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GUANGDONG ADWAY CONSTRUCTION (GROUP) HOLDINGS COMPANY LIMITED\*

廣東愛得威建設（集團）股份有限公司

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

(Stock code: 6189)

## 2017 INTERIM RESULTS ANNOUNCEMENT

### FINANCIAL HIGHLIGHTS

(in million RMB, unless otherwise stated)

	For the six months ended 30 June		
	2017 (Unaudited)	2016 (Audited)	Change
Revenue	745.6	746.2	-0.1%
Gross Profit	94.6	91.6	3.3%
Gross Profit Margin	12.7%	12.3%	3.3%
Profit attributable to owners of the Company	49.7	44.3	12.2%
Net Profit Margin	6.7%	5.9%	13.6%
Basic and diluted earnings per share (RMB)	23.57 cents	27.99 cents	-15.8%

The board (the “**Board**”) of directors (the “**Directors**”) of Guangdong Adway Construction (Group) Holdings Company Limited (the “**Company**”) is pleased to announce the unaudited interim consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2017 (the “**Period**” or “**Reporting Period**”), based on the interim condensed consolidated financial information which has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and relevant requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The 2017 interim condensed consolidated financial information of the Group has not been audited but has been reviewed by the Board and the audit committee of the Company (the “**Audit Committee**”).

The Company is pleased to announce the unaudited interim consolidated results of the Group for the six months ended 30 June 2017, together with the comparative figures for the same period in 2016 as follows:

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2017</b>	<b>2016</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
Revenue	5	<b>745,589</b>	746,213
Cost of sales		<b>(651,027)</b>	(654,581)
<b>Gross profit</b>		<b>94,562</b>	91,632
Selling and marketing expenses		<b>(2,084)</b>	(1,998)
Administrative expenses		<b>(22,112)</b>	(30,127)
Other income — net		<b>1,519</b>	330
<b>Operating profit</b>		<b>71,885</b>	59,837
Finance income		<b>402</b>	54
Finance costs		<b>(13,325)</b>	(7,737)
Finance costs — net		<b>(12,923)</b>	(7,683)
<b>Profit before income tax</b>		<b>58,962</b>	52,154
Income tax expense	6	<b>(9,225)</b>	(7,855)
<b>Profit for the period</b>		<b>49,737</b>	44,299
<b>Other comprehensive income</b>		—	—
<b>Total comprehensive income for the period</b>		<b>49,737</b>	44,299
<b>Total comprehensive income attributable to:</b>			
— Owners of the Company		<b>49,737</b>	44,299
<b>Earnings per share</b>			
— Basic and diluted (RMB)	7	<b>23.57 cents</b>	27.99 cents

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2017 <i>RMB'000</i> (Unaudited)	31 December 2016 <i>RMB'000</i> (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		75,871	79,470
Lease prepayments — land use rights		10,075	10,218
Investment properties		798	819
Deferred income tax assets		22,285	21,682
Prepayments and other receivables		14,267	11,010
		123,296	123,199
<b>Current assets</b>			
Amounts due from customers for contract work	9	925,242	763,714
Trade receivables	10	288,455	252,536
Prepayments and other receivables		136,226	137,395
Restricted cash		811	843
Cash and cash equivalents		318,001	287,613
		1,668,735	1,442,101
<b>Total assets</b>		1,792,031	1,565,300
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		211,050	211,050
Share premium		168,472	168,472
Other reserves		51,536	55,254
Retained earnings		403,063	349,608
		834,121	784,384
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred revenue		1,810	1,847
<b>Current liabilities</b>			
Trade and other payables	11	308,585	417,776
Amounts due to customers for contract work	9	32,383	39,526
Borrowings	12	609,000	310,000
Current income tax liabilities		6,132	11,767
		956,100	779,069
<b>Total liabilities</b>		957,910	780,916
<b>Total equity and liabilities</b>		1,792,031	1,565,300

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. GENERAL INFORMATION

Guangdong Adway Construction (Group) Holdings Company Limited was incorporated in the People's Republic of China (the "PRC") on 18 December 1996. On 3 December 2007, the Company was converted into a joint stock company with limited liability with registered capital of RMB30,800,000. Subsequently, with a series of capital injection in cash and share premium transferred as capital, the registered capital of the Company was increased to RMB158,287,000.

