广东爱得威建设(集团)股份有限公司

ADWAY GUANGDONG ADWAY CONSTRUCTION (GROUP) HOLDINGS COMPANY LIMITED*

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

Stock code: 6189

Annual Report 2024

* For identification purpose only

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. YE Yujing (葉玉敬先生) *(Chairman)*
Mr. YE Jiajun (葉家俊先生)
Ms. YE Xiujin (葉秀近女士)
Mr. YE Guofeng (葉國鋒先生)

Non-executive Director

Mr. ZHUANG Liangbin (莊良彬先生)

Independent Non-executive Directors

Mr. CAI Huiming (蔡慧明先生)
Mr. LIN Zhiyang (林志揚先生)
Mr. SUN Changqing (孫常青先生)
Mr. ZHOU Wanxiong (周萬雄先生)

SUPERVISORS

Mr. LI Rui (李鋭先生)
Ms. LIN Jinhao (林錦好女士) *(Appointed on 28 June 2024)*
Mr. YE Weizhou (葉偉周先生) *(Resigned on 28 June 2024)*
Mr. TIAN Wen (田文先生) *(Resigned on 28 August 2023)*
Mr. LIU Yi (劉毅先生) *(Appointed on 15 December 2023)*

AUDIT COMMITTEE

Mr. CAI Huiming (蔡慧明先生) *(Chairman)*
Mr. LIN Zhiyang (林志揚先生)
Mr. SUN Changqing (孫常青先生)

NOMINATION COMMITTEE

Mr. LIN Zhiyang (林志揚先生) *(Chairman)*
Mr. YE Yujing (葉玉敬先生)
Mr. SUN Changqing (孫常青先生)

REMUNERATION COMMITTEE

Mr. SUN Changqing (孫常青先生) *(Chairman)*
Mr. YE Guofeng (葉國鋒先生)
Mr. CAI Huiming (蔡慧明先生)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

3rd Floor, Pengyi Garden Building 1
Bagua No.1 Road
Futian District
Shenzhen, China

STRATEGY COMMITTEE

Mr. YE Yujing (葉玉敬先生) *(Chairman)*
Mr. YE Guofeng (葉國鋒先生)
Mr. YE Jiajun (葉家俊先生)
Mr. LIN Zhiyang (林志揚先生)
Mr. SUN Changqing (孫常青先生)

AUTHORISED REPRESENTATIVES

Mr. YE Guofeng (葉國鋒先生)
Mr. LEE Leong Yin (李亮賢先生)

AUDITOR

Elite Partners CPA Limited *(Resigned on 25 October 2024)*
Beijing Xinghua Caplegend CPA Limited
(Effective from 31 October, 2024)
Certified Public Accountants and Registered Public Interest Entity Auditors
1/F, GR8 Inno Tech Centre,
No. 46 Tsun Yip Street
Kwun Tong, Hong Kong

H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

PRINCIPAL BANKS

Bank of China
China Construction Bank

COMPANY SECRETARIES

Mr. LEE Leong Yin (李亮賢先生)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place
348 Kwun Tong Road
Kowloon, Hong Kong

STOCK CODE

6189

COMPANY'S WEBSITE

www.aidewei.cn

FINANCIAL SUMMARY

(in RMB million, unless otherwise stated)

CONSOLIDATED RESULTS

	For the year ended 31 December				
	2024	2023	2022	2021	2020
Revenue	**0.20**	61.4	189.1	554.5	910.6
Gross Profit	**0.09**	8.1	27.9	72.3	151.9
Gross Profit Margin	**47.2%**	13.2%	14.8%	13.0%	16.7%
Profit/(loss) for the Year	**(55.7)**	(16.5)	(975.0)	(578.1)	(331.7)
Net Profit/(loss) Margin	**(27,850.0%)**	(26.9%)	(515.6%)	(104.3%)	(36.4%)
Basic and diluted earnings/(loss) per share (RMB)	**(23 cents)**	(7 cents)	(405 cents)	(240 cents)	(138 cents)

CONSOLIDATED ASSETS, LIABILITIES AND EQUITY

	As at 31 December				
	2024	2023	2022	2021	2020
Non-current assets	**40.7**	52.6	55.8	64.4	168.0
Current assets	**17.1**	40.9	71.1	1,229.0	1,984.7
Non-current liabilities	**1.3**	1.3	1.4	17.2	3.0
Current liabilities	**760.1**	740.2	756.9	932.6	1,199.6
Total equity	**(703.7)**	(648.0)	(631.5)	343.7	950.1

CHAIRMAN'S STATEMENT

Dear Shareholders:

On behalf of the Board (the "**Board**") of directors (the "**Directors**") of Guangdong Adway Construction (Group) Holdings Company Limited (the "**Company**"), I hereby presented to you the annual report of the Company and its subsidiaries (the "**Group**" or "**us**") for the year ended 31 December 2024 (the "**Reporting Period**").

I. REVIEW OF THE 2024 RESULTS

The past year of 2024 was full of challenges and changes. Since the second half of 2021, China's domestic real estate industry has been severely challenged, with new incidents emerging from the debt crisis of the real estate and related industries, and the real estate industry has been in a downturn and has continued to be so far. Under pressure from the ongoing Sino-US trade war and the subsequent extension of the West's continued decoupling and suppression of China, China's economic growth has slowed down and the building decoration industry to which the Group belongs has also been seriously affected. Affected by the continuous increase of defaults in the real estate industry, the Company's bank debt defaults, the capital chain rupture and other factors, the Group's revenue decreased by 99.67% from approximately RMB61.37 million for the year ended 31 December 2023 to approximately RMB0.20 million for the Reporting Period, and the loss for 2024 was RMB55.71 million.

II. 2024 WORK REVIEW

In 2024, the main business of the Group are as follows:

1. To actively ensure the completion and delivery of construction projects.

2. To reduce staff and increase efficiency, save expenses, and ensure the normal operation of the Company.

3. To actively promote debt restructuring.

In the past year, due to the impact of the external environment, the Company defaulted on its bank debts and experienced liquidity rupture, and was in financial difficulties. Adhering to the principle of being responsible to customers, society, employees and shareholders, the Company has been able to live up to its trust, without forgetting its original intention, and has moved forward against all odds, maintaining the basic and normal operation of the Company.

III. DEVELOPMENT PROSPECTS IN 2025

In 2025, the Group will continue to focus on its main business and remain committed to becoming a leading international integrated green decoration service provider. The Company will strive to achieve debt restructuring, introduce new investors to enter and invest through debt restructuring, resolve debt risks and liquidity risks, and rejuvenate the Company.

1. Pay attention to segmented markets and focus on regional development

In active response to the national policy to stimulate economic recovery to expand business in infrastructure investment, real estate and building decoration industries, the Group will adopt a prudent order strategy while ensuring the delivery of existing construction projects as required by customers, and increase the selection of high-quality customers for new orders.

2. Ensure the completion and delivery of construction projects

The Company will continue to communicate with customers, material suppliers/labour subcontractors, and the customers will pay the costs of suppliers/labour subcontractors on behalf of the Company within the scope of the Company's receivables from customers, so as to maintain the construction/service of the project and ensure the completion and delivery of the project.

3. Continue to actively promote debt restructuring to rejuvenate the Company

The Company will actively communicate with the court, creditors and investors, negotiate and promote debt restructuring, and strive to obtain the pre-restructuring decision from the Shenzhen Intermediate People's Court as soon as possible, reduce debts, reduce financial costs, obtain new funds to support the Group's operations and rejuvenate the Company.

4. Explore new business opportunities

While focusing on its advantages to develop the Company's core business, the Company will explore new business opportunities and businesses with new investors, expand into new energy and technological innovation sectors, and develop from a traditional architectural decoration service enterprise to a technological innovation field.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank our dedicated employees and management team for their commitment and professionalism. I would also like to express our heartfelt thanks to our Shareholders and partners for their continuing support, trust and care for the Group. We will endeavour to resolve our debt risks and liquidity risks, restructure Adway and remain committed to providing international first-class green decoration services.

YE Yujing
Chairman
31 March 2025

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. YE Yujing (葉玉敬), aged 59, one of the founders of the Group, has been the Chairman and an executive Director of the Company since its establishment on 18 December 1996. Mr. Ye was the chief executive officer of the Company from 10 April 2012 to 20 October 2023 and is primarily responsible for the Group's development, strategic planning, positioning and overall operational management. Mr. Ye currently also serves as the chairman of the Strategy Committee of the Company and a member of the Nomination Committee of the Company. Mr. Ye is the husband of Ms. YE Xiujin (executive Director of the Company), the father of Mr. YE Guofeng (executive Director of the Company) and Mr. YE Jiajun (executive Director of the Company) and father-in-law of Mr. ZHUANG Liangbin (the non-executive Director of the Company). Mr. Ye completed an education programme in civil engineering offered by China University of Geosciences (中國地質大學) in July 2007 and subsequently obtained his executive master of business administration (EMBA) from Xiamen University (廈門大學) in June 2016. Mr. Ye has over 30 years of experience in the civil engineering and construction industries. Prior to the establishment of the Company, Mr. Ye had worked as a sales executive in the second engineering department of Shenzhen Wenye Decoration Design Engineering Company Limited* (深圳市文業裝飾設計工程有限公司) (currently known as Shenzhen Wenye Decoration Design Engineering Joint-Stock Company Limited* (深圳市文業裝飾設計工程股份有限公司)) from January 1987 to January 1993, and as a manager in the Xincheng decoration department of Shenzhen Bao'an District Decoration Construction Consolidated Company Limited* (深圳市寶安區裝飾工程聯合公司新城裝飾部) from February 1993 to October 1996. Mr. Ye was a member of the sixth and seventh session of the Luhe County Guangdong Province Committee of the Chinese People's Political Consultative Conference (CPPCC) (廣東省陸河縣政協). Mr. Ye currently is a member of the 5th standing committee and the vice president of the Social Committee of the Futian District of Shenzhen Committee of CPPCC (深圳市福田區政協委員會) and is also a member of the 8th Standing Committee of the Luhe County Guangdong Province Committee of CPPCC, a member of the Central Economic Committee of China Democratic League (中國民主同盟), the vice president of the Public Administration Committee and the vice president of Futian Branch of Shenzhen Committee of China Democratic League, and the honourable president of the Hong Kong Shanwei Luhe Overseas Association (香港汕尾市陸河海外聯誼總會), a standing director of the China Building Decoration Association (中國建築裝飾協會), the vice president of Federation of Shenzhen Industries, the vice president of the Shenzhen Decoration Association, the executive vice president of Shenzhen City Fuyi Public Welfare Foundation (深圳市福醫基金會). Mr. Ye was awarded by CBD Association as "National Outstanding Entrepreneur of Building Decoration Industry"* (全國建築裝飾行業優秀企業家) and "National Outstanding Project Manager of Building Decoration Industry"* (全國建築裝飾行業優秀項目經理) in December 2009 and June 2014 respectively. He was qualified as a senior engineer (高級工程師) in May 2009 and acquired the Certificate of Registration of Constructor of the PRC (中華人民共和國一級建造師註冊證書) in February 2009.

Ms. YE Xiujin (葉秀近), aged 58, was appointed as an executive Director of the Company on 1 July 2008. Ms. Ye joined the Company since its establishment and has been primarily responsible for advising on the strategic development and corporate governance of the Company, formulating the Company's corporate and business strategies, and providing assistance to Mr. YE Yujing. She has also worked in the accounting department of the Company. Ms. Ye is the wife of Mr. YE Yujing (executive Director of the Company), the mother of Mr. YE Guofeng (executive Director of the Company) and Mr. YE Jiajun (executive Director of the Company) and mother-in-law of Mr. ZHUANG Liangbin (the non-executive Director of the Company). Ms. Ye acquired the qualification of accountant issued by the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) in May 2000.

Mr. YE Guofeng (葉國鋒), aged 37, was appointed as an executive Director of the Company on 30 July 2013. Mr. Ye currently also serves as a member of the Remuneration Committee and Nomination Committee of the Company. Mr. Ye joined the Company on 15 September 2011 and worked as an assistant to Mr. YE Yujing starting from April 2012. He was later promoted to the position of marketing director and manager of the procurement department in May 2014. Mr. Ye is currently responsible for advising on strategic development and corporate governance of the Group. Mr. Ye is the son of Mr. YE Yujing (executive Director of the Company) and Ms. YE Xiujin (executive Director of the Company), the elder brother of Mr. YE Jiajun (executive Director of the Company and the elder brother-in-law of Mr. ZHUANG Liangbin (the non-executive Director of the Company). Mr. Ye graduated with an associate degree from Shenzhen Polytechnic (深圳職業技術學院) majored in construction management in June 2011. He later completed the top-up courses in civil engineering (construction) offered by China University of Geosciences (中國地質大學) through online education in July 2014 and obtained a bachelor's degree in engineering in December 2014. Mr. Ye was qualified as a safety officer (安全員) and a decoration construction officer (裝飾施工員) issued by Guangdong Construction Education Association (廣東省建設教育協會) in November 2011. Mr. Ye was also awarded as "Outstanding Entrepreneur of China Building Decoration in the past thirty years* (中國建築裝飾三十年優秀企業家)" by the CBD Association and China Construction Newspaper (中華建築報社) in December 2014.

Mr. YE Jiajun (葉家俊), aged 31, was appointed as executive Director of the Company on 28 August 2020. Mr. Ye currently also serves as a member of the Strategy Committee of the Company. Mr. Ye joined the Company in August 2019 as the assistant to the general manager of the engineering management center to provide assistance in engineering project management. He began serving as the assistant to the Chairman since May 2020. Mr. Ye worked as the project manager in the investment department of Shenzhen Longbai Capital Investment Management Co., Ltd. from October 2017 to July 2019. Mr. Ye is the son of Mr. YE Yujing (executive Director of the Company) and Ms. YE Xiujin (executive Director of the Company), the younger brother of Mr. YE Guofeng (executive Director of the Company and the younger brother-in-law of Mr. ZHUANG Liangbin (the non-executive Director of the Company). Mr. Ye graduated from Guangdong University of Foreign Studies* (廣東外語外貿大學) with a bachelor's degree in finance in July 2017.

Non-executive Director

Mr. ZHUANG Liangbin (莊良彬), aged 39, was appointed as the non-executive Director of the Company on 11 June 2021. Mr. Zhuang is the son-in-law of Mr. YE Yujing (executive Director of the Company) and Ms. YE Xiujin (executive Director of the Company), the younger brother-in-law of Mr. YE Guofeng (executive Director of the Company) and also the elder brother-in-law of Mr. YE Jiajun (executive Director of the Company). Mr. Zhuang obtained a bachelor's degree of environmental art design from South China Normal University in 2011. Mr. Zhuang worked with Mingdiao Decoration Group from 2011 to 2013. He had been responsible for business development and setting the design concepts as the manager of design department of Yayuan Decoration Group from 2013 to 2015. He has been the supervisor and partner of Zhuangziren Design Ltd since 2017.

Independent Non-executive Directors

Mr. LIN Zhiyang (林志揚), aged 69, was appointed as an independent non-executive Director of the Company on 21 August 2015. Mr. Lin also currently serves as the chairman of the Nomination Committee of the Company and a member of the Audit Committee and Strategy Committee of the Company. Mr. Lin obtained his bachelors degree, master degree and doctorate degree all in economics from Xiamen University (廈門大學) in February 1980, February 1985 and September 2002, respectively. Mr. Lin had been working in Xiamen University since February 1985. He was appointed as the vice dean of the corporate management department under the School of Economics from October 1987 to October 1996, and was then promoted to the vice president of the management school and the dean of corporate management department from October 1996 to March 1999. From March 1999 to October 2007, he served as the vice president and was appointed as the secretary of the party committee of the management school from October 2007 to January 2013. Mr. Lin was a professor and a PhD tutor in the business school but now retired. Mr. Lin has served as independent directors in several companies listed on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, including Fujian Longxi Bearing (Group) Co., Ltd* (福建龍溪軸承（集團）股份有限公司) (stock code: 600592.SH) from April 2008 to March 2014, Fujian Expressway Development Co., Ltd* (福建發展高速公路股份有限公司) (stock code: 600033.SH) from April 2009 to June 2015, Sanan Optoelectronics Co., Ltd* (三安光電股份有限公司) (stock code: 600703.SH) from November 2007 to November 2013, Fujian Guanfu Modern House Co., Ltd.* (福建冠福現代家用股份有限公司) (stock code: 002102.SZ) from October 2008 to June 2015 and Joeone Co., Ltd (九牧王股份有限公司) (stock code: 601566.SH) from May 2019 to May 2022, Intretech Inc. (廈門盈趣科技股份有限公司) (stock code: 002925. SZ) from July 2023, Xiamen Guangpu Electronics Co., Ltd. (廈門光莆電子股份有限公司) (stock code: 300632.SZ) from July 2024. He served as an independent director in Taiya Shoes Co., Ltd.* (泰亞鞋業股份有限公司) (now known as Kingnet Network Co., Ltd.* (愷英網絡股份有限公司)) (stock code: 002517.SZ), a company listed on the Shenzhen Stock Exchange, Clenergy (Xiamen) Technology Co., Ltd (清源科技（廈門）股份有限公司) (stock code: 603628.SH), a company listed on the Shanghai Stock Exchange, and Fujian Zhangzhou Development Co., Ltd.* (福建漳州發展股份有限公司) (stock code: 000753.SZ), a company listed on the Shenzhen Stock Exchange. Mr. Lin is currently acting as an independent director in Luyan Pharma Co., Ltd. (鷺燕醫藥股份有限公司) (stock code: 002788.SZ), a company listed on the Shenzhen Stock Exchange.

Mr. CAI Huiming (蔡慧明), aged 60, was appointed as the independent non-executive Director of the Company on 26 October 2021. Mr. Cai also serves as the chairman of the Audit Committee and member of the Remuneration Committee of the Company. Mr. Cai is a Chinese Certified Public Accountant and a Chinese Certified Tax Agent, holds a bachelor's degree in finance management from Hunan University of Technology and a master of business administration (MBA) from New York Institute of Technology. He possesses over 30 years of extensive experience in financial management and corporate governance. In 2004, Mr. Cai joined Renrenle Commercial Group Co., Ltd* (人人樂連鎖商業（集團）有限公司) (a company listed on the Shenzhen Stock Exchange, stock code: 002336.SZ) ("**Renrenle**"). He held multiple key roles within Renrenle, such as acting as chief financial officer (from October 2007 to November 2013), the president (from June 2013 to October 2015) and he served as an executive director of Renrenle from October 2007 to December 2019 (among which he acted as vice chairman of Renrenle from November 2016 to December 2019). He is currently acting as the vice chairman and the secretary of board of directors of Renrenle. Before joining Renrenle, Mr. Cai served as the partner of Shenzhen Zhongqi South China accounting firm.

Mr. SUN Changqing (孫常青), aged 51, was appointed as an independent non-executive Director of the Company on 24 June 2022. Mr. Sun currently also serves as the chairman of the Remuneration Committee of the Company and a member of the Audit Committee, Nomination Committee and Strategy Committee of the Company. Mr. Sun graduated from Yulin University in Shaanxi Province in June 1995, obtained a bachelor's degree in physics education, and obtained a master's degree in business administration from Newport University, the United States of America in May 2006. Mr. Sun served as a consultant, deputy general manager, and general manager of Shenzhen Nan Sheng De Management Company Limited* (深圳市南晟德管理顧問有限公司) from May 1996 to March 2012. He has been the chairman of Shaanxi Rui Fu Xing Biological Technology Company Limited* (陝西瑞福興生物科技有限公司) since September 2012.

Mr. ZHOU Wanxiong (周萬雄), aged 54, was appointed as an independent non-executive Director of the Company on 24 June 2022. Mr. Zhou graduated from Guangdong Provincial Party School in political science and law in March 2001. He obtained a master's degree in business administration from the California University of Management (USA) in November 2006, a bachelor's degree in administrative management from Xiangtan University in November 2009 and a master's degree in public administration from Xiangtan University in December 2015. Mr. Zhou worked at Beijing Innovation and Technology Institute* (北京創新科技研究所) successively as a researcher and deputy director from June 2001 to October 2018. He has been working in Shenzhen City Southern Privately Run Science and Technology Institute since May 2003 and currently serves as the dean. From November 2017 to the present, he has been serving as the vice chairman of the Futian Science and Technology Association of Shenzhen. Mr. Zhou is currently the vice chairman of the Non-Party Intellectuals Friendship Association of Guangdong province, chairman of Futian Non-Party Intellectuals Friendship Association of Shenzhen city, and a member of the 8th Futian National People's Congress Standing Committee; Mr. Zhou is a national soft issue researcher, a visiting professor of Shenzhen Training Base of the National People's Congress and Shenzhen University, an expert of Thinking Tank of Guangdong Institute of Socialism, an expert of Guangdong non-party intellectuals, and an expert of united front, law, policies, science and technology industry and economic Thinking Tank.

