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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)

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;**
- (4) THE PROPOSED PLACING OF NEW H SHARES UNDER THE H SHARES SPECIFIC MANDATE; AND**
- (5) PROPOSED AMENDMENT TO THE ARTICLES;**

AND

CONTINUED SUSPENSION OF TRADING

DEBT RESTRUCTURING

The Company has been having financial distress and is currently unable to repay certain of its liabilities. As at 31 May 2023, the estimated total debts and liabilities of the Company under the Debt Restructuring amounted to approximately RMB668,533,000 (equivalent to approximately HK\$728,700,970).

Under the circumstances, the Company proposed to implement the Debt Restructuring, pursuant to which the Company targets to reach consensus with the Creditors on a haircut on the amount of the Debts from approximately RMB668,533,000 to approximately RMB185,705,000 (equivalent to approximately HK\$202,418,450). The Target Reduced Debts will be settled by way of the realization of certain assets of the Company (such as an office property, a foreign investment, certain account receivables and cash) in the estimated aggregate amount of approximately RMB135,705,000

(equivalent to approximately HK\$147,918,450) and the aggregate cash proceeds of approximately HK\$54,536,150 (equivalent to approximately RMB50,000,000), which are to be funded by the Domestic Shares Subscriptions and the H Shares Placing.

The Debt Restructuring will be subject to the, among others, acceptance and/or approval of the Creditors, the Shenzhen Court and relevant regulators where applicable. Upon completion of the Debt Restructuring, the Debts due to the Creditors against the Company and related liabilities of the Company will be compromised, discharged, waived and/or settled in full.

PROPOSED CAPITAL REDUCTION

As part of the Restructuring Transactions, the Board proposes to implement the Capital Reduction, pursuant to which the registered capital of the Company will be reduced by a reduction of the nominal value of each Existing Domestic Share and each Existing H Share from RMB1.00 to RMB0.10. Such capital reduction will comprise a cancellation of the registered capital of the Company to the extent of RMB0.90 per Existing Domestic Share and Existing H Share, respectively, so that each New Domestic Share and each New H Share shall be of nominal value of RMB0.10 in the share capital of the Company immediately following completion of the Capital Reduction.

THE DOMESTIC SHARES SUBSCRIPTIONS

On 22 September 2023 (after trading hours), the Company and each of the Domestic Shares Subscribers entered into the Domestic Shares Subscription Agreements, respectively, pursuant to which the Domestic Shares Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 218,000,000 New Domestic Shares at the Domestic Shares Subscriptions Price of HK\$0.185 per New Domestic Share.

THE H SHARES PLACING

On 22 September 2023 (after trading hours), the Company entered into the H Shares Placing Agreement with the H Shares Placing Agent, pursuant to which the H Shares Placing Agent has conditionally agreed to procure placees, on a best effort basis, to subscribe for up to 76,790,000 New H Shares at the H Shares Placing Price of HK\$0.185 per Placing H Share.

PROPOSED AMENDMENT TO ARTICLES

The Company also proposes to amend the Articles to reflect and update the relevant description on the nominal value of the Shares and the shareholding structures of the Company after completion of the Capital Reduction, the Domestic Shares Subscriptions and the H Shares Placing in the Articles.

LISTING RULES IMPLICATION

The Domestic Shares Subscriptions are subject to, among others, Shareholders' approval. The Company will allot and issue the Subscription Domestic Shares under the

Domestic Shares Specific Mandate to be granted by the Shareholders at the EGM and the Class Meetings, respectively.

The H Shares Placing is subject to, among others, Shareholders' approval. The Company will allot and issue the Placing H Shares under the H Shares Specific Mandate to be granted by the Shareholders at the EGM and the Class Meetings, respectively.

Any Shareholder who is interested in the Domestic Shares Subscriptions and the H Shares Placing shall abstain from voting on the relevant resolution(s) at the EGM and the Class Meetings. To the best knowledge, information and belief of the Directors, as at the date of this announcement, none of the Shareholders has to abstain from voting on any resolution(s) to be proposed at the EGM and the Class Meetings.