The Company's H shares were listed on the Main Board of the Stock Exchange on 25 November 2016, with the total share capital increased to RMB211,050,000.

The principal place of business of the Company's is 3rd Floor, Pengyi Garden Building 1, Bagua No. 1 Road, Futian District, Shenzhen, the PRC.

The Group is principally engaged in the provision of interior and exterior building decoration and design services in the PRC.

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

The interim condensed consolidated financial information is presented in Renminbi ("RMB"), unless otherwise stated. This interim condensed consolidated financial information was approved for issue by the Board of the Company on 25 August 2017.

## 2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2017 has been prepared in accordance with HKAS 34, "Interim financial reporting". The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

### 3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2016, except for the adoption of amendment to HKFRS effective for the financial year ending 31 December 2017.

#### (a) Amended standard adopted by the Group

The following amendments to standard were relevant to the Group and have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2017.

Amendments to HKAS 7                      Statement of cash flows

The adoption of the amendments to standard does not have significant impact to the results of operation or financial position of the Group.

#### (b) New standards, amendments to standards and interpretations not yet adopted by the Group

The following new standards and amendments to standards are not yet effective for financial year beginning 1 January 2017 and have not been early adopted:

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKFRS 2	Classification and measurement of share based payment transactions	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
Amendments to HKAS 28	Investments in associates and joint ventures	1 January 2018
HK (IFRIC) 22	Foreign currency transactions and advance consideration	1 January 2018
HKFRS 16	Leases	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

Management is in the process of making an assessment on the impact of these standards, amendments and interpretations to existing HKAS and HKFRS and does not expect they will have a significant impact on the Group's results of operations and financial position.

### 4. SEGMENT INFORMATION

Management 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, has been identified as the executive directors of the Company.

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

All of the operating entities of the Group are domiciled in the PRC. Accordingly, all of the Group's revenue is derived from the PRC during the six months ended 30 June 2017 and 2016.

As at 30 June 2017 and 2016, all of the non-current assets were located in the PRC.

## 5. REVENUE

	Six months ended 30 June	
	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Revenue from construction contracts	735,634	742,078
Design and other income	9,131	4,135
Sales of goods	824	—
	<hr/>	<hr/>
Total	<b>745,589</b>	<b>746,213</b>

## 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Current income tax		
— PRC enterprise income tax	9,828	10,066
Deferred income tax	(603)	(2,211)
	<hr/>	<hr/>
	<b>9,225</b>	<b>7,855</b>

Current taxation primarily represented the provision for the 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 15 November 2016, the Company renewed the High and New Technology Enterprises Certificate, which is effective for three years commencing on 1 January 2016. Therefore the applicable income tax rate for the Company is 15% for the years from 2016 to 2018. All the other PRC entities of the Group are subject to EIT at a rate of 25% (six months ended 30 June 2016: 25%) in accordance with EIT Law.

## 7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2017 and 2016.

	Six months ended 30 June	
	2017 (Unaudited)	2016 (Audited)
Profit attributable to owners of the Company ( <i>RMB'000</i> )	49,737	44,299
Weighted average number of ordinary shares in issue ( <i>thousand shares</i> )	211,050	158,287
Basic earnings per share ( <i>RMB</i> )	<u>23.57 cents</u>	<u>27.99 cents</u>

The Company did not have any potential dilutive ordinary shares outstanding during the six months ended 30 June 2017 and 2016. Diluted earnings per share is the same as the basic earnings per share.