SUPERVISORY COMMITTEE

Mr. LI Rui (李銳), aged 47, was appointed as a supervisor of the Company on 1 June 2021. Mr. Li obtained a bachelor degree of metallurgical physical chemistry from Central South University in 2001. Mr. Li served as a secretary of the chairman and then as the marketing manager in China Resources Vanguard Co., Ltd. from October 2001 to March 2005, as the marketing manager and then the sales director in Shenzhen Emoi Lifestyle Co., Ltd from April 2005 to April 2007, and as an assistant to chairman (responsible for investment and mergers & acquisition) in Shenzhen Bond Culture Development Co., Ltd from April 2007 to April 2011. Mr. Li has been the chairman of Shenzhen New Classroom Culture Development Co., Ltd* (深圳市新課堂文化發展有限公司) since June 2012, and concurrently as the general manager of Shenzhen Youju Education Development Co., Ltd* (深圳市優聚教育發展有限公司) since March 2019.

Ms. LIN Jinhao (林錦好), aged 44, was appointed as the employee representative supervisor of the Company in May 2024. Ms. Lin graduated from Southwest University of Science and Technology with a major degree in construction engineering technology in 2022.

Mr. LIU Yi (劉毅), aged 64, holds a bachelor's degree and graduated from Xi'an Sport University with a basketball major in 1983. He served as the director of the Xinjiang branch office of the Company from 2006 to 2016. He has previously worked as the manager and an entrepreneur of Xinjiang Uygur Autonomous Region Construction Materials Company Material Distribution Company* (新疆維吾爾自治區建築材料公司物資經銷公司).

SENIOR MANAGEMENT

Mr. YE Yujing (葉玉敬), was appointed as the chief executive officer of the Company on 16 August 2024. For biographical details of Mr. Ye, please refer to the paragraph headed "Executive Directors" above in this section.

Mr. YE Guofeng (葉國鋒), was a vice president of the Company appointed on 21 August 2015. For biographical details of Mr. Ye, please refer to the paragraph headed "Executive Directors" above in this section.

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 99.67% from approximately RMB61.37 million for the year ended 31 December 2023 to approximately RMB0.2 million for the Reporting Period. The decrease in revenue was mainly due to the significant decrease in the contract value in 2024 as impacted by such as the slowdown of domestic economy, surging default events in the real estate sector, and the Company's bank debt default and capital chain rupture.

The Group's gross profit decreased by 99.89% from approximately RMB8.09 million for the year ended 31 December 2023 to approximately RMB0.09 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 a decrease in costs.

Loss for the year

Loss for the year of the Group increased by 237.64% from approximately RMB16.50 million for the year ended 31 December 2023 to approximately RMB55.71 million for the Reporting Period, which was mainly due to (i) the revenue during the Reporting Period has significantly decrease; (ii) the litigation of compensation and (iii) the rise of borrowings interest expenses.

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 has approved the write-off of trade receivables of prior year that were deemed irrecoverable.

2. Trade and other payables

The trade and other payables of the Group decreased from approximately RMB448.92 million as at 31 December 2023 to approximately RMB448.71 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 bank borrowings and other borrowings in the amount of approximately RMB133.66 million and RMB91.15 million respectively (2023: RMB180.25 million and RMB60.45 million, respectively). The borrowings were in fixed interest rates. As at the end of the Reporting Period, the weighted-average effective interest rate of bank borrowings was 6.49% (2023: 9.93%) per annum, the weighted-average effective interest rate of other borrowings was 7.03% (2023: 7.15%) per annum.

As at the date of this report, the total outstanding bank borrowings and other borrowings were RMB133.66 million and RMB91.15 million.

The main reason for other borrowings being increased as at reporting period was due to the banks having transferred their loans to capital management companies. On 21 June 2024 and 18 December 2024, the bank loans from Huaxia Bank and Beijing Bank were reclassified to other borrowings, due to both banks transferred their legally owned creditor's rights and guarantee rights of the lenders and guarantors to China Cinda Asset Management Co., Ltd. ("**Cinda Asset**"), and China CITIC Financial Asset Management Co., Ltd. ("**CITIC Financial Asset**"), respectively. 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 and CITIC Financial Asset as of the date of receipt of the notice. As of 31 December 2024, the outstanding balance of the loans were RMB23.08 million and RMB18.39 million respectively.

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: 692.53%), which was mainly due to further provisions made for the Group's trade receivables. Gearing ratio represents total 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.

12. SEGMENT INFORMATION

The management of the Company has determined the operating segments based on the reports reviewed by chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, have 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. The management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the Board 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 year ended 31 December 2024 and 2023. As at 31 December 2024 and 2023, all of the non-current assets were located in the PRC.

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 report, 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.

DIRECTORS' REPORT

The Directors hereby present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Group is building decoration service that mainly covers four areas, namely (i) building decoration works; (ii) electrical and mechanical installation works; (iii) curtain wall engineering works; and (iv) fire safety engineering works. There were no significant changes in the nature of the Group's principal activities during the year.

The Group's performance by segments is set out in the section headed "Management Discussion and Analysis" of this annual report.

RESULTS

The results of the Group for the year ended 31 December 2024 and the financial information of the Group as at 31 December 2024 are set out in the consolidated financial statements of this annual report. An analysis of the Group's performance using financial key performance indicators is provided in the section headed "Financial Summary" in this annual report.

BUSINESS AND FINANCIAL REVIEW

The fair review of business, analysis of key financial performance indicators and financial review of the Group for the year ended 31 December 2024 and a discussion on the Group's future development are set out in the section each headed "Financial Summary", "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

KEY RISKS AND UNCERTAINTIES

Business and Market

Despite the continuing downturn in the real estate market, severe challenges in the operating environment, and weak market demand, coupled with delays in the Company's restructuring process, relatively weak capital structure, and tight working capital, which resulted in the Company's preference for projects with advance payment from clients, the Company still demonstrates strong resilience and core competitive advantages accumulated over time. With over 27 years of profound industry accumulation, the Company has established an excellent brand reputation in the field of architectural decoration in China, and possesses multiple highest qualifications and licenses in the industry. These have laid a solid foundation for the Company's development, enabling it to continue to obtain new projects even in market downturns and demonstrate stable business capabilities.

At present, the Company's restructuring plan is being actively and orderly promoted. It is expected that after completion, the debt scale will be significantly reduced, the financial structure will be optimized, interest expenses will be reduced. At the same time, it is expected that new capital will be introduced to enrich the working capital, thus further enhancing the financial flexibility and risk-resistant capability of the Company. Meanwhile, the Company's sales and marketing team has always maintained a keen market insight, actively exploring potential bidding opportunities, closely tracking industry dynamics and market trends, and continuously driving business growth through efficient bidding strategies and high-quality customer service.

Based on the above advantages and positive factors, the Board is optimistic about the Company's future business prospects in view of the fact that the Company is still able to undertake new projects under the current operating environment and the Company's financial position. Although the external environment remains challenging, the Company is gradually strengthening its competitiveness by leveraging on its solid industry foundation, optimized financial structure and efficient business development capability. In the future, through the dual efforts of internal reorganization and optimization and external market strategies, the Company will not only be able to effectively cope with the current challenges, but will also be able to seize the first opportunity when the industry recovers and achieve long-term stable and high-quality development.

Financial

The major financial risks faced by the Group are interest risk, credit risk and liquidity risk. Affected by the overall economic environment and the real estate industry, the Group defaulted on bank debts and experienced liquidity difficulties. The management regularly analyses and formulates measures to manage these risks to which the Group were exposed, actively resolves debt risks and seeks debt restructuring opportunities. The risk management objectives and policies of the financial risk are set out in the notes to the financial statements of this annual report.

Management of the Group will identify and assess key operational exposures regularly so that appropriate risk response can be taken.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders of the Company (the "**Shareholders**") in light of their holding of the Company's securities.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended 31 December 2024, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

REMUNERATION OF THE DIRECTORS, SUPERVISORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors, Supervisors and the five highest paid individuals during the year are set out in Note 9 and Note 10 to the financial statements.

RETIREMENT BENEFIT SCHEME

The employees of the Company are members of the state-managed retirement benefits scheme operated by the PRC government. The employees of the Company are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Company with respect to this retirement benefits scheme is to make the required contributions under the scheme.

Details of the Group's retirement benefit schemes are set out in Note 2.18 to the financial statements in this annual report.

EVENTS AFTER THE REPORTING PERIOD

The Group does not have any material matters that are required to be disclosed from 31 December 2024 up to the date of this annual report.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Directors and management team, comprising experienced professionals that possess extensive technical and industry experience, have rich experience of successfully operating and debt restructuring. Therefore, the Group ensures that the remuneration package of Directors and management are reasonable and competitive in the market; and continues to improve and regularly review the policies on remuneration and benefits.

With the efforts of sales and marketing team, the Group has established solid relationships with many of our long-term customers. We continue to maintain such relationships by conducting periodic visits to understand the construction needs of our customers and learn about their new projects.

The Group is in good relationship with its suppliers. The procurement department maintains a list of qualified suppliers, from which project management department procures on an as-needed basis. The qualified suppliers are selected based on various criteria, including price, quality, record of timely delivery, location, supply capacity, credit terms and customer service. The procurement department is responsible to review and update the list of qualified suppliers annually.

SHARE CAPITAL

The share capital structure of the Company as at 31 December 2024 is as follows:

Class of Shares	**Number of shares**	**Approximate percentage of the total issued share capital**
Domestic Shares	178,167,645	73.9%
H Shares	62,763,000	26.1%
Total	240,930,645	100.0%

FINAL DIVIDEND

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

DIVIDEND POLICY

The Company has established its dividend policy. When the Company records a profit and after taking into account other relevant factors, we would pay dividend to our Shareholders according to the articles of association of the Company (the "**Articles of Association**") and applicable laws. However, such dividend is non-guaranteed. Our decision on dividend distribution depends on the financial situation of the Company, future market prospects, funding needs the Company and any other relevant factors which the Company thinks fit. The remaining profits after dividend payout (if any) would be used for the business development of the Company.

PUBLIC FLOAT

As at the date of this annual report, based on the available public information of the Company, so far as the Directors are aware of, the Company has met the requirements of public float under the Rule 8.08 of the Listing Rules.

PROPERTY AND EQUIPMENT

For the year ended 31 December 2024, the Group had no addition of property and equipment.

PRE-EMPTIVE RIGHTS

According to the laws of the PRC and the Articles of Association, there are no provisions on the pre-emptive rights to offer new Shares by the Company to its existing Shareholders on a pro rata basis.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2024, there was no purchase, sale or redemption by the Company or any of its subsidiaries of any listed securities of the Company.

RESERVES

Details of the movements in the reserves of the Group during the year ended 31 December 2024 are set out in Consolidated Statement of Changes in Equity.

DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Company for the year ended 31 December 2024, and of which details of reserves available for distribution to Shareholders are set out in the Note 27 to the financial statements of this annual report.

BORROWINGS

Particulars of borrowings of the Group as at 31 December 2024 are set out in the Note 25 and Note 26 to the financial statements.

DISCLOSURE PURSUANT TO RULES 13.19 AND 13.21 OF THE LISTING RULES

As of the date of this annual report, the Group's loans amounted to approximately RMB224.8054 million in total from 5 banks, 2 asset companies, 1 company and 1 individual were due, and the Group failed to repay or renew the due loan. Among them, as of the date of this annual report, the accumulated due and outstanding bank loans of the Group involved 5 banks, amounting to approximately RMB133.66 million in total.

According to Rule 13.19 of the Listing Rules, the Group has breached the terms of its loan agreement with the aforementioned lenders while the Group has yet to obtain a waiver from these lenders in respect of the defaults and aforementioned 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.

The breakdown of due and outstanding loans from the aforementioned lenders is as follows:

No.	Lender	Loan interest rate (APR)	Outstanding balance of the loan (RMB'0000)	Maturity date of the loan
1	Bank of China Limited	6.09%	3,715.79	2022/4/15
2	China Construction Bank Corporation	5.65%	4,802.60	2022/7/11
3	Industrial Bank Co., Ltd.	6.09%	924.84	2022/10/14
4	CITIC Financial Asset, Management Co., Ltd	5.44%	1,839.28	2022/3/16
5	Industrial and Commercial Bank of China Limited	5.60%	1,434.82	2021/12/17
6	China Cinda Asset Management Co., Ltd.	6.90%	2,307.83	2022/4/28
7	Shenzhen Rural Commercial Bank Co., Ltd.	8.00%	2,487.64	2022/4/22
8	China Cinda Asset Management Co., Ltd.	6.01%	4,257.30	2022/12/21
9	Yangxi County Kaihui Real Estate Development Co., Ltd.* (陽西縣凱匯房地產開發有限公司)	10.00%	690.44	2022/9/12
10	Ye Jiajun (葉家俊)		20.00	2022/12/30
Total			22,480.54	

The interest rate of the loan shall be the annual interest rate. If the default occurs from the date of default, the original agreed annual interest rate shall be increased by 50%.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate amount of revenue from the Group's largest and five largest customers for the year ended 31 December 2024 represented approximately 58.89% (31 December 2023: 14.68%) and 100% (31 December 2023: 53.87%), respectively, of the Group's total revenue.

The aggregate amount of purchases from the Group's largest and five largest suppliers for the year ended 31 December 2024 represented approximately 61.82% (31 December 2023: 12.99%) and 100% (31 December 2023: 50.6%), respectively, of the Group's total purchases.

To the best of the Directors' knowledge, none of the Directors or their respective close associates, and none of the existing Shareholders who owned more than 5% of the Company's issued share capital, had any interest in any of the five largest customers and suppliers.

DIRECTORS AND SUPERVISORS

The Directors during the year and up to the date of this annual report were as follows:

Executive Directors

Mr. YE Yujing (葉玉敬先生) *(Chairman)*
Mr. YE Jiajun (葉家俊先生)
Ms. YE Xiujin (葉秀近女士)
Mr. YE Guofeng (葉國鋒先生)

Non-executive Director

Mr. ZHUANG Liangbin (莊良彬先生)

Independent Non-executive Directors

Mr. LIN Zhiyang (林志揚先生)
Mr. CAI Huiming (蔡慧明先生)
Mr. SUN Changqing (孫常青先生)
Mr. ZHOU Wanxiong (周萬雄先生)

The supervisors of the Company (the "**Supervisors**") during the year and up to the date of this annual report were as follows:

Mr. LI Rui (李銳先生)
Mr. YE Weizhou (葉偉周先生) *(Resigned on 28 June 2024 due to personal career development needs)*
Mr. Liu Yi (劉毅先生)
Ms. LIN Jinhao (林錦好女士) *(Appointed on 28 June 2024)*

The biographical details of the Directors and Supervisors are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" of this annual report.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND THE CHIEF EXECUTIVE OFFICER IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, the interests or short positions of the Directors, Supervisors and the chief executive officer of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**")) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code (the "**Model Code**") for Securities Transactions by Directors of the Listed Issuers as set out in Appendix C3 (formerly known as Appendix 10) to the Listing Rules to be notified to the Company and the Stock Exchange are as follows:

Director/Supervisor	Nature of interest	Number of shares of the Company	Class of Shares	Long/short position	Approximate percentage of shareholdings in the relevant class of Shares of the Company *(Note 1)*	Approximate percentage of shareholdings in the total share capital of the Company *(Note2)*
YE Yujing (葉玉敬) *(Note 3)*	Beneficial Owner	67,694,000	Domestic Shares	Long position	37.99%	28.10%
	Interest of spouse	15,504,000	Domestic Shares	Long position	8.70%	6.44%
YE Xiujin (葉秀近) *(Note 4)*	Beneficial Owner	15,504,000	Domestic Shares	Long position	8.70%	6.44%
	Interest of spouse	67,694,000	Domestic Shares	Long position	37.99%	28.10%
YE Guofeng (葉國鋒) *(Note 5)*	Interest in a controlled corporation	6,075,000	Domestic Shares	Long position	3.41%	2.52%
YE Jiajun (葉家俊)	Beneficial Owner	1,000,000	Domestic Shares	Long position	0.56%	0.42%

Notes:

1. The calculation is based on 178,167,645 Domestic Shares of the Company in issue as at 31 December 2024.

2. The calculation is based on the total number of 240,930,645 Shares of the Company in issue as at 31 December 2024 (including 178,167,645 Domestic Shares and 62,763,000 H Shares).

3. Mr. YE Yujing is the husband of Ms. YE Xiujin. Under the SFO, Mr. YE Yujing will be deemed to be interested in the same number of Shares in which Ms. YE Xiujin is interested.

4. Ms. YE Xiujin is the wife of Mr. YE Yujing. Under the SFO, Ms. YE Xiujin will be deemed to be interested in the same number of Shares in which Mr. YE Yujing is interested.

5. Shenzhen Gong Xiang Li Investment Entity (Limited Partnership) (深圳市共享利投資企業（有限合夥）) ("**Shenzhen Gong Xiang Li**"), a limited partnership entity established under the PRC laws, is owned as to 88.15% by Mr. YE Guofeng, an executive Director. In light of the above, YE Guofeng is deemed to be interested in all the Shares held by Shenzhen Gong Xiang Li.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2024, so far as the Directors, Supervisors and the chief executive officer of the Company are aware of, as indicated on the register of interests and/or short positions required to be maintained pursuant to Section 336 of the SFO, the substantial Shareholders (other than Directors, Supervisors and the chief executive officer of the Company) had the following interests and/or short positions in the Shares or underlying Shares of the Company:

Name of Shareholders	Nature of interest	Number of shares of the Company	Class of Shares	Long/short position	Approximate percentage of shareholdings in the relevant class of Shares of the Company *(Note 1)*	Approximate percentage of shareholdings in the total share capital of the Company *(Note 2)*
Ningbo Meishan Bonded Area Yingxiang Investment Center (Limited Partnership) (寧波梅山保稅港區瀛享投資中心 (有限合夥)) *(Note 3)*	Beneficial Owner	12,580,645	Domestic Shares	Long position	7.06%	5.22%
Ningbo Meishan Bonded Area Xingwang Yinghua Equity Investment Center (Limited Partnership) (寧波梅山保稅港區興旺嬴華股權投資中心 (有限合夥)) *(Note 4)*	Beneficial Owner	10,000,000	Domestic Shares	Long position	5.61%	4.15%
Shenzhen Qianhai Xingwang Investment Management Co., Ltd (深圳前海興旺投資管理有限公司)("**Shenzhen Qianhai Xingwang Investment Management**") *(Notes 3 and 4)*	Interest in a controlled corporation	22,580,645	Domestic Shares	Long position	12.67%	9.37%
Shenzhen Qianhai Xingwang Investment Center (Limited Partnership) 深圳前海興旺投資中心 (有限合夥) *(Notes 3 and 4)*	Interest in a controlled corporation	22,580,645	Domestic Shares	Long position	12.67%	9.37%
Xiong Mingwang (熊明旺) *(Notes 3 and 4)*	Interest in a controlled corporation	22,580,645	Domestic Shares	Long position	12.67%	9.37%
South China Sea Selected (Tianjin) Equity Investment Fund Limited Partnership Corporation (Limited Partnership) (南海成長精選(天津)股權投資基金合夥企業(有限合夥)) *(Note 5)*	Beneficial Owner	17,000,000	Domestic Shares	Long position	9.54%	7.06%
Shenzhen Co-Win Asset Management Holding Company Limited (深圳同創偉業資產管理股份有限公司) *(Note 5)*	Interest in a corporation controlled	17,000,000	Domestic Shares	Long position	9.54%	7.06%
Shenzhen Co-Win Venture Capital Investments Limited (深圳市同創偉業創業投資有限公司) *(Note 5)*	Interest in a corporation controlled	17,000,000	Domestic Shares	Long position	9.54%	7.06%
Shenzhen Co-Win Jinxiu Asset Management Limited (深圳同創錦繡資產管理有限公司) *(Note 5)*	Interest in a corporation controlled	17,000,000	Domestic Shares	Long position	9.54%	7.06%
Zheng Wei He (鄭偉鶴) *(Note 5)*	Interest in a corporation controlled	17,000,000	Domestic Shares	Long position	9.54%	7.06%
Huang Li (黃荔) *(Note 5)*	Interest in a controlled corporation	17,000,000	Domestic Shares	Long position	9.54%	7.06%
Ding Bao Yu (丁寶玉) *(Note 5)*	Interest in a controlled corporation	17,000,000	Domestic Shares	Long position	9.54%	7.06%

Notes:

1. The calculation is based on 178,167,645 Domestic Shares and 62,763,000 H Shares (as the case may be) of the Company in issue as at 31 December 2024.

2. The calculation is based on the total number of 240,930,645 Shares of the Company in issue as at 31 December 2024 (including 178,167,645 Domestic Shares and 62,763,000 H Shares).