GENERAL

The EGM will be convened and held for the purpose of considering and, if thought fit, approving, among others, (i) the Capital Reduction; (ii) the Domestic Shares Subscriptions (including the grant of the Domestic Shares Specific Mandate); (iii) the H Shares Placing (including the grant of the H Shares Specific Mandate); and (iv) the amendment to the Articles.

The Class Meetings will be convened and held for the purpose of considering and, if thought fit, approving, among others, (i) the Domestic Shares Subscriptions (including the grant of the Domestic Shares Specific Mandate); (ii) the H Shares Placing (including the grant of the H Shares Specific Mandate); and (iii) the amendment to the Articles.

The Circular containing, among others, further details of (i) the Capital Reduction; (ii) the Domestic Shares Subscriptions; (iii) the H Shares Placing; (iv) the amendment to the Articles; and (v) the notices for convening the EGM and the Class Meetings is expected to be despatched to the Shareholders on or before 30 November 2023 so as to allow sufficient time for preparation of the relevant information for inclusion in the Circular.

Completion of each of the Restructuring Transactions is subject to the fulfilment of various conditions. Accordingly, the Restructuring Transactions may or may not proceed and/or materialise. Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares.

CONTINUED SUSPENSION OF TRADING

Trading in Shares on the Stock Exchange has been suspended with effect from 9: 00 a.m. on 1 April 2022 and will remain suspended until further notice pending fulfillment of the Resumption Guidance.

References are made to the Company's announcements dated (i) 30 March 2022 in relation to suspension of trading in the shares of the Company on the Stock Exchange; (ii) 11 July 2022 in relation to the Resumption Guidance issued by the Stock Exchange; (iii) 31 March 2023 in relation to the additional Resumption Guidance issued by the Stock Exchange; and (iv) 30 June 2022, 29 September 2022, 29 December 2022, 27 March 2023 and 29 June

2023 in relation to the quarterly updates on the resumption progress.

1. DEBT RESTRUCTURING

The Company has been having financial distress and is currently unable to repay certain of its liabilities. As at 31 May 2023, the Debts of the Company under the Debt Restructuring amounted to approximately RMB668,533,000 (equivalent to approximately HK\$728,700,970).

Under the circumstances, the Company proposed to implement the Debt Restructuring, pursuant to which the Company targets to reach consensus with the Creditors on a haircut on the amount of the Debts from approximately RMB668,533,000 to approximately RMB185,705,000 (equivalent to approximately HK\$202,418,450). The Target Reduced Debts will be settled by way of the realization of certain assets of the Company (such as an office property, a foreign investment, certain account receivables and cash) in the estimated aggregate amount of approximately RMB135,705,000 (equivalent to approximately HK\$147,918,450) and the aggregate cash proceeds of approximately HK\$54,536,150 (equivalent to approximately RMB50,000,000) which are to be funded by the Domestic Shares Subscriptions and the H Shares Placing.

The Debt Restructuring will be subject to the, among others, acceptance and/or approval of the Creditors, the Shenzhen Court and relevant regulators where applicable. Upon completion of the Debt Restructuring, the Debts due to the Creditors against the Company and related liabilities of the Company will be compromised, discharged, waived and/or settled in full.

2. CAPITAL REDUCTION

As part of the Restructuring Transactions, the Board proposes to implement the Capital Reduction, pursuant to which the registered capital of the Company will be reduced by a reduction of the nominal value of each Existing Domestic Share and each Existing H Share from RMB1.00 to RMB0.10. Such capital reduction will comprise a cancellation of the registered capital of the Company to the extent of RMB0.90 per Existing Domestic Share and Existing H Share, respectively, so that each New Domestic Share and each New H Share shall be of nominal value of RMB0.10 in the share capital of the Company immediately following completion of the Capital Reduction.

The credit arising from the Capital Reduction will be credited to the contributed surplus account of the Company for use by the Directors in any manner permitted by the laws of the PRC and the Articles.

Effects of the Capital Reduction

Other than the relevant expenses to be incurred, the implementation of the Capital Reduction will not, by itself, alter the underlying assets, liabilities, businesses, operations, management or financial position of the Company and the Group or the rights of the Shareholders.