## 8. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 June 2017 (six months ended 30 June 2016: nil).

## 9. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	30 June 2017 <i>RMB'000</i> (Unaudited)	31 December 2016 <i>RMB'000</i> (Audited)
	Aggregate costs incurred plus recognised profit less foreseeable losses	1,454,745
Less: progress billings	<u>(561,886)</u>	<u>(1,662,422)</u>
	<u>892,859</u>	<u>724,188</u>
Analysed for reporting purposes as:		
Amounts due from customers for contract work	925,242	763,714
Amounts due to customers for contract work	<u>(32,383)</u>	<u>(39,526)</u>
	<u>892,859</u>	<u>724,188</u>

As of 30 June 2017, retentions held by customers for contract work amounted to approximately RMB39,461,000 (31 December 2016: RMB41,327,000), and have been included in prepayments and other receivables. Advances received from customers for contract work not yet commenced at 30 June 2017 amounted to approximately RMB92,256,000 (31 December 2016: RMB151,716,000), and have been included in trade and other payables (Note 11).

## 10. TRADE RECEIVABLES

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Trade receivables (a)	332,642	292,614
Less: provision for impairment of trade receivables	<u>(48,073)</u>	<u>(44,809)</u>
Trade receivables — net	284,569	247,805
Notes receivable	<u>3,886</u>	<u>4,731</u>
	<u><b>288,455</b></u>	<u><b>252,536</b></u>

(a) Ageing analysis of trade receivables based on invoice date is as follow:

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Within 6 months	148,029	148,143
6 months to 1 year	44,017	55,635
1 year to 2 years	81,063	40,813
2 years to 3 years	30,997	18,349
Over 3 years	<u>28,536</u>	<u>29,674</u>
	<u><b>332,642</b></u>	<u><b>292,614</b></u>

## 11. TRADE AND OTHER PAYABLES

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Trade payables (a)	142,882	175,114
Advances from customers	92,256	151,716
Other tax payable	54,500	61,662
Payables for listing expenses	1,537	10,792
Payroll payable	7,730	8,272
Other payables	<u>9,680</u>	<u>10,220</u>
	<u><b>308,585</b></u>	<u><b>417,776</b></u>



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

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Within 6 months	131,460	157,858
6 months to 1 year	5,862	1,718
1 year to 2 years	4,583	13,322
2 years to 3 years	977	2,216
	<u>142,882</u>	<u>175,114</u>

## 12. BORROWINGS

	<b>30 June 2017 RMB'000 (Unaudited)</b>	31 December 2016 RMB'000 (Audited)
Bank borrowings — secured	<u>609,000</u>	<u>310,000</u>

As of 30 June 2017 and 31 December 2016, all of the Group's borrowings are repayable within one year and denominated in RMB.

The weighted average effective interest rate as of 30 June 2017 was 5.37% (31 December 2016: 5.40%) per annum.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Market Review

In the first half of 2017, the national construction industry's output value exceeded RMB8 trillion, increased by 10.9% compared to the previous year according to the report of the National Bureau of Statistics of China, which has demonstrated a favorable growth trend. The construction industry is a national economic pillar industry, with large scale but a low level of informatization. Informatization has ushered in a new round of revolution with the introduction of information technology, which will effectively promote construction quality and production efficiency.

### Business Review

After the successful listing on the Main Board of the Stock Exchange, the Group has strengthened its operating efforts and continued to commit itself to new projects and has achieved better results in the first half of 2017.

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), 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.

The Group has established a wide range of operations. As of 30 June 2017, there are 24 branch offices and representative offices in 19 provinces, autonomous regions and municipalities (in the first half of 2017, the Group established one new branch office).

In the first half of 2017, the Group has signed 73 new contracts with a value of more than RMB1 million each, 10 contracts with a value of more than RMB10 million each, and 4 contracts with a value of more than RMB50 million each.

As of 30 June 2017, the Group carried out 283 projects (each with a contract value of more than RMB1 million). The total contract value is approximately RMB3.83 billion, including 68 projects with a contract value of more than RMB10 million each and 11 projects with a contract value of more than RMB50 million each.

### Future Prospect

The Group will continue to work on business development in the second half of 2017, and the Group believes that the following strategies will help to further enhance its competitiveness and operating results:

1. Further expand the Group's operating network in the PRC. The Group is expected to establish 1 branch office in the second half of 2017.
2. The Group has established a centralized purchasing system for the procurement of major raw materials. The Group will further increase its strategic cooperation with quality suppliers to reduce the cost of raw materials and improve the efficiency of the procurement process in order to improve the Group's business efficiency.