3. Ningbo Meishan Bonded Area Yingxiang Investment Center (Limited Partnership) ("**Ningbo Yingxiang**"), a limited partnership incorporated in the PRC on 10 May 2017, is controlled by the general partner, Shenzhen Qianhai Xingwang Investment Management. Ningbo Yingxiang is owned as to 12%, 6%, 6%, 6%, 4.8%, 3.96%, respectively by Zhao Anchang, by Cheng Donghai, by Feng Qing, by Gu Qijun, by Cen Yinglan, by Chen Min; as to 3.6% by each of Zhang Linkui, Guo Dong, Qiao Xiuqin, Qiu Yingji, Yang Weiguang, Wang Zeliang, Xia Binquan, Ren Wei, Tang Zhiqing, Jiang Xiaochun, Zhu Weiliang, Sun Yihua, Yu Huagui, Qu Maojuan, Wang Jianping, Xia Liping, Wang Qing; and as to 0.01% by Shenzhen Qianhai Xingwang Investment Management, which is a limited liability company established under PRC law on 15 June 2015 is owned as to 99% by Shenzhen Qianhai Xingwang Investment Center (Limited Partnership) ("**Shenzhen Qianhai Xingwang Investment Center**") and 1% by Xiong Mingwang. Shenzhen Qianhai Xingwang Investment Center, a limited partnership entity established under PRC law on 1 February 2016 is owned as to 99% by Xiong Mingwang and 1% by Liu Jun. In light of the above, Shenzhen Qianhai Xingwang Investment Management, Shenzhen Qianhai Xingwang Investment Center and Xiong Mingwang are deemed to be interested in all shares held by Ningbo Yingxiang under the SFO.

4. Ningbo Meishan Bonded Area Xingwang Yinghua Equity Investment Center (Limited Partnership) ("**Ningbo Xingwang Yinghua**"), a limited partnership entity established under PRC law on 6 March 2017, is controlled by the general partner, Shenzhen Qianhai Xingwang Investment Management, Ningbo Xingwang Yinghua is owned as to 31.60%, 15.80%, 9.48%, 7.90%, 7.90%, 7.90%, 6.48%, 6.32%, 4.74%, 1.58% and 0.32%, respectively by Bai Xinliang, by Cui Hegen, by Zhang Yao, by Gu Jianfang, by Zhou Ying, by Wu Mohai, by Liu Jun, by Gu Bin, by Yang Mingjiong, by Liu Qian and by Shenzhen Qianhai Xingwang Investment Management, which is a limited liability company established under PRC law on 15 June 2015 is owned as to 99% by Shenzhen Qianhai Xingwang Investment Center (Limited Partnership) ("**Shenzhen Qianhai Xingwang Investment Center**") and 1% by Xiong Mingwang. Shenzhen Qianhai Xingwang Investment Center, a limited partnership entity established under PRC law on 1 February 2016 is owned as to 99% by Xiong Mingwang and 1% by Liu Jun. In light of the above, Shenzhen Qianhai Xingwang Investment Management, Shenzhen Qianhai Xingwang Investment Center and Xiong Mingwang are deemed to be interested in all shares held by Ningbo Xingwang Yinghua under the SFO.

5. South China Sea Selected (Tianjin) Equity Investment Fund Limited Partnership Corporation (Limited Partnership) ("**South China Sea LP**"), a limited partnership entity established under PRC laws on 13 April 2011, is controlled by four general partners who were, (i) Shenzhen Co-Win Jinxiu Asset Management Limited ("**Shenzhen Co-Win Jinxiu Asset**"), (ii) Zheng Wei He; (iii) Huang Li; and (iv) Ding Bao Yu. Shenzhen Co-Win Jinxiu Asset, a limited liability company established under PRC laws on 24 December 2014, is a wholly-owned subsidiary of Shenzhen Co-Win Asset Management Holding Company Limited ("**Shenzhen Co-Win Asset**"). Shenzhen Co-Win Asset, a company limited by shares established under PRC laws on 27 December 2010 is owned as to 35.01% by Shenzhen Co-Win Venture Capital Investments Limited ("**Shenzhen Co-Win Venture Capital**"), 15.02% by Zheng Wei He, 14.94% by Huang Li, 10.45% by Shenzhen Co-Win Victory Investment Limited Partnership Corporation (Limited Partnership) (深圳同創創贏投資合夥企業（有限合夥））("**Shenzhen Co-Win Victory LP**"), 7.13% by Shenzhen Co-Win South China Asset Management Company Limited (深圳市同創偉業南海資產管理有限公司) which is a limited liability company established under PRC laws on 5 February 2013 and is wholly-owned by Shenzhen Co-Win Venture Capital, 3.38% by Ding Bao Yu, 1.60% by Xue Xiaoqing, 1.07% by Zhang Wenjun, 1.07% by Duan Yao, 0.89% by Tang Zhongcheng (唐忠誠), with the remaining 9.44% owned by other shareholders. Shenzhen Co-Win Venture Capital, a limited liability company established under PRC laws on 26 June 2000, is owned as to 45% by Zheng Wei He and 55% by Huang Li. In light of the above, Shenzhen Co-Win Jinxiu Asset, Shenzhen Co-Win Asset, Shenzhen Co-Win Venture Capital, Zheng Wei He, Huang Li and Ding Bao Yu are deemed to be interested in all Shares held by South China Sea LP under the SFO.

PERMITTED INDEMNITY PROVISIONS

Save as the following, at no time during the year ended 31 December 2024, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors. The Company has arranged appropriate insurance for legal actions that may be faced by Directors.

DIRECTORS’ REPORT (Continued)

CHANGE OF INFORMATION OF DIRECTORS AND SUPERVISORS

Upon specific enquiry by the Company and following confirmations from the Directors and Supervisors, since the date of publication of the previous interim report, there is no change in the information of the Directors and Supervisors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

RIGHTS IN THE SUBSCRIPTION OF SHARES AND DEBENTURES

During any time in the year ended 31 December 2024, no right to subscribe the shares in or debentures of the Company or any of its associated corporations was granted by the Company to any Director and Supervisor, or their respective spouses or children aged under 18, and no such rights to subscribe the above shares or debentures were exercised by them.

SERVICE CONTRACTS WITH DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with all Directors and Supervisors, with the term of three years. No service contract that can be terminated by the Group within one year without paying any compensation (other than the statutory compensation) was entered or is to be entered into between Directors or Supervisors and members of the Group.

DIRECTORS’ AND SUPERVISORS’ INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group’s business to which the Company, any of its subsidiaries, or its parent company was a party and in which a Director or a Supervisor had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTION

There are no non-exempt connected transactions or continuing connected transactions under the Chapter 14A of the Listing Rules conducted or entered into by the Group for the year ended 31 December 2024.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2024, the Group had no related party transactions.

CONTROLLING SHAREHOLDERS’ INTERESTS IN SIGNIFICANT CONTRACTS

No contract of significance has been entered into among the Company and its controlling shareholders or any of their associates during the year ended 31 December 2024.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year ended 31 December 2024.

DEED OF NON-COMPETITION

To ensure that competition will not exist in the future, Mr. YE Yujing and Ms. YE Xiujin as the Company's controlling shareholders (the "**Controlling Shareholders**") have entered into deed of non-competition (the "**Deed of Non-Competition**") with the Company to the effect that each of them will not, and will procure their subsidiaries (other than the Company) and their close associate(s) not to, directly or indirectly participate in, or hold any interest or right or otherwise be involved in, the principal business and other businesses.

NON-COMPETITION

The Group entered into the Deed of Non-Competition with the Controlling Shareholders on 16 September 2015 under which 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 principal business and other businesses, namely the design, survey and consultancy business and civil defense products manufacturing business, 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 businesses. 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.

The Company's independent non-executive Directors have reviewed the compliance with the Deed of Non-Competition by the Controlling Shareholders, and were satisfied that the terms of the Deed of Non-Competition had been duly complied with for the year ended 31 December 2024. The measures which the Company has adopted to ensure the compliance with the Deed of Non-Competition include:

(1) The Company has enquired with each of the Controlling Shareholders on whether each of the Controlling Shareholders or any of his/her close associates has engaged in any business which may directly or indirectly compete or may compete with the principal business of the Company, other than being a Director or Shareholder of the Company;

(2) The Company and the Board have requested the Controlling Shareholders to confirm to the Company regarding the compliance of the terms of the Deed of Non-Competition and the enforcement of undertakings under the Deed of Non-Competition. The Controlling Shareholders confirmed to the Company that they have complied with the terms of the Deed of Non-Competition for the year ended 31 December 2024; and

(3) The Company and the Board are not aware of any breach of the Deed of Non-Competition by the Controlling Shareholders for the year ended 31 December 2024.

DIRECTORS' COMPETING INTERESTS

Save as disclosed in this annual report, none of the Directors has any interests in any business which directly or indirectly competes or is likely to compete with the Group's principal business and other businesses, which would require disclosure under Rule 8.10 of the Listing Rules.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during the year ended 31 December 2024.

DONATION

During the year ended 31 December 2024, the Group did not make any charitable and other donations (2023: Nil).

DIRECTORS' REPORT (Continued)

DEBENTURES ISSUED

The Company did not issue any debentures during the year ended 31 December 2024.

SIGNIFICANT LITIGATION AND ARBITRATION

During the year ended 31 December 2024, the Group, as a defendant, was involved in 124 litigations with a total of approximately RMB341.925 million mainly related to bank debt defaults and disputes on payments of labor and material in the ordinary course of business. As at 31 December 2024, the Group's bank deposits of approximately RMB6.05 million in total were frozen by the PRC court. Based on the advice of the Group's internal legal advisor, the Directors estimated that the Group may therefore be liable for payables, interest and default of approximately RMB82.88 million, which have been provided for. During the year ended 31 December 2023, the Group was required to make immediate payment of approximately RMB314.57 million based on the judgment of the 103 lawsuits. As at the date of this annual report, there are still 17 ongoing litigations with an aggregate amount of approximately RMB20.78 million.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Details of corporate governance practice of the Company are set out in the section of "Corporate Governance Report" of this annual report.

REVIEW OF THE AUDIT COMMITTEE

The audit committee of the Board and the management team of the Company have reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal controls and financial reporting matters including a review of the annual results of the Group for the year ended 31 December 2024.

AUDITOR

PricewaterhouseCoopers served as the auditor of the Company from 25 November 2016 (being the date of the Company's listing on the main board of the Stock Exchange) to 4 January 2021. BDO China Shu Lun Pan Certified Public Accountants LLP served as the auditor of the Company from 4 January 2021 to 1 September 2022. Asian Alliance (HK) CPA Limited served as the auditor of the Company from 29 September 2022 to 31 July 2023. Elite Partners CPA Limited served as the auditor of the Company from 31 July 2023 to 25 October 2024. Beijing Xinghua Caplegend CPA Limited was appointed as the auditor of the Company since 30 October 2024. Beijing Xinghua Caplegend CPA Limited have audited the consolidated financial statements of the Group for the year ended 31 December 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The environmental, social and governance report of the Company prepared in accordance with Appendix C2 (formerly known as Appendix 27) of the Listing Rules is set out in the section headed "Environmental, Social and Governance Report" of this annual report.

ENVIRONMENTAL PROTECTION

The Group's business operations are subject to a number of environmental protection laws, regulations, policies and standards in the PRC, including the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物環境污染防治法》) and the Law of the People's Republic of China on the Prevention and Control of Pollution from Environmental Noise (中華人民共和國環境噪聲污染防治法》).

The Group is committed to minimising the adverse impact on the environment resulting from the Group's business activities. In order to promote environmental awareness and ensure compliance with the applicable environmental protection laws, regulations, policies and standards, the Group has established an environmental management system, which has obtained certification to ISO 14001. The Directors are of the view that the annual cost of compliance with the applicable environmental protection laws, regulations, policies and standards was not material during the year ended 31 December 2024 and the cost of such compliance is not expected to be material going forward.

WORKING ENVIRONMENT

The Group believes that its long-term development depends on the Group's standardised and pragmatic management philosophy and flexible and innovative business ideas, as well as the expertise and work experience of its employees. 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.

During the year, in order to adapt to the changes in economic environment and market, the Group implemented staff reduction and efficiency enhancement measures according to the actual situation of the Company. As at 31 December 2024, the Group had total of 30 employees. The following table provides a breakdown of the Group's employees by function:

Function	Number of employees
Administration and management	8
Project management	8
Procurement	1
Sales and marketing	4
Accounting and finance	9
Total	30

The Group has a labour union that protects our employees' rights, assists us in attaining the economic objectives of the Company, encourages employees to participate in management decisions and assists us in mediating disputes with union members.

The Group suspended its research and development work in 2024 and the research and development personnel left behind were involved in project management; outsourcing services was temporarily adopted for the project design in 2024.

OCCUPATIONAL HEALTH SAFETY

Safety Management System

The Group is committed to providing a safe and healthy working environment for our employees and workers. Our occupational health and safety management system has obtained certification to OHSAS 18001. The Group has in place construction safety and fire safety guidelines, and the Group's safety management system includes, among others, safety training to the Group's employees, regular on-site safety inspections, monitoring the health status of workers and the occurrence of occupational diseases from time to time, requiring the Group's workers to use safety equipment and ensuring that all technical staff, such as electricians and welders, have received specialised training and possess all necessary licences or qualifications. Equip with protective facilities and equipment, such as good ventilation and exhaust facilities, safety helmets, masks, etc. Supervise and evaluate occupational health work, understand the effectiveness and existing problems of occupational health management, and make timely improvements and adjustments.

The Group possesses the Work Safety Licence* (安全生產許可證) issued by the Department of Housing and Urban-Rural Development of Guangdong Province (廣東省住房和城鄉建設廳). Such a licence can only be granted by competent construction administrative authorities at provincial level or above, and to enterprises engaging in construction activities which have satisfied certain work safety requirements. Pursuant to the applicable PRC laws and regulations, the issuing authority of the Work Safety Licence* (安全生產許可證) has the power to, after granting the licence, monitor the implementation of the work safety measures by the relevant company and review the adequacy of such measures.

COMMUNITY INVOLVEMENT

As always, the Group is committed to fulfilling its corporate social responsibility by organising employees to participate in community activities such as cleaning and sanitation, volunteer services, and community activity assistance in Yuanling Sub-district and Hualin community.

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

Shenzhen, the PRC, 28 March 2025

* *For identification purpose only*

SUPERVISORS' REPORT

The current session the Supervisory Committee consists of three Supervisors (namely Mr. LI Rui (李鋭先生), Ms. LIN Jinhao (林錦好女士) and Mr. LIU Yi (劉毅先生)).

WORK OF THE SUPERVISORY COMMITTEE

During the year ended 31 December 2024, all members of the Supervisory Committee earnestly safeguarded the interest of the Company and Shareholders as a whole, and prudently and honestly performed the duties and powers conferred by relevant laws and regulations in accordance with the PRC Company Law and other laws and regulations, the Articles of Association and the Rules of Procedure of the Supervisory Committee; Supervisors attended all the Board meetings held in the year and supervised operating activities and financial condition of the Company as well as the performance of duties of Directors and senior management, upholding the legitimate rights and interests of the Company and its shareholders.

The annual meeting of the Supervisory Committee was held on 28 March 2025 to consider the 2024 consolidated financial statements of the Group and the annual report of Supervisory Committee for 2024 and the 2024 annual results announcement of the Company.

The Supervisory Committee is of the view that since the date of listing of the H shares of the Company on the Stock Exchange and up to the date of this report, the operation of the Company has been consistent with the provisions of the PRC Company Law, the PRC Securities Law and the Articles of Association. The Supervisory Committee performed its duties diligently, and the decision-making procedures were scientific and reasonable, and no illegal acts of the Directors and senior management were found to be detrimental to the interests of the Company.

The Supervisory Committee agreed with the audit opinion on the 2024 consolidated financial statements of the Group, and that the consolidated financial statements of the Group have given a true and fair view of the consolidated financial position and the consolidated financial performance of the Group.

The Supervisory Committee considered that the Board earnestly implemented the resolutions approved by the general meetings.

In 2025, the Supervisory Committee will further regulate the work of the Supervisory Committee in accordance with the PRC Company Law, the Articles of Association and other applicable laws and regulations, determine high-risk internal control areas based on the Company's operating conditions, improve the effectiveness of supervision, and strive to do all tasks well to protect the rights and interests of the Company and the Shareholders.

On Behalf of the Supervisory Committee
Mr. LI Rui
Chairman

Shenzhen, the PRC, 28 March 2025

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE CODE

The Company is committed to achieving and maintaining high standards of business ethics and corporate governance. The Company firmly believes that conducting business in a responsible, transparent and fair manner is essential to achieving the long-term business objectives of the Company and the Group. By adhering to these principles, the interests of the Group and its Shareholders can be enhanced in the long run. The Company has been committed to fulfilling its responsibilities to the Shareholders to ensure that the proper processes for overseeing and managing the Group's business are properly operated and reviewed, and have maintained sound corporate governance practices and procedures throughout the year ended 31 December 2023.

The Company has adopted the principles and code provisions under the Corporate Governance Code set out in part 2 of Appendix C1 (formerly known as Appendix 14) to the Listing Rules (the "**CG Code**"). For the year ended 31 December 2024. the Company has fully complied with all applicable code provisions as set out in the CG Code with the exception of code provision C.2.1 of the CG Code, which is described below:

Under the code provision C.2.1 of the CG Code, the duties of the Chairman and the Chief Executive Officer should be separate and should not be performed by the same individual. Prior to 16 August 2024, Mr. Ye Yujing and Mr. Wu Jianzhang respectively served as the Chairman and the Chief Executive Officer of the Group. Considering the Company's current projects such as share resumption, bankruptcy reorganization and debt restructuring, Mr. Ye Yujing is performing these two duties at the same time, which will enable the Group's overall strategic planning to be more effective and efficient, which is in the best interest of the Group, and adequate checks and balances have been put in place. The Board will review the need for the separation of the roles of chairman of the Board and chief executive officer in due course, taking into account the overall situation of the Group.

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

BOARD OF DIRECTORS

The Board is committed to providing effective and responsible leadership for the Company. The Directors, individually and collectively, must act in good faith in the best interests of the Company and its Shareholders. The Board has established four Board committees, being the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**"), the nomination committee (the "**Nomination Committee**") and strategy committee (the "**Strategy Committee**") (collectively "**Board Committees**"), to oversee different areas of the Company's affairs. As at the date of this annual report, the composition of the Board is as follows:

Executive Directors:	Mr. YE Yujing (葉玉敬先生) *(Chairman, concurrently served as the Chief Executive Officer on 16 August 2024)* Mr. YE Jiajun (葉家俊先生) Ms. YE Xiujin (葉秀近女士) Mr. YE Guofeng (葉國鋒先生)
Non-executive Director:	Mr. ZHUANG Liangbin (莊良彬先生)
Independent Non-executive Directors:	Mr. CAI Huiming (蔡慧明先生) Mr. LIN Zhiyang (林志揚先生) Mr. SUN Changqing (孫常青先生) Mr. ZHOU Wanxiong (周萬雄先生)

Their biographical and (where applicable) their family relationships are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" in the annual report. The list of Directors and their roles and functions are available on the Company's website and the website of the Stock Exchange.

As disclosed in the annual report, there is no financial, business, family or other material/relevant relationships among members of the Board.

A Director shall be elected at the general meeting, with a term of office of three years commencing on the date of election. Upon expiry of his term, a Director shall be eligible for re-election.

The functions and duties of the Board include but are not limited to: convening general meetings and reporting the Board's work at the general meetings; implementing the resolutions passed at the general meetings; determining our business plans and investment plans; preparing annual budget proposals and final accounts proposals; preparing plans for profit distribution and recovery of losses; preparing plans for the increase or decrease in registered capital; and exercising other power, functions and duties as conferred by the Articles of Association. Each of Directors has entered into a service contract with the Company. The Board may delegate certain functions to the management team of the Group. The management team is mainly responsible for the execution of the business plans, strategies and policies adopted by the Board and assigned to it from time to time.

According to the requirements in the code provision C.1.8 of the CG Code, the Company arranged appropriate insurance cover in respect of legal action against its Directors.

DIRECTORS' CONTINUAL TRAINING AND PROFESSIONAL DEVELOPMENT

The Directors have received training and induction on their duties and responsibilities as directors and the requirements of and their obligations under, amongst others, the Listing Rules and the SFO. On appointment, each new Director is provided with orientation materials regarding his or her duties and responsibilities under the Articles of Association, the Listing Rules, the SFO and the Company's corporate governance policies, as well as an understanding of the Group's corporate goals, activities and business, strategic plans and financial performance and position.

The Company in due course keeps Directors updated on the Listing Rules and other regulatory and reporting requirements changes and developments. To develop and refresh their knowledge and skills, the Directors are expected to participate in appropriate continuous professional development training that covers updates on laws, rules and regulations and also directors' duties and responsibilities. During the year of 2023, all the Directors received and read materials on recent amendments to the Listing Rules, etc. The Group has been encouraging the Directors to attend relevant learning courses on corporate governance.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The role of the independent non-executive Director is to provide independent and objective opinions to the Board, giving adequate control and balances for the Company to protect the overall interests of the Shareholders and the Company. They serve actively on the Board and Board Committees to provide their independent and objective views. In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Company has appointed four independent non-executive Directors, representing more than one-third of the Board. One of the independent non-executive Directors has the appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

Each independent non-executive Director has submitted annual confirmation of his independence to the Company pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules. Based on the contents of such confirmations, the Company considers that all of the independent non-executive Directors are independent.