As at the date of this announcement, the registered share capital of the Company is

comprised of (i) 178,167,645 Existing Domestic Shares of nominal value of RMB1.00 each; and (ii) 62,763,000 Existing H Shares of nominal value of RMB1.00 each, all of which are in issue. Assuming there will be no change in the issued share capital of the Company from the date of this announcement until the effective date of the Capital Reduction, the registered share capital of the Company immediately upon the Capital reduction becoming effective will comprise of (i) 178,167,645 New Domestic Shares of nominal value of RMB0.10 each; and (ii) 62,763,000 New H Shares of nominal value of RMB0.10 each, all of which are in issue.

Conditions for Capital Reduction

The Capital Reduction is conditional upon the followings:

- (a) the passing of the special resolution by the Shareholders at the EGM approving the Capital Reduction;
- (b) the Creditors having approved the Debt Restructuring at the relevant Creditors meeting(s); and
- (c) all necessary pre-requisite legal and regulatory authorizations, permissions, approvals, consents, filings, notifications, confirmations, publications and registrations (including without limitation the registration with relevant PRC authority(ies)) to effect the Capital Reduction having been obtained or fulfilled.

Subject to the above conditions, the Capital Reduction is expected to become effective upon completion of the related registration with the relevant Administration for Market Regulation in the PRC for the changes.

As at the date of this announcement, none of the above conditions has been fulfilled.

Reasons for the Capital Reduction

The Company is prohibited from issuing new Shares at below their nominal value under the relevant laws of the PRC. In view of the prevailing trading price of the Existing H Shares, including that the Existing H Shares have been traded below their nominal value for almost a year prior to the Last Trading Day, the Board proposes to implement the Capital Reduction. The Capital Reduction will have the effect of reducing the nominal value of the Existing Shares which will (i) facilitate the Debt Restructuring by providing the Company the ability to execute the Domestic Shares Subscriptions and the H Shares Placing in accordance with the relevant PRC laws at the Domestic Shares Subscriptions Price and the H Shares Placing Price of HK\$0.185 per New Domestic Share and New H Share, respectively (which is above the nominal value of the New Domestic Share and the New H Share upon the Capital Reduction becoming effective); and (ii) provide the Company greater flexibility in pricing other future capital raising exercise, if any. The Capital Reduction shall be completed prior to, and for the purpose of effectuating, the Debt Restructuring, the Domestic Shares Subscriptions and the H Shares Placing.

The Board believes that the Capital Reduction will not have any material adverse effect on the financial position of the Group. Accordingly, the Board considers that the proposed

Capital Reduction in respect of the nominal value of each Existing Domestic Share and each Existing H Share is the most feasible method in the interests of the Company and the Shareholders as a whole to address the Company's compliance with the relevant laws and fundraising needs.

As at the date of this announcement, save for the Capital Reduction, the Company does not have any other plan and has not entered into any negotiation, agreement, arrangement or undertaking to conduct any other corporate action or arrangement that may affect the trading of the Company's shares in the next 12 months from the date of this announcement.

3. THE DOMESTIC SHARES SUBSCRIPTIONS

On 22 September 2023 (after trading hours), the Company entered into the Domestic Shares Subscription Agreements with each of the Domestic Shares Subscribers, respectively, pursuant to which the Company agreed to allot and issue a total of 218,000,000 New Domestic Shares to the Domestic Shares Subscribers at HK\$0.185 per Subscription Domestic Share.

The principal terms of each of the Domestic Shares Subscription Agreements are the same except for the number of the Subscription Domestic Shares involved, whereby 133,000,000 Subscription Domestic Shares will be subscribed for by Domestic Shares Subscriber A and 85,000,000 Subscription Domestic Shares will be subscribed for by Domestic Shares Subscriber B.

A summary of the principal terms of the Domestic Shares Subscription Agreements is set out below.