3. The Group will strengthen its research and design capabilities, and improve the Group's informatization, and enhance the operating efficiency with scientific and technological innovation. The Group intends to strengthen the research of products and technologies that are safer, more environmentally friendly, contributing to enhancing the operating efficiency and project quality of the Group. At the same time, strengthening the research of on-site application of products technologies will help enhance the Group's image and competitiveness. The Group has launched its informatization construction program in the first half of 2017, which will achieve its initial results in the second half of 2017. This will strengthen project management and improve efficiency, which is of great significance to the development of the Group.
4. The Group will actively respond to the country's "The Belt and Road" strategy, using "going global" as a new starting point for the company's business development, open up overseas markets within the scope of business to seek new breakthroughs.

## **FINANCIAL REVIEW**

The Group's revenue and profit attributable to equity shareholders for the six months ended 30 June 2017 amounted to RMB745.6 million and RMB49.7 million respectively (six months ended 30 June 2016: RMB746.2 million and RMB44.3 million), representing no significant fluctuation in revenue and an increase of 12.2% in profit attributable to equity shareholders respectively. Gross profit for the six months ended 30 June 2017 amounted to RMB94.6 million (six months ended 30 June 2016: RMB91.6 million ), representing a gross profit margin of approximately 12.7% (six months ended 30 June 2016: 12.3%) and representing an increase in gross profit of 3.3%. Such increase was mainly due to the commencement of one project with both higher contract value (with contract value of over 230 million) and higher gross profit margin at 13.5%. Operating profit for the six months ended 30 June 2017 was RMB71.9 million (six months ended 30 June 2016: RMB59.8 million ) or 9.6% (six months ended 30 June 2016: 8.0%) of revenue, representing an increase of 20.1% in operating profit. Besides for the increase in gross profit, such increase in operating profit was mainly due to the significant reduction (i) in provision for foreseeable losses on construction contract due to the better credit control during the six months ended 30 June 2017 (ii) in consulting and professional fees because the consulting fee in optimizing the marketing program that occurred during the six months ended 30 June 2016 was one-off in nature. Net profit for the six months ended 30 June 2017 was RMB49.7 million (six months ended 30 June 2016: RMB44.3 million) or 6.7% (six months ended 30 June 2016: 5.9%) of revenue.

For the six months ended 30 June 2017, earnings per share was 23.57 cents (six months ended 30 June 2016: 27.99 cents), representing a decrease of 15.8% in earnings per share. Such decrease in earnings per share was mainly due to the increase of number of shares issued.

### **Liquidity and financial resources**

The increase of the Group's cash and cash equivalents is primarily due to the increase of interest-bearing bank borrowings. As of 31 December 2016 and 30 June 2017, the Group had cash and cash equivalents of approximately RMB287.6 million and approximately RMB318.0 million, respectively.

The Group monitors the cash flows and cash balance on a regular basis and seeks to maintain optimal level of liquidity that can meet the working capital needs while supporting a healthy level of business and its various growth strategies. In the future, the Group intends to finance its operations through cash generated from operating activities and interest-bearing bank borrowings. Other than normal bank borrowings that the Group obtained from commercial banks and potential debt financing plans, the Group does not expect to have any material external debt financing plan in the near future.

The amounts due from customers for contract work increased from approximately RMB763.7 million as of 31 December 2016 to approximately RMB925.2 million as of 30 June 2017, representing an increase of 21.1%. The level of the amounts due from customers for contract work as of a given reporting date is mainly affected by the duration between its submission of interim progress payment and the endorsement on the project progress report. Such increase was mainly due to the commencement of three projects with higher contract value (each with total contract value of over 100 million) for the six months ended on 30 June 2017.

Trade and other payables decreased from approximately RMB417.8 million as of 31 December 2016 to approximately RMB308.6 million as of 30 June 2017, representing a decrease of 26.1% primarily due to a decrease in the trade payables because of our timely settlement due to better payment control during the six months ended on 30 June 2017 and a decrease in advances from customers because the advances from customers received in 2016 were partially offset due to the work performed by us in 2017.