BOARD INDEPENDENCE

Pursuant to the CG Code, the Company has established a mechanism within the governance framework to ensure that the Board is provided with independent views and opinions. During the year, the Board has reviewed the implementation and effectiveness of the mechanisms and considered the mechanisms effective. The key mechanisms under the Company's governance framework are summarised below:

Composition of the Board and Board Committees

More than one-third of the Board are independent non-executive Directors and the Audit Committee, the Nomination Committee and the Remuneration Committee are chaired by independent non-executive Directors.

The Nomination Committee reviews the composition of the Board annually to ensure that the number of independent non-executive Directors meets or exceeds the independence requirements of the Listing Rules.

Responsibilities of Directors

Directors (including independent non-executive Directors) are responsible for making a positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments. Directors with different views are encouraged to voice their concerns to ensure that independent views and opinions are provided to the Board.

The Chairman of the Board promotes a culture of openness and debate by facilitating the effective contribution of non-executive Directors and independent non-executive Directors in particular and ensuring constructive relations between executive Directors and non-executive Directors and independent non-executive Directors.

Criteria for Assessing Independence of Independent Non-executive Directors for Appointment and Re-election

The suitability of a candidate to be appointed and a Director to be re-elected as an independent non-executive Director will be assessed in accordance with the assessment criteria and guidelines set out in the nomination policy of the Company, including, among others, their independence and potential/actual conflict of interests that may arise if the candidate is appointed/re-elected.

Annual Review of Independence of Independent Non-executive Directors

The independence of the independent non-executive Directors is reviewed annually by the Nomination Committee pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules.

Independent Non-executive Directors' Emoluments

None of the independent non-executive Directors is remunerated based on the performance of the Group.

Independent Professional Advice

All Directors, including independent non-executive Directors, are able to obtain external independent professional advice in due course.

Meetings with Independent Non-executive Directors

The Chairman of the Board holds at least one meeting annually with the independent non-executive Directors without the presence of other Directors to facilitate the independent non-executive Directors to express their views.

BOARD COMMITTEES

The Board is supported by a number of committees, including the Audit Committee, Nomination Committee, Remuneration Committee and Strategy Committee. Each Board Committee has its defined and written terms of reference approved by the Board covering its duties, powers and functions. Their terms of reference of the Audit Committee, Nomination Committee, Remuneration Committee and Strategy Committee are respectively available on the Company's website and the website of the Stock Exchange. All Board Committees are provided with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary.

Audit Committee

The Company has established the Audit Committee on 21 August 2015 with its written terms of reference in compliance with Rule 3.21 of the Listing Rules and the code provision D.3.3 of the CG Code. The primary duties of the Audit Committee are to review and supervise our financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to the Board.

The Audit Committee consists of three members, being Mr. CAI Huiming (independent non-executive Director), Mr. LIN Zhiyang (independent non-executive Director) and Mr. SUN Changqing (independent non-executive Director). Mr. CAI Huiming serves as the chairman of the Audit Committee. There were 2 meetings held by the Audit Committee during the year ended 31 December 2024, among others, to review the annual results and report for the year ended 31 December 2024 and the interim results and report for the six months ended 30 June 2024, discuss the cooperation work that the Audit Committee needed the auditor to carry out for the Company's debt restructuring and resumption, provide an overall estimate of the Company's project revenue for 2024, reminding the Company's management of the various possibilities of risks in cooperating with corporate business environment, special transactions and other information and discuss the elimination of the auditor's disclaimer of opinion, response to debt default issues, expansion into new markets, internal controls and risk management systems, etc.

The Audit Committee has reviewed, among other things, the consolidated financial statements of the Group for the year ended 31 December 2024 including the accounting principles and practices adopted by the Group, report prepared by the external auditor covering major findings in the course of the audit, the risk management and internal control systems and the overall effectiveness of the Company's internal audit function and the adequacy of resources, qualifications and experience of the staff and the accounting and financial reporting matters, and selection and appointment of the external auditor.

Remuneration Committee

The Company has established the Remuneration Committee on 21 August 2015 with its written terms of reference in compliance with Rule 3.25 of the Listing Rules and the code provision E.1.2 of the CG Code. The primary duties of the Remuneration Committee are to evaluate the performance and make recommendations on the remuneration of Directors and our senior management and to recommend members of the Board.

The Remuneration Committee consists of three members, being Mr. YE Guofeng (executive Director), Mr. CAI Huiming (independent non-executive Director) and Mr. SUN Changqing (independent non-executive Director). Mr. SUN Changqing serves as the chairman of the Remuneration Committee.

There was 1 meeting held by the Remuneration Committee during the year ended 31 December 2024, including reviewing the remuneration policy and structure relating to the Directors and senior management of the Company and making recommendations to the Board on the formulation and optimization of the remuneration policy for Directors and senior management.

Remuneration of Senior Management

The biographies of the senior management are disclosed in the section headed "Biographies of Directors, Supervisors and Senior Management" in this annual report. The remuneration by band of the senior management for the year ended 31 December 2024 is as follows:

Remuneration band (RMB)	Number of individuals
0–1,000,000	3

Nomination Committee

The Company has established the Nomination Committee on 21 August 2015 with its written terms of reference in compliance with Rule 3.27A of the Listing Rules and code provision B.3.1 of the CG Code. The primary duties of the Nomination Committee are to make recommendations to our Board regarding candidates to fill vacancies on our Board and/or in senior management.

The Nomination Committee consists of three members, being Mr. LIN Zhiyang (independent non-executive Director), Mr. YE Yujing (executive Director) and Mr. SUN Changqing (independent non-executive Director). Mr. LIN Zhiyang serves as the chairman of the Nomination Committee.

There was 1 meeting of the Nomination Committee held for the year ended 31 December 2024, including reviewing the policy for the nomination of Directors, structure, size and composition of the Board, assessing the independence of the independent non-executive Directors, reviewing the Board's policy for the nomination of Directors, the Board's diversity policy and its implementation, and nominating candidates for Directors to the Board.

Board Diversity Policy

To enhance the quality of the performance of the Board and to achieve diversity on the Board, the Board adopted its Board Diversity Policy, pursuant to which (i) all Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board; and (ii) selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service. If it involves the appointment of an independent non-executive Director of the Board, the Nomination Committee shall also consider the perspectives, skills and experience that the person can bring to the Board, and how the person would contribute to the diversity of the Board. The Company shall take into account its own business model and specific needs, and disclose the rationale for the factors it uses for this purpose. The ultimate decision should be based on merit and contribution that the selected candidates will bring to the Board. For the purpose of implementation of the Board Diversity Policy, the following measurable objectives were adopted:

(1) at least one-third of the members of the Board shall be independent non-executive Directors;

(2) at least one of the members of the Board shall have obtained accounting or other professional qualifications;

(3) at least 70% of the members of the Board shall have more than ten years of experience in the industry he/she is specialised in; and

(4) at least two of the members of the Board shall have building decoration-related work experience.

During the year, the Board has fulfilled the measurable objectives of the Board Diversity Policy and is satisfied with the implementation and effectiveness of the existing Board Diversity Policy.

As at 31 December 2024, in terms of gender ratio of workforce, 40% was male and 60% was female. The Group's approach to recruiting and retaining talents is to hire a diverse team, work together and encourage differences and individuality in terms of equal opportunities, diversity and anti-discrimination. In order to improve efficiency, the Group has not set measurable objectives for achieving gender diversity at the labour level. The Company is determined to adopt a merit-based and diversity approach to provide equal consideration and opportunities for all qualified candidates during the recruitment and promotion process. The Company will conduct regular assessments on diversity perspectives, measurable objectives and the process for achieving diversity objectives. The Board is satisfied with the gender ratio of the Company's workforce as at 31 December 2024.

Nomination Policy

The Nomination Committee identifies candidates suitably qualified to become Board members of the Company and selects or makes recommendations to the Board on candidates to be nominated for Directors in order to ensure that the Board members possess the skills, experience and diversified perspectives necessary for the business of the Company. The Nomination Committee will consider the following factors in assessing a candidate, including but not limited to requirements of the Articles of Association, skills, experience and expertise, diversity, commitment, standing and independence.

The procedures for nomination of the Directors of the Company are as follows:

(i) Subject to the number of Board members specified in the Articles of Association, people who have the right of nomination may propose candidate(s) for the intended number of Directors to be elected.

(ii) For the purpose of nomination, the chairman of the Nomination Committee shall convene a meeting of the Nomination Committee and invite the Board members to provide a name list, if any, to the Nomination Committee for consideration prior to such meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.

(iii) The Nomination Committee will conduct a preliminary review on the appointment qualification and condition of the candidates for Directors and the eligible candidates will be reviewed by the Board; upon consideration and approval by the Board, a written proposal regarding the candidates for Directors will be put forward to the general meeting; the Nomination Committee or any other organisation authorised by the Board is responsible for the specific matters related to the election of Directors.

(iv) In order to provide particulars of the candidates nominated by the Board to stand for election at the general meeting and invite Shareholders to nominate candidates, the Company will dispatch to its Shareholders a circular on which the deadline for Shareholders to submit nomination will be specified. Particulars of the candidates will be set out in the circular to be dispatched to the Shareholders in accordance with the applicable laws, rules and regulations.

(v) Until the issue of the Shareholder circular, the nominees shall not assume that they have been recommended by the Board to stand for election at the general meeting.

During the year, the Board and the Nomination Committee had dealt with the re-election of retiring Directors in accordance with the Nomination Policy.

Strategy Committee

The Company has established the Strategy Committee on 21 August 2015. The primary duties of the Strategy Committee are to (1) research and recommend to the Board the long-term development and strategic plans of the Company; (2) research and recommend to the Board matters that are material to the development of the Company; (3) check the implementation of above-mentioned matters that are approved via Board meetings or Shareholders' meetings; (4) exercise terms of reference related to environment, social and governance structure; and (5) deal with other strategic matters that are authorised by the Board.

The Strategy Committee consists of five members, being Mr. YE Yujing (executive Director), Mr. SUN Changqing (independent non-executive Director), Mr. LIN Zhiyang (independent non-executive Director), Mr. YE Jiajun (executive Director) and Mr. YE Guofeng (executive Director). Mr. YE Yujing serves as the chairman of the Strategy Committee.

There was 1 meeting of the Strategy Committee for the year ended 31 December 2024, including studying and making recommendations on the Company's long-term development and strategic plans, as well as studying and making recommendations on the major projects of the capital operation and asset management that required the Board's approval under the Articles of Association.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

For the year ended 31 December 2024, the Board developed, reviewed and monitored the Company's corporate governance policies and practices, training and continual professional development of Directors and senior management, and the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of Model Code, and the Company's compliance with the CG Code and disclosure in this corporate governance report of Directors' continual training, and independence of independent non-executive Directors.

BOARD MEETINGS, BOARD COMMITTEES MEETINGS AND GENERAL MEETINGS

Attendance Record of Directors

The below table sets out the attendance of each Director to the Board meetings, Board Committee meetings and general meetings for the year ended 31 December 2024:

	Attendance/Number of Meetings					
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Strategy Committee	General Meeting
Executive Directors						
Mr. YE Yujing	5/5	N/A	N/A	1/1	1/1	1/1
Ms. YE Xiujin	5/5	N/A	N/A	N/A	N/A	1/1
Mr. YE Guofeng	5/5	N/A	1/1	N/A	1/1	1/1
Mr. YE Jiajun	5/5	N/A	N/A	N/A	1/1	1/1
Non-Executive Director						
Mr. ZHUANG Liangbin	5/5	N/A	N/A	N/A	N/A	1/1
Independent Non-Executive Directors						
Mr. CAI Huiming	5/5	2/2	1/1	N/A	N/A	1/1
Mr. LIN Zhiyang	5/5	2/2	N/A	1/1	1/1	1/1
Mr. SUN Changqing	5/5	2/2	1/1	1/1	1/1	1/1
Mr. ZHOU Wanxiong	5/5	N/A	N/A	N/A	N/A	1/1

During the year ended 31 December 2024, the chairman of the Board also held a meeting with the independent non-executive Directors without presence of other Directors.

Board Proceedings

Meetings of the Board shall be held regularly at least four times every year and shall be convened by the chairman of the Board. Directors shall be notified fourteen days before the date of the meeting. An agenda and accompanying board papers should be sent in full to all Directors in a timely manner and at least 3 days before the intended date of a Board meeting (or other agreed period). A quorum will be formed by more than half of the Directors (including the proxies) attending a Board meeting in person. If a Director is unable to attend a Board meeting, he may appoint another Director by a written power of attorney to attend on his behalf. Such a power of attorney shall specify the scope of authorization. Directors attending Board meetings on behalf of other Directors shall exercise their power as Directors within their scope of authorization. If a Director fails to attend a Board meeting and does not appoint an attorney to attend, the Director is deemed to have waived his rights to vote at that meeting. Each Director shall have one vote. Unless specified otherwise in the Articles of Association, resolutions of the Board must be passed by more than half of all the Directors. Where the numbers of votes cast for and against a resolution are equal, the Chairman shall have the right to cast an additional vote.

SUPERVISORY COMMITTEE

The supervisory committee of the Company (the "**Supervisory Committee**") consists of three Supervisors. The non-employee representative Supervisor is elected by the Shareholders for a term of three years, which is renewable upon re-election and re-appointment. Functions and duties of the Supervisory Committee include reviewing and verifying financial reports, business reports and profit distribution proposals prepared by the Board; and if in doubt, appointing certified public accountants and practicing auditors to re-examine the Group's financial information; monitoring the financial activities of the Group, supervising the performance of the Directors, the president and other senior management members, and monitoring whether they had acted in violation of the laws, regulations and Articles of Association in the performance of their duties; requesting the Directors, the president and senior management members to rectify actions which are damaging to the Company's interests; and exercising other rights given to them under the Articles of Association. Each of the Supervisors has entered into a service contract with the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 (formerly known as Appendix 10) to the Listing Rules as the Company's code of conduct regarding securities transactions of the Directors and Supervisors. Upon specific enquiries, all Directors and Supervisors confirmed that they have complied with the relevant provisions of the Model Code for the year ended 31 December 2024.

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 provisions of the Model Code. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company for the year ended 31 December 2024.

COMPANY SECRETARY

Mr. LEE Leong Yin (李亮賢), who is a senior manager of corporate services of Tricor Services Limited (the external service provider), currently serves as the company secretary of the Company. Mr. YE Weiping (葉偉平) of the Company has been designated as the primary contact person between Mr. LEE Leong Yin and the Company to cooperate and communicate with Mr. LEE Leong Yin in respect of the Company's corporate governance.

Mr. LEE Leong Yin has taken not less than 15 hours of relevant professional training during the year ended 31 December 2024 in accordance with Rule 3.29 of the Listing Rules.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

DISCLAIMER OF OPINION

DETAILS OF THE AUDITOR'S 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

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 borrowing was 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, 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 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; (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.

THE RESPONSE FROM THE BOARD AND MANAGEMENT TO THE DISCLAIMER OF OPINION

With respect to going concern, the auditor was not ensured the appropriateness of using the going concern assumption in the preparation of the consolidated financial statements, as the validity of the financial statement assumption depends on the outcomes of certain measures. The auditor requested the Company to provide the estimation and supporting basis that the Company could get out of the current debt distress and could successfully complete the debt restructuring, such as the decision letter of the debt restructuring issued by the Court and the document of the creditors' voting consent, etc. However, as of the date of this report, as the Shenzhen Intermediate People's Court has no precedent in handling debt restructuring cases of companies listed on the Stock Exchange and needs to study the laws of Hong Kong, the laws of the PRC, the Listing Rules and the rules of the China Securities Regulatory Commission, etc., and therefore the acceptance cycle is relatively long, the Company and the team of restructuring attorneys engaged by the Company are currently in the pre-communication stage of whether the Shenzhen Intermediate People's Court will accept the bankruptcy restructuring of the Company, and after the completion, the pre-restructuring decision letter will be obtained from the Shenzhen Intermediate People's Court.

In the opinion of the auditors, the Company had a net loss of approximately RMB55,709,000 for the year ended 31 December 2024 and the net current liabilities and net liabilities of the Company amounted to approximately RMB743,076,000 and RMB703,680,000 as at 31 December 2024 respectively. As at 31 December 2024, the Company's borrowings and cash and cash equivalents amounted to approximately RMB224,805,000 and approximately RMB486,000 respectively. The Company is still in the preliminary stage of debt restructuring and the Company is unable to provide sufficient information to prove that the Company will be able to successfully complete the restructuring and get out of the debt distress.

VIEWS OF DIRECTORS AND THE MANAGEMENT

The directors and the management of the Company are of the view that:

1. ***The Group is now communicating and negotiating with the Court, creditors and investors to seek debt restructuring to reduce debts, lower finance costs and obtain new funds to support the Group's operations.***

2. ***The Company originally planned to take measures to improve the Company's liquidity and financial position in the year 2023, including but not limited to that: (i) negotiating with creditors and potential investors to reduce the level of indebtedness and obtain new funding to support the operations of the Company; (ii) actively looking for new financing channels; and (iii) implementing various measures to control administrative expenses in order to save liquidity.***

   The implementation of the Company's 2023 plans to improve the Company's liquidity and financial position are as follows:

   2.1. *The Company is actively pursuing a debt restructuring and negotiating with creditors and potential investors to reduce the level of indebtedness and obtain new funding to support the operations of the Company;*

   (i) On 22 September 2023, the Company announced that "the Restructuring Transactions" involves, inter alia, (i) the Debt Restructuring; (ii) the Capital Reduction; (iii) the proposed issue of new Domestic Shares under the Specific Mandate; (iv) the proposed placing of H Shares under the Specific Mandate; (v) the proposed amendment to the Articles; and continued suspension of trading; and (vi) the announcement of " Inside Information — Bankruptcy Restructuring" issued by the Company on 25 September 2023.

   (ii) The Company has made an application to the Shenzhen Intermediate People's Court for bankruptcy restructuring on 25 September 2023.

   (iii) The Company issued an inside information announcement on 27 October 2023, in relation to the updates on the bankruptcy restructuring application of the Company, the Shenzhen Intermediate People's Court has accepted the bankruptcy restructuring application of the Company, with a case number of (2023) Yue 03 Po Shen 926.

2.2. *Implemented various measures to control administrative expenses in order to save liquidity.*

The number of employees of the Company was reduced from 50 in 2023 to 39 by the end of 2024 on the premise of ensuring the normal operation of the Company. Employee costs decreased from approximately RMB6.29 million in 2023 to approximately RMB5.86 million in 2024. The Company's administrative expenses decreased from RMB21.84 million in 2023 to RMB8.2 million.

2.3. *Actively seeking new financing channels.*

However, as the Company has failed to settle and renew the loans due as at the date of the annual report and has not obtained waivers granted by the banks and other lenders in respect of such defaults, each of the lending banks and other lenders has demanded immediate repayment of the loans from the Group. The Company is unable to obtain new external financing for its debt defaults.

The actions taken above could not really resolve the audit because the debt restructuring was not progressing as expected. To date, the Company is working hard and actively pursuing the matter.

The Board of Directors (including the Audit Committee) believes that the plan to resolve the audit issues is effective:

The main cause of audit issues is the Company's debt; the Company's debts and operating capital funds will be supported after the completion of the restructuring; therefore, the Company and the restructuring lawyer team are in continuous and active communication with the Shenzhen Intermediate People's Court to strive for the early obtainment of the Shenzhen Intermediate People's Court's pre-restructuring decision.

3. The Company's Action Plan to Resolve Audit Issues for the Next Fiscal Year

The Company's main action plan is the debt restructuring plan, which not only resolves the Company's debt issues, but also introduces new investors to provide debt support and operational funds for future operations during the restructuring process.

In the debt restructuring plan, the Company is also actively negotiating with different creditors and introducing new investors (as at 31 March 2025, there are four investors, who will raise a total of approximately RMB80 million, of which RMB50 million will be for restructuring and RMB30 million will be for operating funds), and the restructuring plan is expected to be approved after discussion with the restructuring lawyers.

Since the disclosure of the Inside Information Announcement dated 11 September 2024, the Company has been actively engaged in the development of the pre-reorganization plan in consultation with stakeholders, including creditors, subscribers and/or restructuring investors, in accordance with the modifications proposed by the Court. Based on the Court's oral inquiry and discussions with the restructuring lawyers on 10 April 2025, the following are expected to be significant points in time for future debt restructurings:

(Debt restructuring and expected implementation schedule for related procedures):

Matters	**Expected timing implementation status**
The Company has made an application to the Shenzhen Court for bankruptcy restructuring	Late April 2025
Shenzhen Intermediate People's Court accepts the Company pre-restructuring application and appoints provisional administrator	May 2025
Provisional administrator will coordinate negotiations between stakeholders to formulate pre-restructuring plans	May to August 2025
Shenzhen Intermediate People's Court formally accepts the Company's bankruptcy reorganization application	September 2025
Voting by creditors of the Company on the Company's reorganization plan and ruling of the Shenzhen Intermediate People's Court on the reorganization plan	October 2025

The proposed action in the previous year was mainly a restructuring plan, which was originally planned to be completed in August to September 2024, and investors had been introduced at that time. However, the Shenzhen Court rejected the Company's application in July 2024 because the Company needed to re-apply to the Court in response to the court's adjustments and to improve the restructuring plan. The Company re-applied in August 2024, and the Court accepted the Company's application in September of the same year.

