, respectively. The decrease in the Group's monetary funds was mainly due to the payment for litigation compensation, the default of the Company's debts and the Company's inability to obtain new external financing. The Company's accounts were frozen. In order to ensure the completion of projects, the Company mainly adopted measures such as direct payment by customers to suppliers.

1. Trade receivables and contract assets

Trade receivables of the Group decreased from approximately RMB23.59 million for the year ended 31 December 2023 to approximately RMB3.44 million at the end of the Reporting Period. This was mainly due to the Group's strengthened management of the collection of trade receivables.

Contract assets of the Group remained unchanged from approximately RMB0 million as at 31 December 2023 to approximately RMB0 million as at the end of the Reporting Period. This was mainly due to the Group's strengthened management of the collection of contract assets.

2. Trade and other payables

The trade and other payables of the Group decreased from approximately RMB426.48 million as at 31 December 2023 to approximately RMB426.48 million as at the end of the Reporting Period, which was mainly due to the settlement with suppliers and the clearance of accounts payable that were not required to be paid for the Reporting Period.

3. Borrowings

As at the end of the Reporting Period, the Group had borrowings in the amount of approximately RMB224.81 million (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 the end of the Reporting Period, the weighted average effective interest rate was 6.49% (2023: 9.93%) per annum.

In terms of bank borrowings, as at the date of this announcement, the total outstanding bank borrowings due were RMB222.95 million. Among such outstanding bank borrowings, on 24 May 2023, the People's Court of Futian District, Shenzhen City, Guangdong Province issued a notice of sale of debt collateral assets in the amount of RMB18.42 million in respect of the debt default applied for by Bank of Beijing to the

Company; and on 1 June 2023, the People’s Court of Futian District, Shenzhen City, Guangdong Province issued a notice of auction of debt collateral assets in the amount of RMB43.51 million in respect of the debt default applied for by Bank of China to the Company (24G and 24H of Daqing Building, Shenzhen, the properties held by the Company, and 23G and 23H of Daqing Building, Shenzhen, the properties held by Ye Xiujin) respectively, the proceeds after the completion of the auction on 19 September 2023 were returned to Bank of China as repayment of bank borrowings (principal) of RMB6.35 million. The Company received the notice of assignment and demand of creditor’s rights signed by Bank of Shanghai Co., Ltd. (“**Bank of Shanghai**”) and China Cinda Asset Management Co., Ltd., Shenzhen Branch (“**Cinda Asset**”) on 21 June 2023, pursuant to which Bank of Shanghai transferred its legally-owned creditor’s rights and guarantee rights of the borrowers and guarantors to Cinda Asset. The original contract contents remain unchanged. The Company shall fulfill the principal debt and interest repayment obligations and the corresponding security obligations stipulated in the guarantee contract to Cinda Asset as of the date of the receipt of the notice.

4. Pledged assets

As at the end of the Reporting Period, the Group’s borrowing was secured and pledged by fixed asset of approximately RMB40.66 million in total (2023: approximately RMB38.35 million), and guaranteed by certain connected persons.

5. Gearing ratio

The gearing ratio was 1,219.04% as at the end of the Reporting Period (2023: 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.

6. Capital expenditure

During the Reporting Period, the Group had no capital expenditure (2023: Nil).

7. Capital commitments

As at the Reporting Period, the Group had no capital commitment (2023: Nil).

8. Contingent liabilities

As at the end of the Reporting Period, the Group and the Company did not have any significant contingent liabilities.

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 the RMB exchange rate and other foreign exchange fluctuations will have a 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 manage potential fluctuations in foreign currencies.

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 Reporting Period.

11. Employee and remuneration policy

As at the end of the Reporting Period, the Group had 39 employees (2023: 50). During the Reporting Period, the Group incurred employee costs of approximately RMB5.86 million (2023: approximately RMB6.29 million). Directors, Supervisors and senior management of the Company receive compensation in the form of fees, salaries, allowances, discretionary bonuses, defined contribution pension 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, while attaching importance to individual initiative and responsibility. The Group makes contributions to mandatory social security funds for the benefit of employees, including the 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 comprehensive green decoration service provider. The Group revives by actively introducing new investors and investment to resolve the debt risk and liquidity risks faced by the Group.

1. The Company revives through debt restructuring.

The Company was in the process of debt restructuring: on 22 September 2023, the Company announced the “Restructuring Transactions Involving, inter alia, (1) the Debt Restructuring; (2) the Capital Reduction; (3) the Proposed Issue of New Domestic Shares under the Domestic Shares Specific Mandate Shares under the Specific Mandate; (4) the Proposed Placing of New H Shares under the H Shares Specific Mandate; and (5) the Proposed Amendment to the Articles; and Continued Suspension of Trading”.