### **Charges on assets**

As at 30 June 2017, bank borrowings of RMB527,000,000 (31 December 2016: RMB230,000,000) were secured by pledge of the Group's certain property and equipment, land use rights, investment properties and trade receivables.

### **Capital structure**

The Company's issued share capital as of 30 June 2017 is 211,050,000 divided into 211,050,000 shares of RMB1.00 each.

As of 30 June 2017, the Group relied on interest-bearing bank borrowings in the amount of approximately RMB609.0 million (31 December 2016: approximately RMB310.0 million) which are repayable within 1 year. As of 30 June 2017, the Group did not have any intercompany borrowings.

The gearing ratio was 25.9% as of 30 June 2017 while the ratio as of 31 December 2016 was 2.8%. The increase was mainly attributable to an increase in the total bank borrowings.

Gearing ratio represents 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.

### **Material acquisitions and disposals of subsidiaries or affiliated companies**

The Group has not made any acquisitions or disposals of subsidiaries during the period.

### **DIVIDEND**

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017.

### **USE OF PROCEEDS**

The Company's H shares were listed and commenced trading on the Stock Exchange on 25 November 2016, with net proceeds of approximately HK\$228.1 million (amounted to approximately RMB203.4 million) after deducting relevant listing expenses. As of 30 June 2017, the Company does not anticipate any change to its plan on the use of proceeds as stated in the Prospectus dated 15 November 2016. As of 30 June 2017, RMB 96.3 million have been utilized and the remaining RMB107.1 million of the remaining net proceeds are deposited in bank accounts.

## EMPLOYEES

As of 30 June 2017, the Company had 297 employees. Adjustments of employees' remuneration will be made according to the Company's results and profitability and are determined by assessing the correlation between the total salary paid to employees and the economic efficiency of the Company. This policy contributes to the management of the Company's remuneration expenses while employees will be motivated to work hard for good results and development of the Company. Save for the remuneration policies disclosed above, the Company does not maintain any share option scheme for its employees. The Company regularly provides administrative personnel with trainings on various subjects, including operation management, foreign languages, computer skills, industry know-how and policies and laws, in different forms, such as seminars, site visits and study tours.

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

As of 30 June 2017, the interests or short positions of the Directors, supervisors of the Company (“Supervisors”) and the chief executive in the shares of the Company (“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 for Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) to be notified to the Company and the Stock Exchange are as follows:

Director/Supervisor	Nature of interest	Number of shares of the Company	Approximate percentage of shareholdings in the relevant class of Shares of the Company <sup>(1)</sup>	Approximate percentage of shareholdings in the total share capital of the Company <sup>(2)</sup>
YE Yujing (葉玉敬) (Note 3)	Beneficial Owner	67,694,000 (Domestic Shares)	42.77%	32.07%
	Interest of spouse	15,504,000 (Domestic Shares)	9.79%	7.35%
YE Xiujin (葉秀近) (Note 4)	Beneficial Owner	15,504,000 (Domestic Shares)	9.79%	7.35%
	Interest of spouse	67,694,000 (Domestic Shares)	42.77%	32.07%
YE Xian (葉縣) (Note 5)	Beneficial Owner	10,336,000 (Domestic Shares)	6.53%	4.90%
YE Guofeng (葉國鋒) (Note 6)	Interest in a controlled corporation	8,075,000 (Domestic Shares)	5.10%	3.83%

Notes:

1. The calculation is based on the percentage of shareholdings in Domestic Shares.
2. The calculation is based on the total number of 211,050,000 Shares in issue after the global offering of H Shares of the Company (“**Global Offering**”).
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. Mr. YE Xian is the Supervisor of the Company.
6. Shenzhen Gong Xiang Li Investment Entity (Limited Partnership) (深圳共享利投資企業(有限合夥)) (“**Shenzhen Gong Xiang Li**”), a limited partnership entity established under the PRC laws of which Mr. YE Weiqing (葉偉青) is its executive partner, is owned as to 66.32% by Mr. YE Guofeng, the Company’s executive director. In light of the above, Mr. YE Weiqing and Mr. YE Guofeng are deemed to be interested in all the Shares held by Shenzhen Gong Xiang Li.