Date of the Domestic Shares Subscription Agreements	: 22 September 2023 (after trading hours)
Parties	: (i) the Company (as issuer); and (ii) each of the Domestic Shares Subscribers (as subscriber)
Domestic Share Subscription Price	: HK\$0.185 per Subscription Domestic Share
Total amount of the Domestic Shares Subscriptions	: HK\$40,330,000 (HK\$24,605,000 payable by Domestic Shares Subscriber A; and HK\$15,725,000 payable by Domestic Shares Subscriber B)
Total number of New Domestic Shares to be issued under the Domestic Shares Subscriptions	: 218,000,000 New Domestic Shares (with 133,000,000 New Domestic Shares to be subscribed by Domestic Shares Subscriber A; and 85,000,000 New Domestic Shares to be subscribed by Domestic Shares Subscriber B)

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, (i) each of the Domestic Shares Subscribers and their respective ultimate beneficial owners is an Independent Third Party; and (ii) the Domestic Shares Subscribers are independent of and not otherwise connected with each other.

The Subscription Domestic Shares

The Subscription Domestic Shares represent:

- (i) approximately 122.36% and 90.48% respectively of the total number of issued New Domestic Shares and the total number of issued share capital of the Company (comprising the New H Shares and the New Domestic Shares) as at the date of this announcement; and
- (ii) approximately 55.03% and 40.69% respectively of the total number of issued New Domestic Shares and the total number of issued share capital of the Company (comprising the New H Shares and the New Domestic Shares) as enlarged by the allotment and issue of the Subscription Domestic Shares and the Placing H Shares (assuming there is no change in the issued share capital of the Company other than the allotment and issue of the Subscription Domestic Shares and the Placing H Shares in full).

The Domestic Shares Subscriptions Price

The Domestic Shares Subscriptions Price of HK\$0.185 per Subscription Domestic Share represents;

- (i) a discount of approximately 53.16% to the closing price of HK\$0.395 per Existing H Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 54.32% to the average of the closing price per Existing H Share of approximately HK\$0.405 for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- (iii) a discount of approximately 58.00% to the average of the closing price per Existing H Share of approximately HK\$0.4405 for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day.

The Domestic Shares Subscriptions Price was determined after arm's length negotiation between the Company and the Domestic Shares Subscribers with reference to, among others, (i) the financial position of the Company; (ii) the prevailing market prices of the Shares prior to the suspension of trading; (iii) the recent market conditions; and (iv) the substantial funding to be provided by the Domestic Shares Subscribers for the Company to proceed with the Debt Restructuring. Given that the Company is currently undergoing the Debt Restructuring and the financial performance of the Group was far from satisfactory in recent years, the Directors are of the view that a discounted issue price is inevitable in this large-scale fundraising and corporate rescue exercise. In light of the above factors, the Directors consider that the Domestic Shares Subscriptions Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions of the Domestic Shares Subscriptions

Completion of the Domestic Share Subscription is conditional upon the fulfillment of the following conditions:

- (a) the passing of a special resolution by the Shareholders at the EGM and the Class Meetings for the Domestic Shares Subscription, the issue of the Subscription Domestic Shares under the Domestic Shares Specific Mandate;
- (b) the CSRC having approved the issuance of the Subscription Domestic Shares, and such approval remains valid upon completion of the Domestic Shares Subscriptions;
- (c) the obtaining of all necessary consents and approvals from other relevant regulatory authorities;
- (d) the Capital Reduction having been completed and become effective;
- (e) the resumption of trading of the Shares on the Stock Exchange (or the obtaining of an indication from the Stock Exchange that subject to the completion of the Restructuring Transactions and fulfilment of the Resumption Guidance given by the Stock Exchange, the trading of the Shares will be resumed);
- (f) the Shenzhen Court having approved the Debt Restructuring or the Creditors having approved the Debt Restructuring at the relevant Creditors meeting(s);
- (g) the H Shares Placing having become unconditional (save for the condition that the Domestic Shares Subscription Agreements having become unconditional) and not having been terminated in accordance with its terms;
- (h) each of the Domestic Shares Subscription Agreements having become unconditional (save for the condition for the other of the Domestic Shares Subscription Agreement to become unconditional); and
- (i) the execution of the Loan Agreement, and the Loan Agreement having become unconditional in all aspects and not having been terminated in accordance with its terms.