The Group is actively communicating with its customers and material suppliers/labor subcontractors in order to obtain settlement support from its customers and prioritize the payment of project construction to ensure that the construction under implementation could be carried out smoothly. The management is the direct executor of these matters and is confident that it will make its utmost efforts to realize the debt restructuring and at the same time ensure the implementation of the undelivered and newly signed projects. The Directors of the Company, having considered the above plans and measures, are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

VIEWS OF THE AUDIT COMMITTEE

The Audit Committee agrees with the management's position and rationale that the debt restructuring plan is a core initiative to promote the sustainable operation of the Company. Currently, the Company is actively promoting negotiations with various creditors, simultaneously introducing strategic investors to optimize the capital structure, and conducting pre-communication with the court on the conditions for acceptance of the bankruptcy restructuring plan. The target is to obtain the court's ruling and approval of the reorganization plan before October 2025.

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2024 and the related documents, and discussed in detail the matters on the Group's going concern risks and the auditor's disclaimer of opinion on the consolidated financial statements. The main contents include: (i) the audit committee has reviewed in detail the relevant information on the special inspection and understanding of the accounts receivable, contract assets, prepayments and other receivables in or before 2024 in response to the "Comparative information" and has a detailed understanding of the status and progress of the Company’s various litigations and debt settlement plans; (ii) the audit committee pays more attention to the material uncertainties relating to going concern, the measures and plans proposed by the management and the implementation progress. After a detailed discussion and review of the documents as mentioned above, the position and view of the Audit Committee, the Directors and the management are consistent.

INTERNAL CONTROLS AND RISK MANAGEMENT

The Board recognises its responsibility to regulate internal control system and risk management of the Group and reviews the effectiveness at least annually through the Audit Committee. The Audit Committee assisted the Board to perform regulations in respects of the finance, operation, compliance, risk management and internal controls of the Group, as well as the regulations of the resources in terms of finance and internal audit function and the role of corporate governance.

The Group has established appropriate internal control and risk management policies to safeguard assets against misappropriation and unauthorised disposition and observe and comply with relevant rules and regulations, maintained reliable financial and accounting records in accordance with relevant accounting standards and regulatory reporting requirements, and recognized and managed the potential risks in the Group’s operation and management. The relevant systems and internal controls can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of business operations.

The Company has adopted various policies and procedures to evaluate and improve the effect of risk management and internal control system. For the handling and dissemination of inside information, the Group has an internal policy which strictly prohibits unauthorised use of inside information and has communicated to all staff. Confidentiality clauses will be incorporated into any significant negotiations and contracts entered into with the Group.

The Group has established an internal control risk management team. During the year, the procedures for identifying, evaluating and managing major risks of the Group include: monthly risk management and special supervision and inspection, quarterly monitoring of major risks, annual internal control evaluation, etc. The scope covers internal control in the aspects of finance, operation and compliance controls and internal controls of different system. The internal control and risk management group focuses on the review of continuing business operation, control of cash flow management and provides relevant suggestions for improvement of which the results will be presented to the audit committee and the Board. After the review and enhancement of the aforementioned internal control and risk management system, the Board and the Audit Committee are of the view that the Group has reasonably implemented the key areas of the internal control and risk management system and believes the system is efficient and adequate.

Apart from the review of risk management and internal control, the statutory audit work of the external auditors also includes evaluation of the adequacy and the effectiveness of certain significant risk management and internal control. Their suggestion will be adopted where appropriate, which would help to improve the risk management and internal control.

REMUNERATION OF AUDITOR

Details of the remuneration paid to the auditors of the Company in respect of audit services and non-audit services for the year 2024 are set out below:

Beijing Xinghua Caplegend CPA Limited

	Amount (RMB)
Type of services provided by the auditor — Audit services for 2024 financial statements	1,100,000
Total:	**1,100,000**

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("**EGM**").

Right to convene extraordinary general meeting

Any Shareholder who individually or jointly hold 10% or more of the Company's issued voting shares at the date of the deposit of the requisition, shall at all times have the right, by written requisition sent to either (i) the head office and principal place of business in PRC or (ii) the Company's principal place of business in Hong Kong as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

The written requisition must state the purposes of the meeting, be signed by the requisitionist(s) and deposited to the Board or the company secretary of the Company in the Company's principal place of business in Hong Kong at either (i) at 3rd Floor, Pengyi Garden Building 1, Bagua No. 1 Road, Futian District, Shenzhen, the PRC or (ii) 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong and such may consist of several documents in like form, each signed by one or more requisitionists.

The request will be verified with the Company's branch H Share registrar and upon their confirmation that the request is proper and in order, the company secretary of the Company will ask the Board to convene an EGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request which has been verified is not in order, the Shareholders will be advised of this outcome and accordingly, and an EGM will not be convened as requested. If within thirty days from the date of the deposit of the requisition the Board fails to proceed to convene such meeting, the requisitionist(s), may convene a meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company to the requisitionist(s).

Per Article 8.5 of the Articles of Association, the Company convenes the annual general meeting, a written notice of the meeting shall be provided in not less than twenty (20) full business days prior to the date of the meeting to notify all the Shareholders registered in the register of shares with respect to the matters to be considered, and the time and the place of the meeting. When the Company convenes the extraordinary general meeting, a written notice of the meeting shall be provided in not less than ten (10) full business days or fifteen (15) days (whichever is earlier) prior to the date of the meeting to notify all the Shareholders registered in the register of shares with respect to the matters to be considered, and the time and the place of the meeting.

Proposals put forward at the general meeting

Pursuant to Article 8.6 of the Articles of Association, no less than 10 days prior to the meeting Shareholders holding 3% or more of the total Shares of the Company separately or jointly shall have the right to put forward the new proposals in writing to the board. Within 2 days of receipt of the proposals, the board will dispatch the supplemental notice of the general meeting to inform the new proposals and submit them to the general meeting to make resolutions. The new proposals submitted by the Shareholders shall be within the powers of the general meetings, the matter expressly stated the business to be specific, and the content of the proposal not in conflict with provisions of the laws and regulations, and the Articles of Association.

Enquiry made to the Board

The information including the Group's business, items, major corporate governance policies, announcements, and financial reports is available to the public at the Company's website (www.aidewei.cn). Shareholders and investors may issue written enquiry or requests to the Company through the below channels:

Address: 3rd Floor, Pengyi Garden Building 1, Bagua No.1 Road, Futian District, Shenzhen, PRC

Email: ir@aidewei.cn

INVESTOR RELATIONS

The annual general meeting of the Company provides an opportunity for the Shareholders to communicate directly with the Directors. The Chairman of the Company and each chairman of the Board Committee of the Company will be available to answer questions at the annual general meeting. The external auditor will also attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

Constitutional Documents

(i) as a result of the change in the register of members of the Company, and (ii) in view of the recommendations set out in the "Conclusions on Listing Regime For Overseas Issuers" issued by the Stock Exchange in November 2021, the Board has therefore proposed certain amendments to the Articles of Association. The aforesaid amendments to the Articles of Association were approved by the shareholders at the AGM of the Company held on 15 December 2023. For details on the aforesaid amendments to the Articles of Association, please refer to the circulars of the Company dated 14 November 2023 and 30 November 2023.

The latest Articles of Association is available on the websites of the Stock Exchange and the Company.

Shareholders' Communication Policy

The Company has established a Shareholders' communication policy to ensure that the Shareholders of the Company and, in appropriate circumstances, the investment community at large are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable the Shareholders to exercise their rights in an informed manner, and to allow the Shareholders and the investment community to engage actively with the Company.

The Company makes full use of the Internet to enable Shareholders to have easy and comprehensive access to information. Electronic copies of annual and interim reports, announcements, circulars and general information are available on the Company's website at www.aidewei.cn. The Company's website also provides email address, postal address, fax number and telephone number to enable Shareholders to make any query that they may have with respect to the Company at any time.

The Board reviews the implementation and effectiveness of the Shareholders' Communication Policy. Having considered the various communication channels established, the Board is satisfied that the Shareholders' Communication Policy has been properly implemented and is effective in 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. ABOUT THIS REPORT

Reporting Scope

This report covers the period from 1 January 2024 to 31 December 2024 and describes the Group's environmental and social contribution. The contents of this report cover the headquarters of the Group and its subsidiaries.

Reporting Standard

This report is prepared in accordance with the Appendix C2 of "Environmental, Social and Governance Reporting Guide" (the "**ESG Reporting Guide**") of the Hong Kong Stock Exchange Listing Rules.

Content Description

All data in this Report is derived from the official constitutional documents of the Group, statistical reports or relevant public information.

Reporting Principles

Materiality: The materiality of the Group's Environmental, Social and Governance ("**ESG**") issues is determined by the Board. The process of communication with stakeholders and identification of material issues and the matrix are all disclosed in this Report.

Quantitative: Statistical standards, methods, assumptions and/or calculation tools for qualitative key performance indicators herein and source of conversion factors are all explained in the definitions of the Report.

Balance: The Report is prepared on an unbiased basis, allowing all the stakeholders to understand the overview and achievement on the Group's corporate social responsibility.

Consistency: The Group has used the consistent methodologies for the data stated in the Report.

II. ESG GOVERNANCE

In 2024, the Group's operations were affected by various uncertain factors, and our business resilience was tested; The industry has been severely impacted, threatening the stability of the supply chain. Our ESG governance actively responds, guiding all sectors of the industry towards sustainable development, creating value through innovation, exploring new energy opportunities, reducing the impact of business on the environment, and exploring new energy for business introduction.

Adhering to the corporate vision of "Independent innovation, Brand-building, and Piloting in architectural decoration industry" and the national strategic direction, the Group advocates and pursues the concept of sustainable development. During business development, the Group also takes the environmental and social benefits into account with its consistent commitment as a corporate citizen which is to care for the natural environment, put emphasis on employees' development and maintain a fair and healthy operation environment, and create a new future for shareholders, employees, customers, partners, and society. The Group always implements its commitments as a corporate citizen, and holds on and endeavors together with the stakeholders to achieve sustainable development together.

Establish ESG governance framework and declare directors' responsibility

Our Board authorised our Strategy Committee to discharge their ESG governance duties, besides the original responsibilities as research and recommend to the Board the long-term development and strategic plans and the matters that are material to the development of the Company, as follows:

(a) investigate any activity within its terms of reference;

(b) request information from any employee, member of the management, director, consultant or advisor, auditor and all such persons will be directed to cooperate with any request made by the Committee;

(c) consult any external legal advisor, accounting or other independent professional body and invite the attendance of outsiders with relevant experience and expertise at the expense of the Company;

(d) approve expenses relating to the seeking of external advice and on the establishment of compliance or ESG management system;

(e) delegate appropriate authority to the management for execution of instructions when considered appropriate; and

(f) be provided with sufficient resources to discharge its duties.

The responsibilities:

(a) to review and develop the ESG risk management framework of the Company, and identify, analyse, evaluate and determine ESG risks faced by the Company;

(b) to supervise and review the materiality assessment of ESG issues of the Company in compliance with current ESG requirements and report to the Board on key ESG issues;

(c) to review and develop ESG strategic objectives, review the achievement of ESG objectives and supervise the ESG performance of the Company in line with the expectations and requirements of investors and regulators;

(d) to review annual ESG reports of the Company to ensure the compliance and completeness of the Company's annual ESG reports, and propose specific actions or decisions to the Board for consideration;

(e) to review and confirm whether the ESG structure of the Company is adequate and effective, supervise and manage the Company's implementation of ESG work;

(f) The proposals formulated by the Strategy Committee shall be submitted in the form of a report to the Board for approval.

The group's senior management works as the ESG's leading institute, coordinating ESG management, reviewing ESG important issues and annual reports; the Securities Department of the Group is responsible for the communication and coordination of ESG's daily management, and coordinate the preparation of annual reports; the relevant functional centers and departments diligently implement the group's work plan, effectively fulfill their ESG responsibilities, actively promote sustainable capacity development, and assist in the collection of data and the drafting of the ESG report.

III. STAKEHOLDER COMMUNICATION AND MATERIALITY ASSESSMENT

The Group believes that the participation and support of the stakeholders are crucial to the long-term development of an enterprise. The Company continuously adjusts and improves our ESG performance and future development strategies at the appropriate time by timely understanding their demands and expectations and allowing them to make suggestions. According to the characteristics of different stakeholder groups, we adopt (including but not limited to) symposiums, questionnaire surveys, interviews and other forms to ensure smooth and efficient communication and respond in a timely manner.

Stakeholder Communication Mechanism

Stakeholder Category	Appeals and Expectations	Communication and Response
Government and regulatory authorities	• Implementation of national policy • Legal compliant operations • Project cooperation • On-site supervision	• Operate according to laws and regulations • Implement the latest national industrial policies • Orientation, questionnaires and supervision • Business growth • Welfare activities

Stakeholder Category	Appeals and Expectations	Communication and Response
Investors and Shareholders	• Financial performance • Corporate information transparency • Enterprise sustainable operation	• Business growth • Daily information disclosure • Convene Shareholders' meeting • Maintain Investor relationships • Investors' meetings and roadshows
Clients	• Business and service quality • Application of new technologies • Stable relationship • Responsible marketing	• Field visits and irregular return visits • Application Technology Innovation • Optimizing customer satisfaction • Legally compliant marketing • Establish a customer communication mechanism
Staff	• Protection of employees' rights • Promote employee development • Pay attention to employee safety and health • Listen to employees	• Organize team building activities • Irregular communication with the management • employee training
Suppliers and partners	• Cooperation in good faith • Win-win • Fair and just	• On-site conduct reviews and evaluation • Create a responsible supply chain • Promote daily communication
Industry associations and media	• Comply with industry standards • Drive industry innovation • Transparent and open information	• Participate in industry seminars and exchanges • Join industry organizations to promote industry innovation • Improve news disclosure mechanism and optimize public opinion feedback mechanism
Community	• Support social welfare • Creating a civilized community	• Actively participate in social welfare activities • Poverty alleviation and care action

MATERIALITY ASSESSMENT OF ESG ISSUES

We consider quality management, green construction, new energy application, anti-corruption and compliant operation, resource conservation, emission management, etc. as the most concerned issues of the Group. The Board will review these matters on a regular basis and ensure that these issues and any associated business risks are addressed. We will continue to consolidate and improve the communication mechanism with stakeholders, Our communication channels include not limited to the company website, online and offline meetings, business meetings, etc. fully understand their views and suggestions on the Group's ESG work, and further improve them.

IV. EXQUISITE QUALITY AND UPGRADING NEW TECHNOLOGY

The Group attaches great importance to exquisite quality and requires the delivery of projects to ensure high quality. The Group has passed the ISO 9001 quality management system certification. The Group has formulated corresponding management systems, covering material acceptance, project construction, completion and delivery. The Company attaches great importance to the integration of new technology applications and is committed to utilizing new technologies to promote transformation, upgrading, and innovation incubation in this industry.

Safety Management

Safety production is the cornerstone of the building construction enterprises, the lifeblood of development, and the premise of various work of the enterprise. While fully committed to building the boutique project, the Group continues to enforce the safety management mechanisms, strictly implement the safe and civilized on-site engineering construction, and rigorously practice the close inspection on safe and civilized construction for the purpose of risk prevention and guarding against the accidents. No work-related injuries or deaths happened during the Reporting Period.

The Group enhanced its safety management through the following measures in 2024:

I. Renewal of construction safety service system:

- Update iteration of the corporate construction safety management manual and safety technical requirements.
- Achieve good on-site construction safety supervision.
- Summarize the unsafe factors and potential risk assessment of the on-site safety management.
- Emphasize safety training at all levels to ensure that employees are trained before taking up their posts to achieve training results.
- Investigate potential safety hazards at the handover stage.

II. Iteration of safe and civilized construction management measures, mainly including:

- Strictly implement various systems for on-site civilized construction, and thoroughly inspect the construction site.
- Ensure the safety and security of the construction site and implement anti-theft and fire prevention measures.
- Do safety checks and wear helmets, tighten safety belts when working at height and wear shoes that meet the requirements of the construction site. Construction operation and passing items need to abide by the operation specification, and construction materials, machine tools, engineering data and other items shall not be taken away from the construction site without permission.
- Prohibit smoking at the construction site, and the construction site shall be equipped with fire prevention equipment. Flammable and explosive items are stored in a special storehouse and guarded by a person.
- Non-construction personnel are not allowed to enter or leave the construction site at will. Staff are prohibited from staying at the construction site during non-working hours.
- Pay attention to environmental hygiene, keep the construction site tidy, turn off the power on leaving, lock the doors and windows, pile construction materials neatly, and clear all garbage to the designated area. It is strictly prohibited from living in the construction site and conducting activities related to daily life.
- Special operators must carry out safety education, professional and technical training. Only those who are qualified by the relevant departments to obtain an induction certificate can take up the job, and they shall undergo regular review.
- Break down the safety management objectives at each stage, fulfill the responsibility of production safety, and implement supervision and inspection from time to time.

The Group regularly organizes fire safety education for all employees, making them pay attention to fire safety and ensuring that everyone is aware of the dangers of fire. Strengthen fire prevention inspections. Maintain and manage fire protection facilities and equipment, ensure that the fire equipment is functional and the fire-fighting access is unobstructed so as to ensure the Company's fire safety.

Deepen innovation and R&D

Digital technology can greatly improve labour productivity and service areas and quality. The Group promotes digital innovation and development, consolidates its core advantages, improves quality and efficiency, improves service capabilities and levels, and empowers high-quality development with digital means. The Company insisted on promoting the application of green decoration materials and vigorously carried out important measures for energy conservation, emission reduction and green production.

Intellectual Property Protection

In accordance with the Intellectual Property Law of the People's Republic of China (《中華人民共和國知識產權法》), the Trademark Law (《商標法》), the Copyright Law (《著作權法》) and other laws and regulations, the Group has improved the Intellectual Property Management System (《知識產權管理制度》), and promotes the implementation of national standards for intellectual property management, and achieves standardization of intellectual property management. In 2024, the Group did not apply for any invention patents.

Reasonable Promotion and Marketing

The Group strictly abides by the Advertising Law of PRC and other relevant laws and regulations, formulates and implements the marketing and promotion-related rules and regulations, strictly manages promotion-related issues such as advertising and promotional materials, and strives to be honest and responsible, fair and open for the purpose of effectively protecting the legitimate rights and interests of customers.

Customer Information and Privacy Protection

The Group implements strict information confidentiality regulations and pays attention to privacy protection at all levels. To ensure the compliance of various aspects such as customer information data collection and use, corresponding functional departments sets corresponding viewing permissions based on the level of data confidentiality; timely updates permissions settings according to job changes to ensure the security of information. At the same time, we continuously maintain the security of information platforms and protect information systems from viruses, hackers and information leakage incidents, and also pay attention to the human factors related to security.

The Group attaches great importance to the information security code of conduct. Employees must properly keep computer user passwords, work notes and other information, and are prohibited from divulging confidential information to others or external entities in any way or bringing the confidential information outside the office area. Information security education and training is provided to employees from time to time. During this reporting period, there were no significant information security or data leakage incidents.

Degree of Satisfaction and Industry Recognition

While ensuring the delivery of high-quality projects, the Group values the customers' opinions and suggestions, continuously communicates with customers to gain their insights, and endlessly endeavors to go beyond the customers' expectations on the performance. Around the big goal of carbon neutrality, assembled buildings and green buildings will be the mainstream of the industry in the future, and the development will be more diversified. The Group adheres to customer centricity and wins trust through word-of-mouth.

V. PEOPLE-ORIENTED FOR GROWTH

The Group regards talents as valuable resources for the sustainable development of the enterprise. In accordance with relevant labor laws and regulations such as the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, it strengthens the development of internal manpower management systems, effectively protects the legitimate rights and interests of employees, and establishes a career development platform, fosters an atmosphere of equality, mutual trust, collaboration and tolerance, and strives to achieve the common progress of the Group with the employees.

Staff Recruitment and Team Building

The Group strictly abides by relevant laws and regulations such as the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, establishes a standardized and efficient recruitment and employment system, and adheres to the principles of fairness, justice, and openness. The Group draws on a wild range of talents through a collaborative approach (including social recruitment, employee recommendation and other channels).

In 2024, based on the "people-oriented" management principle, the Group's human resources department conducted a new review of the job responsibilities of each department, adjusted the structure to adapt to the needs of the Group's work under the new operating environment, reduced costs and increased efficiency, and decomposed the Group's current policies and objectives to all functional departments to strictly manage internal control.

Performance Management and Career Development

The Group adheres to the principles of objectivity, openness and fairness, strengthens performance evaluation management, and regularly conducts employee performance evaluations. The evaluation results serve as an important basis for bonus distribution and job promotion. The Group emphasizes performance process management to help employees improve their personal capabilities, and effectively promote and enhance employees' conscientiousness, guarantee the timely completion of the daily work of all departments, and keep the management oriented, in order to achieve the coordinated development of individuals and enterprises.