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

As of 30 June 2017, so far as the Directors, Supervisors and the chief executive of the Company are aware of, as indicated on the register of interests and/or short positions required to be maintained pursuant to the provisions of Division 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of SFO, the substantial Shareholders and other persons had the following interests and/or short positions in the Shares or underlying Shares of the Company:

Name of Shareholders	Class of Shares held	Nature of interest	Number of shares of the Company	Approximate percentage of shareholdings in the relevant class of Shares of the Company <sup>(1)</sup>	Approximate percentage of shareholdings in the total share capital of the Company <sup>(2)</sup>
YE Yujing (葉玉敬) (Note 3)	Domestic Shares	Beneficial Owner	67,694,000	42.77%	32.07%
		Interest of spouse	15,504,000	9.79%	7.35%
YE Xiujin (葉秀近) (Note 4)	Domestic Shares	Beneficial Owner	15,504,000	9.79%	7.35%
		Interest of spouse	67,694,000	42.77%	32.07%
South China Sea LP (Note 5)	Domestic Shares	Beneficial Owner	17,000,000	10.74%	8.06%
Shenzhen Co-Win Asset (Note 5)	Domestic Shares	Interest in a controlled corporation	17,000,000	10.74%	8.06%
Shenzhen Co-Win Venture Capital (Note 5)	Domestic Shares	Interest in a controlled corporation	17,000,000	10.74%	8.06%
Shenzhen Co-Win Jinxiu Asset (Note 5)	Domestic Shares	Interest in a controlled corporation	17,000,000	10.74%	8.06%
Zheng Wei He (鄭偉鶴) (Note 5)	Domestic Shares	Interest in a controlled corporation	17,000,000	10.74%	8.06%

Name of Shareholders	Class of Shares held	Nature of interest	Number of shares of the Company	Approximate percentage of shareholdings in the relevant class of Shares of the Company <sup>(1)</sup>	Approximate percentage of shareholdings in the total share capital of the Company <sup>(2)</sup>
Huang Li (黃荔) (Note 5)	Domestic Shares	Interest in a controlled corporation	17,000,000	10.74%	8.06%
Ding Bao Yu (丁寶玉) (Note 5)	Domestic Shares	Interest in a controlled corporation	17,000,000	10.74%	8.06%
YE Xian (葉縣) (Note 6)	Domestic Shares	Beneficial Owner	10,336,000	6.53%	4.90%
YE Bingquan (葉炳權)	Domestic Shares	Beneficial Owner	10,336,000	6.53%	4.90%
Shenzhen Gong Xiang Li (Note 7)	Domestic Shares	Beneficial Owners	8,075,000	5.10%	3.83%
YE Guofeng (葉國鋒) (Note 7)	Domestic Shares	Interest in a controlled corporation	8,075,000	5.10%	3.83%
YE Weiqing (葉偉青) (Note 7)	Domestic Shares	Interest in a controlled corporation	8,075,000	5.10%	3.83%

*Notes:*

1. The calculation is based on the percentage of shareholdings in the Domestic Shares.
2. The calculation is based on the total number of 211,050,000 Shares in issue after the Global Offering.
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. South China Sea LP, a limited partnership entity established under PRC laws on 13 April 2011, is controlled by four general partners who were as of 30 June 2017, (i) 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. Shenzhen Co-Win Asset, a limited liability company established under PRC laws on 27 December 2010 is owned as to 35.6% by Shenzhen Co-Win Venture Capital, 15.9% by Zheng Wei He, 15.9% by Huang Li, 10.5% by Shenzhen Co-Win Victory LP, 7.1% 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, 4.5% by Ding Bao Yu, 2.6% by Ma Weiguo (馬衛國), 1.2% by Tang Zhongcheng (唐忠誠), with the remaining 6.7% 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.
6. Mr. YE Xian is the Supervisor of the Company.
7. Shenzhen Gong Xiang Li, a limited partnership entity established under the PRC laws of which Mr. YE Weiqing is its executive partner, is owned as to 66.32% by Mr. YE Guofeng, our Executive Director. In light of the above, Mr. YE Weiqing and YE Guofeng are deemed to be interested in all the shares held by Shenzhen Gong Xiang Li.