The Company was in the process of debt restructuring: on 25 September 2023, the Company announced the “Inside Information — Bankruptcy Restructuring” and on 25 September 2023, the Company made an application to the Shenzhen Intermediate People’s Court (“**the Court**”) for bankruptcy restructuring and the application was accepted with the case No. (2023) Yue 03 Po Shen 926.

On 5 July 2024, the Court dismissed the Company’s bankruptcy restructuring application with a case number of (2023) Yue 03 Po Shen 926.

On 11 September 2024, the Company received that the Court has accepted the bankruptcy restructuring application of the Company again, with a case number of (2024) Yue 03 Po Shen 942 ((2024) 粵03破申942號).

As at the date of this announcement, there are material uncertainties as to whether the Company can enter into the restructuring process. The Company will inform its shareholders and potential investors any significant developments regarding the Company's bankruptcy restructuring and will make further announcements in due course pursuant to the Listing Rules.

2. Focusing on core business and actively exploring new development opportunities

The Group will respond to the national policy of stimulating economic recovery in infrastructure investment, real estate, and building decoration industries to expand its business. The Group will tighten the selection criteria against high-quality customers for newly signed orders. The Group will also empower its building decoration business with technology to improve its competitiveness. The Group will continue to focus on the development of the "Guangdong-Hong Kong-Macao Greater Bay Area", further enhance its professional capabilities, endeavor to carry out its business activities in an orderly manner to strengthen project undertaking capability and adjust its experimental direction in accordance with the new needs of its customers in the future.

While focusing on developing its core business, the Group will explore new business opportunities and business with new investors, and expand into new energy and technological innovation sectors, moving from the traditional building decoration service field to the technological innovation field.

OTHER INFORMATION

1. Purchases, sales or redemptions of the Company's listed securities

During the Reporting Period, there was no purchase, sale or redemption of any listed securities of the Company by the Company or any of its subsidiaries (including the sale of treasury shares (as defined in the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")). As at the end of the Reporting Period, the Company did not hold any treasury shares.

2. Deed of non-competition

To ensure that competition will not exist in the future, Mr. Ye Yujing and Ms. Ye Xiujin as controlling shareholders of the Company (the "**Controlling Shareholders**") have entered into a deed of non-competition dated 16 September 2015 with the Company (the "**Deed of Non-competition**").

Pursuant to the Deed of Non-competition, the Controlling Shareholders agreed not to, and to procure their subsidiaries and respective close associate(s) (as appropriate) (other than the Group) not to, compete, either directly or indirectly, with the business

of the Group, and granted to the Group the option for new business opportunities, option for acquisitions and pre-emptive rights.

The Controlling Shareholders have further irrevocably undertaken in the Deed of Non-competition that, during the term of the Deed of Non-competition, they (as appropriate) will not, and will also procure their subsidiaries and respective close associate(s) (as appropriate) (other than the Group) not to, alone or with any other entity, in any form, directly or indirectly, engage in, participate in, assist or support a third party to engage in or participate in any business that competes, or is likely to compete, directly or indirectly with the principal business and other business. The foregoing restrictions are subject to the fact that the Company may waive certain new business opportunities pursuant to the terms and conditions under the Deed of Non-competition.

3. Directors' competing interest

None of the Controlling Shareholders, Directors and their respective close associates has any interests in any business which directly or indirectly competes or is likely to compete with the principal business and other business, which would require disclosure under Rule 8.10 of the Listing Rules.

4. 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 Listing Rules. The Company fully complied with all applicable code provisions set out in the CG Code during the Reporting Period, except code provision C.2.1 of the CG Code as more particularly described below:

Pursuant to the requirements in the code provision C.2.1 of the CG Code, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual.

However, the Company did not have a separate chairman and chief executive officer since 16 August 2024 till at the date of this announcement. On 16 August 2024, Mr. Wu Jianzhang has been resigned as the chief executive officer of the Company and Mr. Ye Yujing has been appointed as the chief executive officer with effect from 16 August 2024.

Mr. Ye currently performs both roles, which enables more effective and efficient overall strategic planning for the Group, aligns with the best interests of the Group, and sufficient checks and balances have been implemented. The Board will consider the overall situation of the Group and review the need to split the roles of chairman of the Board and Chief Executive Officer at an appropriate time.

5. 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 inquiries, all Directors and Supervisors of the Company confirmed that they had 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 the relevant possession of inside information, have also been requested to comply with the provisions of the Model Code. No incident of non-compliance with the Model Code by the relevant employees was noted by the Company during the Reporting Period.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

AUDIT COMMITTEE REVIEW

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 annual results of the Group for the year ended 31 December 2024.

SCOPE OF WORK OF BEIJING XINGHUA CAPLEGEND CPA LIMITED ON THIS PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group’s auditor, Beijing Xinghua Caplegend CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year.

The work performed by Beijing Xinghua Caplegend CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Beijing Xinghua Caplegend CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement has been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.aidewei.cn), and the 2024 Annual Report 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, 31 March 2025

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 the 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*