The Group regards its employees as the most valuable asset. The Group focuses on the career development of employees, so that they can make full use of their strengths and abilities.

The Group has established a scientific and transparent salary and remuneration management system in accordance with the law. It implements the principle of "performance as priority with the due consideration given to equity". It regularly conducts industry salary surveys to ensure that employees are provided with reasonable, fair, and competitive remuneration packages. Meanwhile, a reward mechanism has been established to confirm the outstanding performance of employees, reflects their own value and fully motivates employees.

The Group contributes to "social insurance and housing fund" on time, arranges the working time properly, guarantees the paid leave, and offered a variety of welfare projects with diversity.

Talent Training Mechanism

The Group is committed to improving its internal talent training mechanism. Through the training system which is covering all ranks and positions, it continuously solidifies the accumulation of employees' professional knowledge, enhances their overall personal capabilities, and helps them to realize their personal career aims.

The Group formulates annual training plans and conducts training activities at multiple levels.

Occupational Health and Employee Care

The Group pays high attention to concern about its employees' physical and mental health. On the Mid-Autumn Festival in 2024 and the Spring Festival in 2025, it distributed gifts to the Group's staff.

In 2024, the Group provided love and warmth to employees through cultural and entertainment activities such as creating a warm office and workplace environment, holiday condolences, and team building trips.

Employee Rights And Equal Participation

The Group highly values the rights and interests of employees. The Group also strictly prohibits child labor and forced labor in any form. According to the Group's human resources management system and staff manual, if the working hours have to be extended due to operational need, employees are entitled to the shift leave. The work-life balance is also advocated in the Group.

In daily work, the Group actively listens to employees' appeals. If the employee experienced any negative emotions in daily work or life, the Human Resources Department would communicate with relevant employees at any appropriate opportunities, understand the causes of problems, and design the reasonable solutions to eliminate conflicts and improve understanding for an effective problem-solving.

The Group implements the principle of equality regardless of the employee's genders, ages, nationalities, races and religious beliefs. Each employee has the equal chances for employment and benefits. Discrimination in any form is strictly prohibited to ensure a fair, justice and open work environment.

VI. WORKING WITH PARTNERS FOR COMMON DEVELOPMENT

The Group attaches great importance to maintaining relationships with suppliers and establishing good partnerships. By timely payment of goods, providing technical support, and jointly exploring market development, we can enhance trust and cooperation between both parties, and grow together. By selecting suppliers reasonably, establishing evaluation mechanisms, and strengthening collaboration, we can ensure the level of supplier management and ensure the smooth progress of the project.

Supplier Management Mechanism

The Company establishes a supplier access and evaluation management system, conducts a qualified supplier access review for supplier integrity management, safe production, environmental protection, etc.,

Supplier access: The Group's clear supplier access standards, supplier investigation procedures, and other requirements have been used as the criteria for selecting suppliers. It evaluates the candidate suppliers by the multidimensional of supplier qualification certificates, operating conditions, and quality assurance systems, integrity evaluation system and others to ensure that selected suppliers have performance capabilities matching the Group's quality standards. In addition, the Group requires suppliers to comply with the regulations or requirements related to environmental and labor standards.

Supplier evaluation management: The Group's purchasing department leads, the project implication center participating in, the assessment of major suppliers on a quarterly and annual basis, including performance of contract, quality in execution, pre-sales service and after-sales service, and technical support. The "Supplier Post-purchase Evaluation System" regularly evaluates suppliers. For those listed as unqualified suppliers, transactions cannot be conducted within one year. The Group regularly conducted vocational training and appraisal for the above personnels to ensure the effectiveness of professional skills and evaluation management.

Supply chain in which more environment-friendly products used

The Group promotes the use of green packaging to suppliers, simplifies packaging design, reduces the use of packaging materials, and minimizes adverse effects on the environment, jointly promoting the implementation of energy conservation and emission reduction measures, and reducing energy consumption and carbon emissions

- The Group assesses discharge permits of suppliers when applicable. Suppliers without valid discharge permits will not pass the Company's supplier assessment.
- When assessing suppliers, the Group takes into account whether the suppliers have been certified to any environmental management system. Suppliers with certified environmental management system attain higher scores in the scoring system.
- The Group requires selected suppliers to sign the Safety, Fire and Environmental Protection Agreement.

The Company implements supplier directory management for qualified suppliers. The Company carries out daily and annual evaluations of suppliers, comprehensively assessing the quality of raw materials and environmental protection measures, etc. provided by the suppliers, and incorporates the evaluation results into the annual assessment of suppliers.

Implement fair procurement and build a responsible supply chain

The Group actively promotes the concept of sustainable development in the whole supply chain management, and strengthen the green development of the industry.

We will guide suppliers to value the introduction of more advanced energy conservation technologies, improve efficiency, and reduce energy consumption.

In the contracts between the Company and suppliers, among the binding clauses, the requirements for environmental protection are specified. In the process of cooperation, the suppliers of the Group are encouraged to use environmentally-friendly products and services.

We also focuses on the issues of environmental protection involved in the process of physical procurement. In view of the issues of scraping and recycling associated with the electronic appliances and machines for projects, we selects the products of qualified suppliers in accordance with the Environmental Protection Law of the People's Republic of China, Administrative Measures for the Prevention and Control of Environmental Pollution by Electronic Waste. We implement dynamic management on qualified supplier catalog, drive the continuous upgrade of supply chain management.

Supply Chain Responsibility Communication

The Group attaches great importance to communication with suppliers. On daily operation, it maintains telephone communication with suppliers once or twice a week and ascertains as much as possible the personnel changes, storage status, production situation, machinery and equipment etc. to keep abreast with the fact that whether the next batch of orders can be fulfilled per our schedule.

The Group requires all suppliers to sign the Commercial Anti-Bribery Agreement which regulates commercial cooperation such as bidding, procurement, and infrastructure, prevents and combats unfair competition, and reflects the spirit of fair cooperation between the two parties.

The Group encourages suppliers to report suspicious corruption, build an external monitoring mechanism, maintain a fair and open procurement environment, and safeguard against any potential corruption and fraud in the supply chain.

VII. ADHERE TO INTEGRITY AND UNCORRUPT NORMS

The Group strictly abides by the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), Anti-Money Laundering Law of the People's Republic of China (《中華人民共和國反洗錢法》) and other relevant laws and regulations, establishes and implements the Anti-Corruption and Reporting System, and prohibits bribery, fraud and money laundering, delineates red lines for disciplinary actions, improves internal control monitoring measures, promotes the level of internal risk management, and implements measures such as disciplinary penalties to continuously consolidate the Group's anti-corruption initiative. During 2024, no anti-corruption-related lawsuits were filed or concluded against the Group or employees.

The Group has established channels (such as mailboxes and hotlines) for reporting complaints about integrity, and published them in employee manuals, anti-commercial bribery agreements and other documents, and actively accepts the joint supervision of internal and external parties such as employees, customers, suppliers, etc. The information about the whistleblower will be kept strictly confidential. Any retaliation against them would be severely dealt with.

After receiving complaint report, the Group's president's office will handle it immediately, and according to the rank of the personnel involved, reports the issue to the chief executive officer or the Board to determine the follow-up investigation plan; and reports the investigation results to the audit committee on a weekly basis. After that, the group will discipline the relevant personnel accordingly, and transfer the accused to the judicial authorities for legal violations. At the same time, the Group will take timely remedial measures internally, conduct internal control assessments of relevant business units, formulate and implement relevant rectification measures, and improve then strengthen the internal control system.

The Group attaches great importance to the training and education of anti-corruption, regulates employees' clean employment practices, and is committed to creating a clean working atmosphere. During 2024, the Company provided the training materials on anti-corruption education for integrity in business for all management team members.

VIII. GREEN ENVIRONMENTAL PROTECTION AND LOW CARBON OPERATION

The Group has strictly abides by relevant laws and regulations including Environmental Protection Law of the People's Republic of China. The Group adheres to the principle of "green construction" and continuously improves its environmental management system as an environmentally friendly corporate. The design and construction of Group's architectural decoration project, mechanical and electrical equipment safety engineering contracting and related management activities have passed GB/T24001/ISO14001 environmental management system certification. During the Reporting Period, the Group did not violate any environmental laws and regulations.

The Group has set targets for KPIs focusing on resource conservation and environmental protection:

1. Realise the selection and transportation of construction materials from the local area as far as possible, reducing environmental pollution and energy consumption;

2. Select environmentally friendly green materials as much as possible to minimise the damage to the environment;

3. During the construction process, the environmental supervision work is in place and the responsibility lies with everyone. If environmental problems are found, environmental problems should be solved in the first time;

4. Applying water-saving technologies to reduce water consumption and waste, and rationally managing water resources;

5. Strengthen research on energy-saving green construction materials.

Green Construction

The Group strictly complies with the Regulation on Environmental Protections of Construction Project, implements the operating requirements of the environmental management system, formulates and implements safe and civilized construction management systems and inspection standards, strengthens the inspection management of engineering sites, monitors the effective implementation of safe and civilized construction measures, and minimizes the impact of construction on the natural environment.

In 2024, the main control points of the Group's managing the environmental implication of construction site are listed as below:

- Prevention of air pollution: Overlap the on-site mortar bulk material in an iterative manner. For materials that are prone to emit dust, the Group implements the measures of light unloading and slow placement and closes inventory to reduce the generation of dust;

- Reducing noise pollution: Establish a sound management system for the control of manmade noise pollution; strictly prohibit noisy activities at the construction sites; set up mufflers and sound insulation enclosures for the large-scale equipment;

- Waste: The method of separate collection and disposal of waste. Solid waste should be strictly classified, and stored properly according to the corresponding storage area and storage method, with clear labels;

- Energy saving and consumption reduction: strengthen the management and maintenance of electrical equipment, increase the power factor of electric power systems, and improve energy efficiency.

Green Office

The Group advocates a "low-carbon office" model, actively implements various energy-saving and consumption-reduction measures, encourages employees to conduct green environmental protection behaviors, eliminate waste, and is committed to creating a green operation model that is energy-saving and environmentally friendly.

In 2024, the Group's main practices in green office approach include:

- Conservation of electricity by reducing office lighting, air conditioning and the operation of office equipment;
- Full utilization of paper resources and secondary use of waste paper for printing draft documents;
- Reduction of non-essential purchases and streamlining of office supplies;
- Practice paperless office and use more online office systems.

The Group actively promotes energy conservation and emission reduction related work, strengthens energy conservation management, advocates green office, etc., and continuously enhances the level of low-carbon practice.

Confronting the climate change

Climate change brings extreme weather and natural disasters such as high-intensity rainstorms, typhoons, and thunderstorms, all of which may affect project schedules, construction materials, employee safety and health, and other adverse risks. The Company pays close attention to the impact of climate variation on its business, proactively responds to the potential disruptions caused by climate change, and takes measures to reduce supply chain risks.

- Emphasize the services provided by meteorological services such as precipitation forecasts, heat forecasts and humidity forecasts. Formulate precautionary measures in advance to minimize the damage caused by extreme weather.
- Respond to high-temperature heat waves by choosing materials and colors wisely; and disaster prevention and mitigation measures and the use of new technological materials shall be considered in flood-prone areas.
- Evaluate risky areas and consider the use of appropriate green materials in terms of functions such as heat insulation, flood prevention and wind protection.

The Group incorporates climate risk management into its risk management system, establishes the board governance structure, and a management and monitoring mechanism to continuously assess the physical and transition risks brought about by climate change.

To reduce the physical risks caused by climate variability, the Group will formulate a safety construction plan, reserve materials for project, plan and schedule project progress, and establish a work process in preparing for weather anomaly. The Group already constituted the emergency plan for natural disasters and other emergencies. For example, when a sudden natural disaster affects the company's carrying out the projects, the projects center will contact the project managers of the production site as soon as possible to understand the current situation and optimize the overall arrangement of projects according to the capacity and urgency. For situations that cannot meet the contract's requirements on work performed, the marketing department will communicate with parties A (construction party) to achieve an optimal solutions.

IX. COMMUNITY BUILDING FOR THE FUTURE TOGETHER

The Group fosters a culture of active participation in community services and encourages its employees to actively participate in volunteer services, charitable activities and various types of activities organized by the community, so as to build a harmonious, friendly and mutually supportive community environment together with the community.

In 2024, the Group's employees participated in a number of community activities organized by the Hua Lin Community, Yuanling Street, including cleanliness and hygiene, community mutual assistance, volunteer services and other community activities, and contributed to the development of the community and society by giving back to and strengthening community interaction through the above activities.

2024 Environment KPI

No.	KPI	Unit	2024 Emissions/ Consumption	2023 Emissions/ Consumption	2022 Emissions/ Consumption
A1.1 emission	Sulfur oxides	kilogram	0.17	0.29	0.19
	Hydrogen nitride	kilogram	127.63	172.92	135.84
	Particulates	kilogram	13.26	16.78	15.73
A1.2 greenhouse gas emission	Greenhouse gas emissions (Scope 1)	CO2 equivalent	44.39	65.18	46.87
	Greenhouse gas emissions (Scope 2)	CO2 equivalent	2,168.37	4,548.67	2,235.09
	Greenhouse gas emissions (Scope 1 + Scope 2)	CO2 equivalent	2,787.36	4,677.21	2,935.56
	Greenhouse gas emission intensity	CO2 equivalent/ RMB1,000 of benefit	0.01	0.01	0.01
A1.3 Hazardous waste	Waste drum unit	Tonnes	0.02	0.02	0.02
A1.4 Non-hazardous waste	Mental waste	Tonnes	22.01	40.76	39.84
	Construction waste	Tonnes	2,951.62	3,964.77	3,658.14
	Office waste	Tonnes	1.08	1.25	1.25
A2.1 Energy consumption	Direct energy Consumption	GJ	430.28	710.26	629.90
	Indirect energy consumption	GJ	11,478.23	16,253.24	13,352.48
	Total energy consumption	GJ	8,544.32	15,642.05	9,255.63
	Energy consumption intensity	GJ/RMB1,000 of revenue	0.02	0.02	0.02
	Electricity used	KWh	301,267.00	462,316.00	653,974.00
	Petrol	Liter	3,942.70	5,739.00	6,548.30
A2.2 Water resource usage	Water consumption	cubic meter	76,531.00	129,638.00	204,697.00
	Water consumption intensity	Cubic meter/ RMB1,000 of revenue	0.36	0.85	1.46

Notes:

1) The scope of environmental data collection in 2024 covers the administrative office of the Group's headquarters, and the 18 projects under construction in 2024 (18 projects' total revenue accounts for approximately 80.50% of the Group's total annual revenue). The time range is from 1 January to 31 December 2024.

2) The emission factor were accounted for with reference to the ESG Environmental Data Reporting Guidelines issued by Hong Kong Stock Exchange. In particular, the greenhouse gas emission factor of purchased electricity was accounted for with reference to the 2019 China Regional Grid Baseline Emission Factor (《2019中國區域電網基準線排放因子》) issued by the Chinese Ministry of Ecological Environment. Energy consumption coefficient were accounted for with reference to "GB2589–2008T General rules for comprehensive energy consumption calculation".

3) The Group's water resources mainly come from municipal water supply. There is no shortage of water supply.

4) The Group's major business activities do not involve the production and use of any packaging material. Indicator A2.5 is not applicable, hence it is not disclosed.

2024 social KPI

	2024	2023	2022
Employees By age			
Below 30 years old	15	11	16
31–50 years old	16	28	38
Beyond 51 years old	4	11	15
Employees By gender			
Male	19	21	32
Female	20	29	37
Annual turnover rate	10%	31.93%	66.50%
Employees By education			
Degree or beyond degree	26	37	54
High school diploma or below	13	13	16
Employees By geographical region			
Within Guangdong Province	15	43	54
Out of Guangdong Province	12	7	16
By type of employment			
Full time	39	50	70
Part time	0	0	0
Time of training per employee (hours)	10	10	10
Safety production input (RMB ten thousand)	10	38	202
Major pollution/safety incidents	0	0	0

	2024	2023	2022
Work-related injury			
A — slight bodily injury	0	0	0
B — minor wound	0	0	0
C — serious injury	0	0	0
D — death	0	0	0
Cases of occupational hazards	0	0	0
Number of working days absented due to work- related injuries	0	0	0
Total person-time for training	39	92	288
Total hours of training (hours)	110	114	421
Attendance rate of employee training	100%	100%	100%
Number of suppliers by Region	30	153	708
Number of suppliers within Guangdong Province	20	95	303
Number of suppliers outside Guangdong Province	10	58	405
Total customer complaints	0	0	0

Notes:

In addition, due to our business characteristics, KPI B6.1 (percentage of total products sold or shipped subject to recalls for safety and health reasons) and KPI B6.4 (description of quality assurance process and recall procedures) are not applicable, so they are not disclosed.

北京兴华
BEIJING XINGHUA

To the Shareholders of
Guangdong Adway Construction (Group) Holdings Company Limited
(incorporated in the People's Republic of China with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Guangdong Adway Construction (Group) Holdings Company Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 56 to 97, which comprise the consolidated statement of financial position as at 31 December 2024; and the consolidated statement of profit or loss and other comprehensive income for the year then ended; the consolidated statement of changes in equity for the year then ended; the consolidated statement of cash flows for the year then ended; and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

Multiple uncertainties related to going concern

We draw attention to Note 2.3 to the consolidated financial statements which mentions that, the Group incurred a loss of approximately RMB55,709,000 for the year ended 31 December 2024 and as of 31 December 2024, the Group had net current liabilities and net liabilities of approximately RMB743,076,000 and RMB703,680,000 respectively. The Group's total bank and other borrowings amounted to approximately RMB224,805,000 respectively as of 31 December 2024 while its cash and cash equivalents amounted to 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 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 above mentioned 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.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. We report solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("**the Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Beijing Xinghua Caplegend CPA Limited
Certified Public Accountants
Wan Ho Yuen
Practising Certificate Number P04309

Hong Kong, 31 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
REVENUE	6	**197**	61,366
Cost of sales		**(104)**	(53,281)
GROSS PROFIT		**93**	8,085
Other income	11	**266**	524
Other (losses)/gains — net	12	**(22,657)**	11,414
Selling and distribution expenses		**(1,244)**	(1,895)
Administrative expenses		**(8,200)**	(21,844)
Reversal of impairment loss on financial and contract assets, net	8	**24,342**	18,769
Impairment losses on non-current assets	8	**(635)**	—
OPERATING (LOSS)/PROFIT		**(8,035)**	15,053
Finance income	7	**22**	43
Finance costs	7	**(45,028)**	(30,276)
Finance costs — net	7	**(45,006)**	(30,233)
LOSS BEFORE INCOME TAX		**(53,041)**	(15,180)
Income tax expense	13	**(2,668)**	(1,322)
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(55,709)**	(16,502)
Loss per share	14		
Basic and diluted (RMB)		**(0.23)**	(0.07)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	**40,661**	44,410
Investment properties	18	**—**	—
Right-of-use-assets	19	**—**	8,218
Intangible assets	20	**—**	—
		40,661	52,628
CURRENT ASSETS			
Trade receivables	21	**3,442**	23,593
Other receivables	21	**6,588**	7,117
Restricted cash	23	**6,547**	9,352
Cash and cash equivalents	22	**486**	876
		17,063	40,938
CURRENT LIABILITIES			
Trade and other payables	24	**448,705**	447,825
Income tax payables		**3,745**	1,096
Other borrowings	25	**91,148**	60,453
Bank borrowings	26	**133,657**	180,252
Provisions	29	**82,884**	50,571
		760,139	740,197
NET CURRENT LIABILITIES		**(743,076)**	(699,259)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(702,415)**	(646,631)
NON-CURRENTS LIABILITIES			
Deferred revenue		**1,265**	1,340
		1,265	1,340
NET LIABILITIES		**(703,680)**	(647,971)
CAPITAL AND RESERVES			
Share capital	27	**240,931**	240,931
Reserves		**(944,611)**	(888,902)
TOTAL EQUITY		**(703,680)**	(647,971)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements are approved by the Board of Directors on 31 March 2025 and were signed on its behalf by:

Ye Yujing
Director

Ye Guofeng
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the group			
	Share capital *RMB'000*	Share premium *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
At 1 January 2023	240,931	323,070	(1,195,470)	(631,469)
Loss and total comprehensive loss for the year	—	—	(16,502)	(16,502)
Balance at 31 December 2023	240,931	323,070	(1,211,972)	(647,971)
At 1 January 2024	**240,931**	**323,070**	**(1,211,972)**	**(647,971)**
Loss and total comprehensive loss for the year	**—**	**—**	**(55,709)**	**(55,709)**
Balance at 31 December 2024	**240,931**	**323,070**	**(1,267,681)**	**(703,680)**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	**2024**	2023
		RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(53,041)**	(15,180)
Adjustments for:			
Depreciation of property, plant and equipment	8	**2,730**	2,265
Depreciation of investment properties	8	**—**	22
Depreciation of right-of-use assets	8	**48**	277
Amortisation of deferred revenue		**(71)**	—
Finance income		**(22)**	(43)
Finance costs	7	**45,028**	30,276
Gain on disposal of property, plant and equipment	12	**(11,234)**	(2,584)
Litigation compensation	12	**34,017**	19,090
Reversal of financial assets and contract assets	8	**(24,342)**	(18,769)
Net impairment losses on non-current assets	8	**635**	—
Operating cash flows before movements in working capital		**(6,252)**	15,354
Change in contract assets		**—**	8,282
Change in trade and other receivables		**28,342**	37,954
Change in restricted cash		**2,805**	2,524
Change in trade and other payables		**(29,139)**	(66,382)
Cash used in operations		**(4,244)**	(2,268)
Income tax paid		**(19)**	(358)
Net cash flows used in operating activities		**(4,263)**	(2,626)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**—**	(72)
Proceeds from disposal of property		**19,751**	3,421
Net cash flows generated from investing activities		**19,751**	3,349
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of bank and other borrowings		**(15,900)**	(867)
Interest received		**22**	14
Net cash flows used in financing activities		**(15,878)**	(853)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(390)**	(130)
Cash and cash equivalents at beginning of year		**876**	1,006
Cash and cash equivalents at end of year		**486**	876
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		**486**	876

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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 "**Stock Exchange**").