## **CHANGES IN DIRECTORS' AND SUPERVISOR'S INFORMATION**

Change in information on Directors since the date of the of the Annual Report 2016 of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

Mr. LI Bingren resigned as an independent non-executive Director, the chairman of the remuneration committee, a member of the audit committee, a member of the nomination committee and a member of the strategy committee, with effect from the conclusion of the Annual General Meeting (the "AGM") dated 31 May 2017.

Mr. FUNG Yat Sang resigned as an independent non-executive Director, the chairman of the audit committee and a member of the remuneration committee, with effect from the conclusion of the AGM dated 31 May 2017.

Mr. LUO Jianming resigned as a Supervisor, with effect from the conclusion of the AGM dated 31 May 2017.

Mr. WANG Zhao Wen was appointed and approved by the shareholders at the AGM as an independent non-executive Director, the chairman of the remuneration committee, a member of the audit committee, a member of the nomination committee and a member of the strategy committee, with effect from the conclusion of the AGM dated 31 May 2017.

Mr. TANG Wai Man Raymond was appointed and approved by the shareholders at the AGM as an independent non-executive Director, the chairman of the audit committee and a member of the remuneration committee, with effect from the conclusion of the AGM dated 31 May 2017.

Mr. ZU Li was appointed and approved by the shareholders at the AGM as a Supervisor, with effect from the conclusion of the AGM dated 31 May 2017.

Save as the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **DIRECTORS' AND SUPERVISORS' RIGHT TO ACQUIRE SHARES OR DEBT SECURITIES**

At no time during the period was the Company or its subsidiaries a party to any arrangement (including share option scheme) to enable the Directors or Supervisors or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2017.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding Directors' and Supervisors' securities transactions. Upon specific enquiries, all Directors and Supervisors confirmed that they have complied with the relevant provisions of the Model Code throughout the Period. Senior management 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 Period.



## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has always committed to fulfilling its responsibilities to its shareholders by ensuring that appropriate processes for supervision and management of the Group's businesses are duly operated and reviewed and that good corporate governance practices and procedures are established throughout the six months ended 30 June 2017.

The Company has adopted the code provisions set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “**CG Code**”).

During the six months ended 30 June 2017, the Company was in compliance with all code provisions set out in the CG Code except for the deviation of code provision A.2.1 relevant of the CG Code that the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Ye Yujing currently performs these two roles. The Board believes that vesting the roles of both chairman and general manager in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider segregating the roles of chairman of the Board and general manager of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

## **AUDIT COMMITTEE**

The Company established the Audit Committee on 21 August 2015 with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and supervise the financial control and reporting systems of the Group. The Audit Committee comprises three independent non-executive Directors, Mr. Tang Wai Man Raymond (as chairman), Mr. Wang Zhaowen and Mr. Lin Zhiyang. The Audit Committee has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 June 2017 and has no disagreement with the accounting statement adopted by the Company.

**PUBLICATION OF THE CONSOLIDATED INTERIM RESULTS AND 2017 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.aidewei.cn) and the 2017 Interim Report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board of Directors  
**Guangdong Adway Construction (Group) Holdings Company Limited\***  
**Mr. Ye Yujing**  
*Chairman, Executive Director and Chief Executive Officer*

Shenzhen, the PRC, 25 August 2017

*As of the date of this announcement, the Board of the Company comprises Mr. Ye Yujing, Mr. Liu Yilun, Ms. Ye Xiujin, Mr. Ye Guofeng, and Mr. Ye Niangting, as Executive Directors; Mr. Tian Wen as a Non-executive Director; and Mr. Wang Zhaowen, Mr. Tang Wai Man Raymond, and Mr. Lin Zhiyang, as Independent Non-executive Directors.*

\* *For identification purpose only*