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.

These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 31 March 2025.

2 MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Statement of compliance

These 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 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 financial statements.

2.2 Basis of preparation of the financial statements

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

The preparation of 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 4.

Certain comparative figures have been regrouped to conform with the current year's presentation of the consolidated financial statements.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

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 borrowing was 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

(ii) the Group has been actively identifying potential investors in securing new fundings to support the Group's operation.

The directors of the Company, 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 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; (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 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.4 New and amended standards adopted by the Group

(i) Changes in accounting policies

The group has applied the following amendments to HKFRSs issued by the HKICPA to these 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, The effects of changes in foreign exchange rates — Lack of exchangeability	1 January 2025
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements to HKFRSs — Volume 11	1 January 2026
HKFRS 18, Presentation and disclosure in financial statements	1 January 2027
HKFRS 19, Subsidiaries without public accountability: disclosures	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.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.5 Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date when control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

2.6 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.7 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

2.8 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Renminbi (RMB) which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other (losses)/gains.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.9 Property, plant and equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	30 years
Building improvements	5 years
Machinery	10 years
Motor vehicles	5 years
Furniture and office equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.10 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.11 Investments and other financial asset

(i) Classification

The Group classifies its financial assets only in the category of assets to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The only measurement category into which the Group classifies its debt instruments is at amortised cost. Under this category, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3 for further details.

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment, that includes forward-looking information.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group company or the counterparty.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.13 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 21 for further information about the Group's accounting for trade receivables and for a description of the Group's impairment policies.

2.14 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents include cash in hand and at bank. Bank deposits which are restricted to use are included in "Restricted cash". Restricted cash are excluding from cash and cash equivalents included in the consolidated statements of cash flows.

2.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within 12 months after the reporting period.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the group has a right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current, Covenants that the group is required to comply with after the reporting period do not affect the classification at the reporting date.

Other borrowing costs are expensed in the period in which they are incurred.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.17 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and it considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on either the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.18 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period, and they are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Pension obligations

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The Group's contributions to these plans are expensed as incurred.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits.

(iv) Housing funds, medical insurances and other social insurances

Employees of the group companies in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year.

(v) Bonus entitlements

The expected cost of bonus payments are recognised as a liability when the Group has a present contractual or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Land use rights

Lease prepayments represent upfront prepayment made for the land use rights and are expensed in the consolidated income statements on a straight-line basis over the period of the lease which is 39 years. Lease prepayments are carried at cost less accumulated amortisation and impairment losses. Land use rights are presented as right-of-use assets on the consolidated statement of financial position.

2.21 Revenue

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

— Provides all of the benefits received and consumed simultaneously by the customer; or

— Creates and enhances an asset that the customer controls as the Group performs; or

— Do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

When control of goods and services is transferred over time, the progress towards complete satisfaction of performance obligation is measured based on one of the following methods that best depicts the Group's performance in satisfying the performance obligation:

— Direct measurements of the value of individual services transferred by the Group to the customer (output method); or

— The Group's efforts or inputs to the satisfaction of the performance obligation (input method).

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.21 Revenue *(Continued)*

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

(i) Construction contracts

The Group generates revenue by providing interior and exterior building decoration and design services under construction contracts. The Group determines that revenue from construction contracts satisfies the performance obligation over time, for the performance of construction contracts creates or enhances an asset that the customer controls as the asset is created or enhanced. The Group recognises revenue over time based on the percentage of completion, using input method as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs in accordance with HKFRS 15.

The excess of cumulative revenue recognised over the cumulative billings to customers is recognised as contract assets. The excess of cumulative billings to customers over the cumulative revenue recognised is recognised as contract liabilities.

Upon the completion of construction work, normally 5% to 10% of the contract price will be retained by customers as quality guarantee and will be refunded after one or two years' warranty period. The Group does not intend to give a financing to the customer through retention. The Group makes efforts to collect such retention and timely monitor the credit risk.

There is no material contract fulfilment cost or cost of obtaining contracts incurred by the Group.

2.22 Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

2.23 Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing:

— the loss attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares.

— by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(iii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account:

— the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and;

— the weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares.

2.24 Related party definition

The definition of a related party includes the following persons and entities:

(a) A person (or a close member of that person's family) is related to the reporting entity if the person:

(i) has control or joint control over the reporting entity

(ii) has significant influence over the reporting entity, or

(iii) is a member of the key management personnel of the reporting entity, or of a parent of the reporting entity.

(b) The reporting entity (A) is related to another entity (B) if:

(i) A and B are members of the same group (that is all entities within a group are related to each other)

(ii) A is an associate or joint venture of B. in this case A is related to all members of the group that B belongs to

(iii) A and B are joint ventures of the same third party, C

(iv) A is a joint venture of C and B is an associate of C (or vice versa)

(v) B is a post-employment benefit plan for the benefit of employees of A or an entity related to A. If A is itself a post-employment benefit plan, any sponsoring employers are also related to A

(vi) B is controlled or jointly controlled by a person identified in (a) above

(vii) a person who has control or joint control over A has significant influence over B or is a member of the KMP of B, or

(viii) B (or any member of the group of which B is a part) provides KMP services to A or A's parent. In this definition, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial Risk Factors

Exposure to credit risks, liquidity risks and market risks (including interest rate risks and foreign exchange risk) arises in the normal course of the group's business.

The group's exposure to these risks and the financial risk management policies and practices used by the group to manage these risks are described below.

(a) Credit Risk

Credit risk arises from restricted bank balance, cash and cash equivalents, trade receivables, contract assets and deposits and retention receivables recorded as other receivables.

The carrying amount of these balances in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to its financial and contract assets. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

(i) Risk management

Majority of the Group's cash and cash equivalents are placed in those banks incorporated in the PRC which are reputable local listed commercial banks or state-owned bank. Management does not expect any losses from non-performance by these banks as they have no default history in the past.

In respect of trade receivables, contract assets, deposits and retention receivables, which related to the construction customers, periodical credit evaluations are performed taking into account the customers' financial position, past experience and other factors. Credit limits are also set based on internal risk assessment results for individual customer. The Group generally requires customers to settle progress billings in accordance with contracted terms and other debts in accordance with agreements. Normally, the Group does not obtain collateral from customers.

(ii) Impairment of financial assets

The Group has three types of assets that are subject to the expected credit loss model:

— Trade receivables,

— Contract assets relating to construction contracts, and

— Deposits and retention receivables relating to construction contracts recorded as other receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses of trade receivables and contract assets, individual credit evaluation on significant customers is performed by management. These evaluation focused on the customer payment history and current and future ability for payment taking into account the information specific to the customer as well as pertaining to the current and future general economic environment in which the customer operated.

For those not subject to individual credit evaluation or individually assessed as not impaired, management collectively assessed the expected credit losses taking into account the ageing analysis and the history of bad debt losses in respect of those groups of customers. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers and debtors to settle the receivables.

Impairment on deposits and retention receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial Risk Factors *(Continued)*

(a) ***Credit Risk*** *(Continued)*

(ii) *Impairment of financial assets (Continued)*

For other receivables, the Group makes periodic collective assessments as well as individual assessment on the recoverability based on past experience and forward-looking information.

While cash and cash equivalents and bill receivables are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade Receivables

For the year ended 31 December 2024, the Group has concentration of credit risk where 10% (2023: 10%) and 45% (2023: 27%) of trade receivables were due from the Group's largest customer and five largest customers respectively.

The information about the exposure to credit risk and ECL for trade receivables as at 31 December 2024 and 2023 is summarised as follows:

As at 31 December 2024

	Expected loss rate *%*	**Gross carrying amount** *RMB'000*	**Loss allowance** *RMB'000*
Within 1 year	**90.86%**	**4,816**	**(4,376)**
More than 1 year but within 2 years	**91.34%**	**9,791**	**(8,943)**
More than 2 year but within 5 years	**91.68%**	**25,876**	**(23,722)**
Over 5 years	**100%**	**323**	**(323)**
		40,806	**(37,364)**

As at 31 December 2023

	Expected loss rate *%*	Gross carrying amount *RMB'000*	Loss allowance *RMB'000*
Within 1 year	70.10%	71,872	(50,382)
More than 1 year but within 2 years	99.21%	132,905	(131,851)
More than 2 year but within 5 years	99.76%	441,923	(440,874)
Over 5 years	100%	122,244	(122,244)
		768,944	(745,351)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial Risk Factors *(Continued)*

(a) Credit Risk *(Continued)*

(ii) Impairment of financial assets (Continued)

Trade receivables *(Continued)*

Reconciliation of the loss allowance for trade receivables as at 31 December 2024 and 2023 are as follows:

	2024 Trade receivables RMB'000 (Note 21)	2023 Trade receivables RMB'000 (Note 21)
At 1 January	**745,351**	751,862
Reversal of impairment loss	**(12,541)**	(6,511)
Written off	**(695,446)**	—
At 31 December	**37,364**	745,351

Trade receivables are written off when there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are credited into profit or loss.

Contract assets

The information about the exposure to credit risk and ECL for contract assets as at 31 December 2023 is summarised as follows:

As at 31 December 2023

	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 1 year	—	—	—
More than 1 year but within 2 years	100.00%	16,679	(16,679)
		16,679	(16,679)

Reconciliation of the loss allowance for contract asset as at 31 December 2024 and 2023 are as follows:

	2024 Contract assets RMB'000	2023 Contract asset RMB'000
At 1 January	**16,679**	19,437
Reversal of impairment loss	**(672)**	(2,758)
Written off	**(16,007)**	—
At 31 December	**—**	16,679

Contract assets are written off when there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are credited into profit or loss.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial Risk Factors *(Continued)*

(a) Credit Risk (Continued)

(ii) Impairment of financial assets (Continued)

Other receivables

Reconciliation of the gross amount and loss allowance for other receivables:

	2024 Other receivables *RMB'000* *(Note 21)*	2023 Other receivables *RMB'000* *(Note 21)*
At 1 January	**56,314**	65,814
Reversal of impairment loss	**(11,129)**	(9,500)
Written off	**(21,022)**	—
At 31 December	**24,163**	56,314

Other receivables are written off when there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are credited into profit or loss

(b) Liquidity Risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the short and longer term.

Management devotes to tighten its credit terms to customers and fasten its collection of debtors by available means in order to maintain sufficient cash to meet the obligations. Moreover, the Group continues to explore its available funding through different financial facilities to maintain sufficient flexibility in funding as well. The Group closely monitors its policies to maintain sufficient cash flows and ensure they are effective. However, the Group has certain liabilities that are not repayable on maturity at the repayment date during the year ended 31 December 2024 and thereafter due to the financial difficulties faced by the Group. The Group is undertaking a number of measures to alleviate the current liquidity difficulties.

	Less than 1 year *RMB'000*	**Over 1 year** *RMB'000*	**Total** *RMB'000*
As at 31 December 2024			
Borrowings	**300,751**	—	**300,751**
Trade and other payables (excluding other tax payable)	**357,554**	—	**357,554**
	658,305	—	**658,305**
As at 31 December 2023			
Borrowings	**263,764**	—	**263,764**
Trade and other payables (excluding other tax payable)	**394,563**	—	**394,563**
	658,327	—	**658,327**

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial Risk Factors *(Continued)*

(c) Market Risk

(i) Interest rate risk

The Group's exposure to interest-rate risk arises from its bank deposits and bank borrowings. These deposits and borrowings bear interests at variable rates varied with the then prevailing market condition.

As at 31 December 2024, the Group did not hold variable rates borrowings.

(ii) Foreign exchange risk

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 to management potential fluctuation in foreign currency.

3.2 Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

During the years ended 31 December 2024 and 2023, the Group's strategy was not able to maintain the gearing ratio at a reasonable level. The gearing ratios at 31 December 2024 and 2023 were as follows:

	Notes	***2024***	2023
		RMB'000	*RMB'000*
Other borrowings	25	**91,148**	180,252
Bank borrowings	26	**133,657**	60,453
Total debt		**224,805**	240,705
Less: Cash and cash equivalents	22	**(486)**	(876)
Net debt		**224,319**	239,829
Total equity		**(703,680)**	(647,971)
Gearing ratio		**N/A***	N/A*

* As at December 31 2024 and 2023, the gearing ratio are negative (2024: -34.16%; 2023: -37.01%).

3.3 Fair value estimation

The Group's financial assets and financial liabilities are mainly receivables and payables, respectively, which are carried at amortised cost. The fair values of these financial instruments approximate their carrying amounts.

4 ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Revenue recognition

The Group recognises the revenue over time based on the percentage of completion, using input methods in accordance with HKFRS 15. The percentage of completion is determined by the aggregated cost for the individual contract incurred at the end of the reporting period compared with the estimated budgeted cost. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting period. The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses and regularly reviews the progress of the contracts.

(ii) Impairment of trade receivables, contract assets and other receivables

The expected credit losses for trade receivables, contract assets and other receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's assessment on customer payment history and current and future ability for payment taking into account the information specific to the customer as well as pertaining to the current and future general economic environment in which the customer operated. Details of management's credit risk assessment are disclosed in the tables in Note 3.

(iii) Current and deferred income tax

The Group is subject to income taxes in the PRC. Judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the year in which such determination is made.

(iv) Going concern assumptions

Stated in Note 2.3, the Group's consolidated financial statements for the year ended 31 December 2024 have been prepared on a going concern basis. The assessment of the going concern assumption involves making significant judgment by the Directors and management about the future outcome of evens or conditions which are uncertain. The Directors and management have been in the process of formulating plans and measures to mitigate the liquidity pressure of the Group and conclude that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2024 on a going concern basis.

5 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. The CODM reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the CODM regards that there is only one segment which is used to make strategic decisions. Revenue and profit before income tax are the measure reported to the CODM for the purpose of resources allocation and performance assessment.

All of the Group's revenue was all 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.

Revenue from major customers:

	2024	2023
	RMB'000	*RMB'000*
Customer A	**N/A***	9,012
Customer B	**N/A***	8,766
Customer C	**N/A***	6,379
Customer D	**116**	N/A*
Customer E	**81**	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group in the particular year.

6 REVENUE

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
— Revenue from construction services	**197**	61,221
— Design service income	**—**	145
	197	61,366

6 REVENUE *(Continued)*

Disaggregation of revenue from contracts with customers:

	2024 *RMB'000*	2023 *RMB'000*
Types of goods or services		
Construction services	**197**	61,221
Design services	**—**	145
	197	61,366
Timing of revenue recognition		
Point over time:		
— Revenue from construction contracts	**197**	61,221
At a point in time:		
— Design services	**—**	145
Total	**197**	61,366

7 FINANCE COSTS — NET

	2024 *RMB'000*	2023 *RMB'000*
Finance income		
— Interest income derived from bank deposits	**22**	43
Finance costs		
— Interest expenses on borrowings	**(45,028)**	(30,276)
	(45,006)	(30,233)

8 LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	Notes	***2024*** ***RMB'000***	2023 *RMB'000*
Auditor's remuneration			
— Audit services		**1,100**	1,300
Consulting and professional fee		**761**	9,927
Other taxes		**520**	817
Travelling expenses		**199**	202
Entertainment expenses		**135**	353
Office expenses		**260**	1,699
Cost of sales		**104**	53,281
Depreciation of property, plant and equipment	17	**2,730**	2,265
Depreciation of right-of-use assets	19	**48**	277
Depreciation of investment properties	18	**—**	22
		5,857	70,143
Reversal of financial and contract assets, net:			
— Trade receivables	3(ii)	**(12,541)**	(6,511)
— Contract assets	3(ii)	**(672)**	(2,758)
— Other receivables	3(ii)	**(11,129)**	(9,500)
		(24,342)	(18,769)
Impairment losses of property, plant and equipment	17	**635**	—
		635	—
Staff costs including directors' remuneration:			
— Salaries, wages and bonuses		**5,242**	6,171
— Housing funds, medical insurances and other social insurances		**257**	358
— Other welfare and allowances		**360**	414
		5,859	6,943

9 DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The remuneration of each director, supervisor and chief executive for the year ended 31 December 2024 is set out below:

	Fees *RMB'000*	Salaries and other benefits *RMB'000*	Contribution to pension scheme *RMB'000*	Total *RMB'000*
Executive directors				
Mr. Ye Yujing (i)	—	437	32	469
Mr. Ye Guofeng	—	406	19	425
Mrs. Ye Xiujin	—	144	—	144
Mr. Ye Jiajun	—	159	23	182
Non-executive director				
Mr. Zhuang Liangbin	—	48	—	48
Independent non-executive directors				
Mr. Zhou Wanxiong	60	—	—	60
Mr. Sun Changqing	60	—	—	60
Mr. Lin Zhiyang	80	—	—	80
Mr. Cai Huiming	80	—	—	80
Supervisors				
Mr. Li Rui (iv)	—	—	—	—
Mr. Ye Weizhou (vi)	—	7	2	9
Mr. Liu Yi (iii), (iv)	—	—	—	—
Ms. Lin Jinhao (vi)	—	58	2	60
The Chief Executive				
Mr. Wu Jianzhang (i)	—	170	2	172
	280	1,429	80	1,789

9 DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

The remuneration of each director, supervisor and chief executive for the year ended 31 December 2023 is set out below:

	Fees RMB'000	Salaries and other benefits RMB'000	Contribution to pension scheme RMB'000	Total RMB'000
Executive directors				
Mr. Ye Yujing (i)	—	471	46	517
Mr. Ye Guofeng	—	411	20	431
Mrs. Ye Xiujin	—	146	—	146
Mr. Ye Jiajun	—	164	21	185
Non-executive director				
Mr. Zhuang Liangbin	48	—	—	48
Independent non-executive directors	—			
Mr. Zhou Wanxiong	60	—	—	60
Mr. Sun Changqing	60	—	—	60
Mr. Lin Zhiyang	80	—	—	80
Mr. Cai Huiming	80	—	—	80
Supervisors				
Mr. Tian Wen (ii)	—	—	—	—
Mr. Li Rui (iv)	—	—	—	—
Mr. Ye Weizhou (vi)	—	25	6	31
Mr. Liu Yi (iii), (iv)	—	—	—	—
The Chief Executive	—			
Mr. Wu Jianzhang (i)	—	94	5	99
	328	1,311	98	1,737

(i) On 20 October 2023, Mr. Ye Yujing resigned as Chief Executive, Mr. Wu Jianzhang was appointed as Chief Executive. Mr. Wu Jianzhang resigned on 16 August 2024, Mr. Ye Yujing was appointed as Chief Executive.

(ii) On 28 August 2023, Mr. Tian Wen resigned as a Supervisors.

(iii) On 15 December 2023, Mr. Liu Yi was appointed as a Supervisors.

(iv) During the year ended at 31 December 2024, Mr. Li Rui and Mr. Liu Yi, supervisors of the Company waived their fees as for supervisor (2023: Mr. Tian Wen, Mr. Li Rui and Mr. Liu Yi).

(v) The aggregate emoluments paid to or receivable by directors in respect of their services as directors of the company for the year ended 31 December 2024 were RMB280,000 (2023: RMB328,000). The aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Group for the year ended 31 December 2024 were RMB1,268,000 (2023: RMB1,279,000).

(vi) On 28 June 2024, Mr Ye Weizhou resigned as Supervisors, Ms. Lin Jinhao was appointed as Supervisors.

During the year, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2023: same). No consideration was provided to or receivable by third parties for making available directors' services (2023: same). There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities (2023: same).

No director of the Company and their connected entities had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Company's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year (2023: same).

10 FIVE HIGHEST PAID INDIVIDUALS

For the year ended 31 December 2024, the five individuals whose emoluments were the highest in the Group included two directors (2023: two), whose emoluments are reflected in the Note 9. The emoluments paid to the remaining individual during the years ended 31 December 2024 and 2023, are as follows:

	2024 *RMB'000*	2023 *RMB'000*
Salaries and other benefits	**579**	758
Contribution to pension scheme	**24**	35
	603	793

The emoluments of these remaining individuals of the Group fell within the following bands:

	2024 *Number of individuals*	2023 *Number of individuals*
Nil to HK1,000,000	**3**	3

11 OTHER INCOME

	Notes	2024 *RMB'000*	2023 *RMB'000*
Government grants	(i)	**77**	100
Rental income from investment properties		**189**	424
		266	524

Note:

(i) Government grants are under no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

12 OTHER (LOSSES)/GAINS — NET

	Notes	2024 RMB'000	2023 RMB'000
Gain on disposal of non-current assets	(i)	**11,234**	2,584
Write off payable		**—**	30,867
Others		**126**	771
Outgoings related to rental income		**—**	(344)
Litigation compensation	(ii)	**(34,017)**	(22,429)
Others		**—**	(35)
		(22,657)	11,414

Note:

(i) In August 2020, the Group entered into a lease agreement with a lease term from August 2020 to August 2026, recognizing a right-of-use asset of RMB11,242,000. In 15 March 2024, this right-of-use assets has been auctioned, and recognized a gain amounted to RMB11,234,000.

(ii) The Group has provided interest on penalty of lawsuits of approximately RMB34,017,000 (2023: RMB22,429,000) for the year ended 31 December 2024 since the directors of the Company are of the opinion that it is probable that an outflow of resources embodying economic benefits would be required to settle the lawsuits.

13 INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
Current income tax		
— PRC enterprise income tax	**2,668**	—
— Under provision for prior years	**—**	1,322
	2,668	1,322

Current taxation primarily represented the provision for PRC Enterprise Income Tax ("**EIT**") for companies operating in the PRC. These companies are subject to EIT on their taxable income as reported in their respective statutory financial statements adjusted in accordance with the relevant tax laws and regulations in the PRC.

Pursuant to the PRC Enterprise Income Tax Law ("**EIT Law**"), the EIT rate for domestic enterprises and foreign invested enterprises is 25%. On 14 December 2022, the Company renewed the High and New Technology Enterprise Certificate which is effective for three years commencing on 15 December 2022. The applicable income tax rate is 15% for the years from 2022 to 2024. All the other PRC entities of the Group are subject to EIT at a rate of 25% (2023: 25%) in accordance with EIT Law.

13 INCOME TAX EXPENSE *(Continued)*

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the tax rate applicable to profit of the consolidated entities as follows:

	2024 RMB'000	2023 RMB'000
Loss before income tax	**(53,041)**	(15,180)
Calculated at applicable tax rate	**(6,841)**	(2,277)
Under provision for prior years	**—**	1,322
Tax effect of expenses that are not deductible	**175**	—
Unrecognised temporary difference	**9,334**	2,277
	2,668	1,322

As of 31 December 2024, the Group has a total loss of RMB787,134,000 that can be carried forward to be deducted from enterprise income tax for subsequent years (2023: RMB1,122,970,000). Based on the continuing losses within the Group and the uncertainty of future earnings, therefore, at the beginning of the year no deferred tax assets have been recognised.

14 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.

	2024 RMB'000	2023 RMB'000
Loss attributable to owners of the Company	**(55,709)**	(16,502)
Weighted average number of ordinary shares in issue (thousand shares)	**240,931**	240,931
Basic loss per share (RMB)	**(0.23)**	(0.07)

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.

15 DIVIDENDS

The directors do not recommend the payment of any dividend for each of the years ended 31 December 2024 and 2023.

16 SUBSIDIARIES

Subsidiaries of the Group as at 31 December 2024 and 2023 are set out as below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name	Type of legal status	Place of incorporation/ establishment	Principal activities and place of operation	Registered/ paid up capital	Proportion of ordinary shares directly held by parent
Jingdi Industrial (Shenzhen) Company Limited* ("**Jingdi Industrial**") (景帝實業(深圳)有限公司)	Limited liability company	Shenzhen, the PRC	Industrial and commercial investments(specific programs to be separately applied for);supply chain management; export and import trade; the PRC	RMB10,100,000/ RMB10,100,000 (2023: Same) (Note (i))	100%
Huidong Yip's Development Limited Company* ("**Huidong Yip's Development**") (惠東葉氏實業發展有限公司)	Limited liability company	Huizhou, the PRC	Development and construction of industrial park; the PRC	RMB12,100,000/ RMB12,100,000 (2023: Same) (Note (ii))	100%
Huidong Shikuan Decorative Furniture Creative Culture Company Limited* ("**Huidong Shikuan**") (惠東士寬裝飾家私創藝文化有限公司)	Limited liability company	Huizhou, the PRC	Design and sale of mobile and fixed furniture suitable for the use of construction decoration works, soft decoration product; the PRC	RMB500,000/ RMB500,000 (2023: Same) (Note (iii))	100%
Adway Construction (Hong Kong) Limited* ("**Adway Hong Kong**") (愛得威建設(香港)有限公司)	Limited liability company	Hong Kong	Building decoration, construction material import and export; Hong Kong	HKD10,000/ HKD10,000 (2023: Same) (Note (iv))	100%

* The English names of these companies represent the best effort made by management of the Company to directly translate the Chinese names as these companies do not register any official English names.

Notes:

(i) Jingdi Industrial was registered as domestic enterprises under the PRC law on 7 August 2007. As at 31 December 2024, the registered capital of Jingdi Industrial is RMB10,100,000, of which RMB10,100,000(2023: same) has been paid by the Company.

(ii) Huidong Yip's Development was registered as domestic enterprises under the PRC law on 30 November 2012. As at 31 December 2024, the registered capital of Huidong Yip's Development is RMB12,100,000, of which RMB12,100,000 (2023: same) has been paid by the Company.

(iii) Huidong Shikuan was registered as domestic enterprises under the PRC law on 27 February 2014. As at 31 December 2024, the registered capital of Huidong Shikuan is RMB500,000, of which RMB500,000 (2023: same) has been paid by the Company.

(iv) Adway Hong Kong was registered as company limited by shares on 25 May 2017. As at 31 December 2024, the registered capital of Adway Hong Kong is HKD10,000, of which HKD10,000 (2023: same) has been paid by the Company.

The directors are of the opinion that a complete list of the subsidiaries of the Company will be of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the results or assets of the Group.

The Group had no subsidiary which has material non-controlling interests for the year ended 31 December 2024 and 2023, accordingly financial information regarding the non-controlling interests is not presented in the consolidated financial statements.

17 PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Machinery *RMB'000*	Motor vehicles *RMB'000*	Furniture and office equipment *RMB'000*	Total *RMB'000*
Cost					
At 1 January 2023	90,160	239	7,508	5,968	103,875
Additions	—	72	—	—	72
Disposals	—	—	—	(154)	(154)
At 31 December 2023 and 1 January 2024	**90,160**	**311**	**7,508**	**5,814**	**103,793**
Disposals	**(710)**	**—**	**—**	**—**	**(710)**
At 31 December 2024	**89,450**	**311**	**7,508**	**5,814**	**103,083**
Accumulated depreciation and impairment					
At 1 January 2023	(44,363)	(131)	(6,995)	(5,629)	(57,118)
Charge for the year (Note 8)	(2,076)	(27)	(138)	(24)	(2,265)
At 31 December 2023 and 1 January 2024	**(46,439)**	**(158)**	**(7,133)**	**(5,653)**	**(59,383)**
Charge for the year (Note 8)	**(2,676)**	**(34)**	**(3)**	**(17)**	**(2,730)**
Disposals	**326**	**—**	**—**	**—**	**326**
Impairment loss (Note 8)	**—**	**(119)**	**(372)**	**(144)**	**(635)**
At 31 December 2024	**(48,789)**	**(311)**	**(7,508)**	**(5,814)**	**(62,422)**
Carrying amount					
At 31 December 2024	**40,661**	**—**	**—**	**—**	**40,661**
At 31 December 2023	43,721	153	375	161	44,410

The depreciation charge for the year were included in administrative expenses.

As at 31 December 2024, the Group had aggregate other borrowings carrying amount of RMB90,948,000 (2023: RMB59,603,000) which are secured and guaranteed by: The Group's building: Pengyi Garden Building 1, Third Floor (Note 25).

As at 31 December 2024, the Group had aggregate bank borrowings carrying amount of RMB133,657,000 (2023: RMB180,252,000). The Group's banking loans are subject to annual review and are secured and guaranteed by the Group's building: Pengyi Garden Building 1, Third Floor (Note 26).

18 INVESTMENT PROPERTIES

	RMB'000
Cost	
As at 1 January 2023	1,374
Disposal	(1,374)
As at 31 December 2023, 1 January 2024 and 31 December 2024	—
Accumulated depreciation	
At 1 January 2023	815
Charge for the year (Note 8)	22
Disposal (Note)	(837)
As at 31 December 2023, 1 January 2024 and 31 December 2024	—
Carrying amount	
At 31 December 2024	—
At 31 December 2023	—

Note:

The investment property, which were 2 commercial properties of the Company located in Futian District, Shenzhen, was sold by compulsory auction by the Futian District People's Court of Shenzhen on 20 June 2023 at a selling price of RMB3,801,000 and the effect of the selling price, net of commission, tax and other expenses on profit or loss for the current period was RMB2,584,000.

As of 31 December 2024 and 2023, the Company did not held any investment property.

19 RIGHT-OF-USE ASSETS

The consolidated statement of financial position shows the following amounts relating to leases:

Land use rights:

	RMB'000
Cost	
At 1 January 2023, 31 December 2023, and 1 January 2024	11,242
Disposal	(11,242)
At 31 December 2024	—
Accumulated Depreciation	
At 1 January 2023	(2,747)
Charge for the year	(277)
At 31 December 2023 and at 1 January 2024	**(3,024)**
Charge for the year (Note 8)	**(48)**
Disposal	**3,072**
At 31 December 2024	**—**
Net book value	
At 31 December 2023	8,218
At 31 December 2024	—

Note:

The leased land, which was a commercial land of the Company located in Huizhou District, Guangdong, was sold by compulsory auction by the Luohu District People's Court of Guangdong on 15 March 2024 at a selling price RMB25,744,000, and the effect of the selling price, net of commission, tax and other expenses on profit or loss for the current period was RMB11,234,000 (Note 12).

During the year ended 31 December 2024 and 2023, there was no cash outflows for the leases and short-term leases and low-value assets.

20 INTANGIBLE ASSETS

	RMB'000
Cost of computer software	
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**6,646**
Accumulated amortisation	
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**(6,646)**
Carrying amount	
At 31 December 2024	**—**
At 31 December 2023	—

21 TRADE AND OTHER RECEIVABLES

(a) Trade receivables

	2024 RMB'000	2023 RMB'000
Trade receivables	**40,806**	758,468
Less: provision for impairment of trade receivables	**(37,364)**	(745,351)
Trade receivables — net	**3,442**	13,117
Bill receivable	**—**	10,476
	3,442	23,593

Note:

The carrying amounts of trade and bill receivable approximate their fair values and are denominated in RMB.

As at 31 December 2024, the Group had aggregate other borrowings carrying amount of RMB90,948,000 (2023: RMB59,603,000) which are secured and guaranteed by: The Group's trade receivables (Note 25).

As at 31 December 2024, the Group had aggregate bank borrowing carrying amount of RMB133,657,000 (2023: RMB180,252,000). The Group's banking loans are subject to annual review and are secured and guaranteed by the Group's trade receivables (Note 26).

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date, is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	**4,816**	61,396
1 to 2 years	**9,791**	132,905
2 to 3 years	**10,689**	159,512
3 to 4 years	**13,185**	35,334
4 to 5 years	**2,002**	247,077
Over 5 years	**323**	122,244
	40,806	758,468

Further details on the group's credit policy and credit risk arising from trade and bill receivable are set out in Note 3.

(b) Other receivables

	2024 RMB'000	2023 RMB'000
Other receivables	**30,750**	63,431
Less:		
Provision for impairment of other receivables	**(24,162)**	(56,314)
Other receivables — net	**6,588**	7,117

22 CASH AND CASH EQUIVALENTS

	2024 *RMB'000*	2023 *RMB'000*
Cash at bank	**466**	848
Cash at hand	**20**	28
	486	876

The amount of cash and cash equivalents are approximately dominated in RMB.

23 RESTRICTED CASH

As at 31 December 2024 and 2023, restricted bank balance is restricted deposits judicially frozen as a result of creditor litigation.

24 TRADE AND OTHER PAYABLES

	2024 *RMB'000*	2023 *RMB'000*
Trade payable	**296,504**	340,522
Other tax payable	**15,205**	14,113
Payroll payable	**4,583**	3,340
Other payable	**132,413**	89,850
	448,705	447,825

The aging analysis of trade payables, based on the invoice date, is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Within 1 year	**4,392**	30,529
1 year to 2 years	**30,529**	137,392
2 years to 3 years	**137,392**	42,140
Over 3 years	**124,191**	130,461
	296,504	340,522

The amount of trade and other payables are approximately denominated in RMB.

25 OTHER BORROWINGS

The analysis of the carrying amount of interest-bearing borrowings is as follows:

	2024 *RMB'000*	2023 *RMB'000*
Other borrowings	**91,148**	60,453

	2024	2023
The weighted average interest rates during the year were as follows:	**7.03%**	7.15%

Note:

On 21 June 2024 and 18 December 2024, the bank loans from Huaxia Bank and Bank of Beijing were reclassified to other borrowings, due to both banks transferred their legally-owned creditor's rights and guarantee rights of the lenders and guarantors to China Cinda Asset Management Co., Ltd. ("**Cinda Asset**"), and China CITIC Financial Asset Management Co., Ltd. ("**CITIC Financial Asset**"), respectively. 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 and CITIC Financial Asset as of the date of receipt of the notice. As of 31 December 2024, the outstanding balance of the loans were RMB23,078,000 and RMB18,393,000 respectively.

As at 31 December 2024, the Group had aggregate other borrowings carrying amount of RMB90,948,000 (2023: RMB59,603,000) which are secured and guaranteed by:

(i) The Group's trade receivables (Note 21);

(ii) The Group's building: Pengyi Garden Building 1, Third Floor (Note 17);

(iii) Company guarantee executed by the subsidiaries: Huidong Yip's Development Limited Company, Jingdi Industrial (Shenzhen) Company Limited (Note 16).

(iv) Limited personal guarantee executed by the shareholders, Mr. Ye Yujing, Mrs. Ye Xiujin of the Group (2023: Same) (Note 32).

The carrying amounts of the Group's other borrowings approximate their fair value and are denominated in RMB.

26 BANK BORROWINGS

	2024 *RMB'000*	2023 *RMB'000*
Bank borrowings	**133,657**	180,252

The average interest rates at 31 December were as follows:

	2024	2023
Bank borrowings	**6.49%**	9.93%

Note:

For the year ended 31 December 2024, bank borrowings amounted to approximately RMB41,471,000 were transferred to other borrowings. For detail, please refer to Note 25.

As at 31 December 2024, the borrowings amounted to approximately RMB133,657,000 were due, and the Group failed to repay or renew the due loan (2023: RMB180,252,000).

As at 31 December 2024, the Group had aggregate bank borrowing amount of RMB133,657,000 (2023: RMB180,252,000). The Group's banking loans are subject to annual review and are secured and guaranteed by:

(i) The Group's trade receivables (Note 20);

(ii) The Group's building: Pengyi Garden Building 1, Third Floor (Note 17);

(iii) Company guarantee executed by the subsidiaries: Huidong Yip's Development Limited Company, Jingdi Industrial (Shenzhen) Company Limited (Note 16);

(iv) Limited personal guarantee executed by the shareholders, Mr. Ye Yujing, Mrs. Ye Xiujin, Mr. Ye Jiajun, and related parties, Mr. Ye Guofeng of the Group (2023: Same) (Note 32).

The carrying amounts of the Group's bank borrowings approximate their fair value and are denominated in RMB.

27 SHARE CAPITAL AND SHARE PREMIUM

	Number of Shares *('000)*	Share Capital *RMB'000*	Share Premium *RMB'000*	Total *RMB'000*
Issued and fully paid:				
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	240,931	240,931	323,070	564,001

The share capital of the Company as at 31 December 2024 and 2023 is as follows:

	Number of domestic Shares *('000)*	Number of H Shares *('000)*	Total *('000)*
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	178,168	62,763	240,931

28 CASH FLOW INFORMATION

(a) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

	2024 RMB'000	2023 RMB'000
Cash and cash equivalents	**486**	876
Borrowings — repayable within one year	**(224,805)**	(240,705)
Net debt	**(224,319)**	(239,829)

	Cash RMB'000	Borrowings due within one year RMB'000	Total RMB'000
Net debt at 1 January 2023	1,006	(241,572)	(241,572)
Cash flows	(130)	867	737
Net debt at 31 December 2023 and 1 January 2024	876	(240,705)	(239,829)
Cash flows	**(390)**	**15,900**	**15,510**
At 31 December 2024	**486**	**(224,805)**	**(224,319)**

29 PROVISIONS

During the year ended 31 December 2024 and 2023, the Group received several court orders which were filed by its suppliers for failure to perform the obligation under the supplier's contracts. According to the Group's in-house legal adviser, the directors of the Company estimated that the group may therefore be liable for payables.

	2024 RMB'000	2023 RMB'000
At 1 January	**50,571**	31,481
Additional provisions made	**34,017**	19,090
Provisions utilised	**(1,704)**	—
At 31 December	**82,884**	50,571

30 CONTINGENT LIABILITIES

As at 31 December 2024 and 2023, the Group and the Company did not have any significant contingent liabilities.

31 COMMITMENTS

As at 31 December 2024 and 2023, the Group and the Company did not have any significant commitments.

32 RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholder and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

(a) Key management personnel remuneration

Remuneration for key management personnel of the group, including amounts paid to the company's directors as disclosed in Note 9 and certain of the highest paid employees as disclosed in Note 10, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Short-term employee benefits	**1,429**	1,311
Post-employment benefits	**80**	98
	1,509	1,409

Total remuneration is included in "staff costs" (see Note 8).

(b) Financing arrangement

(i) On 29 October 2021, the Group entered into a loan agreement with executive-director, Mr. Ye Jiajun which was granted a loan principal of RMB200,000. As at 31 December 2024, the loans were overdue (2023: overdue), the outstanding balance of this loan was RMB200,000 (Note 25).

(ii) The shareholders, Mr. Ye Yujing, Mrs. Ye Xiujin, Mr. Ye Jiajun, and related parties, Mr. Ye Guofeng of the Group (2023: same) have limited personal guarantee on the Group's bank borrowings of RMB133,657,000 as at 31 December 2024 (The Group's bank borrowings of RMB180,252,000 as at 31 December 2023).

(iii) The shareholders, Mr. Ye Yujing, Mrs. Ye Xiujin of the Group (2023: same) have limited personal guarantee on the Group's other borrowings of RMB90,948,000 as at 31 December 2024 (The Group's other borrowings of RMB59,603,000 as at 31 December 2023).

33 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	2024 *RMB'000*	2023 *RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**40,661**	44,016
Investments in subsidiaries	**18,096**	18,096
	58,757	62,112
CURRENT ASSETS		
Trade receivables	**3,442**	13,117
Prepayments and other receivables	**6,406**	6,091
Restricted cash	**6,547**	9,352
Cash and cash equivalents	**137**	194
Amount due from subsidiaries	**—**	11,677
	16,532	40,431
CURRENT LIABILITIES		
Trade and other payables	**478,592**	458,000
Other borrowings	**91,148**	60,453
Bank borrowings	**133,657**	180,252
Provision	**82,884**	50,571
	786,281	749,276
NET CURRENT LIABILITIES	**(769,749)**	(708,845)
TOTAL ASSETS LESS CURRENT LIABILITIES	**(710,992)**	(646,733)
NON-CURRENT LIABILITIES		
Deferred revenue	**1,265**	1,340
NET ASSETS	**(712,257)**	(648,073)
EQUITY		
Share capital	**240,931**	240,931
Reserves	**(953,188)**	(889,004)
TOTAL EQUITY	**(712,257)**	(648,073)

The statement of financial position of the Company was approved by the Board of Directors on 31 March 2025 and was signed on its behalf.

Mr. Ye Yujing **Mr. Ye Guofeng**

33 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(Continued)

(b) Reserve movement of the Company

	Share premium *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
Balance at 1 January 2023	323,050	(1,191,991)	(868,941)
Comprehensive income			
— Loss for the year	—	(20,063)	(20,063)
Total comprehensive loss	—	(20,063)	(20,063)
Balance at 31 December 2023	323,050	(1,212,054)	(889,004)
Balance at 1 January 2024	**323,050**	**(1,212,054)**	**(889,004)**
Comprehensive income			
— Loss for the year	**—**	**(64,184)**	**(64,184)**
Total comprehensive loss	**—**	**(64,184)**	**(64,184)**
Balance at 31 December 2024	**323,050**	**(1,276,238)**	**(953,188)**