None of the conditions above could be waived. If the above conditions could not be fulfilled by 30 September 2024 (or such later date as the Company and the Domestic Shares Subscribers may agree in writing), the Domestic Shares Subscription Agreements shall lapse.

As at the date of this announcement, none of the above conditions has been fulfilled.

Domestic Shares Specific Mandate

The Domestic Shares Subscriptions are subject to, among others, Shareholders' approval. If approved, the Company will allot and issue the Subscription Domestic Shares under the Domestic Shares Specific Mandate to be granted by the Shareholders at the EGM and the

Class Meetings.

Ranking of the Subscription Domestic Shares

The Subscription Domestic Shares, when allotted and issued, will rank pari passu in all respects among themselves, and with the New Domestic Shares in issue on the date of allotment and issue of the Subscription Domestic Shares.

Completion

The Domestic Shares Subscriptions shall complete on the Domestic Shares Subscriptions Completion Date.

For the avoidance of doubt, (i) the Domestic Shares Subscription Agreements are inter-conditional with each other; and (ii) completion of the Domestic Shares Subscription Agreements and completion of the H Shares Placing are inter-conditional with each other.

Application for listing

No application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Domestic Shares as the Subscription Domestic Shares will not be listed or traded on the Stock Exchange.

4. THE H SHARES PLACING

On 22 September 2023 (after trading hours), the Company entered into the H Shares Placing Agreement with the H Shares Placing Agent, pursuant to which the H Shares Placing Agent has conditionally agreed to procure placees, on a best effort basis, to subscribe for up to 76,790,000 New H Shares at the H Shares Placing Price of HK\$0.185 per Placing H Share.

A summary of the principal terms of the H Shares Placing Agreement is set out below.

Date of the H Shares Placing Agreement	: 22 September 2023 (after trading hours)
Parties	: (i) the Company (as issuer); and (ii) the H Shares Placing Agent (as placing agent).
H Shares Placing Price	: HK\$0.185 per Placing H Share
Maximum amount of the H Shares Placing	: HK\$14,206,150
Number of H Shares to be issued under the H Shares Placing	: Up to 76,790,000 New H Shares

To the best knowledge, information and belief of the Directors having made all reasonable

enquiries, the H Shares Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

The Placing H Shares

The Placing H Shares represent:

- (i) approximately 122.35% and 31.87% respectively of the total number of issued New H Shares and the total number of issued share capital of the Company (comprising the New H Shares and the New Domestic Shares) as at the date of this announcement; and
- (ii) approximately 55.03% and 14.33% respectively of the total number of issued New H Shares and the total number of issued share capital of the Company (comprising the New H Shares and the New Domestic Shares) as enlarged by the allotment and issue of the Subscription Domestic Shares and the Placing H Shares (assuming there is no change in the issued share capital of the Company other than the allotment and issue of the Subscription Domestic Shares and the Placing H Shares in full).

H Shares Placing Price

The H Shares Placing Price of HK\$0.185 per Placing H Share represents:

- (i) a discount of approximately 53.16% to the closing price of HK\$0.395 per Existing H Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 54.32% to the average of the closing price per Existing H Share of approximately HK\$0.405 for the last five trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- (iii) a discount of approximately 58.00% to the average of the closing price per Existing H Share of approximately HK\$0.4405 for the last ten trading days as quoted on the Stock Exchange up to and including the Last Trading Day.

The H Shares Placing Price was determined after arm's length negotiation between the Company and the H Shares Placing Agent with reference to, among others, (i) the prevailing market price of the Shares prior to the suspension of trading; (ii) the recent market conditions and (iii) the Domestic Shares Subscriptions Price. The net Placing Price, after deducting placing commission and other fees and expenses, is expected to be approximately HK\$0.180 per Placing H Share.

Placing commission

Subject to completion of the H Shares Placing, the Company shall pay to the H Shares Placing Agent a placing commission of 2.5% of the amount which is equal to the H Shares Placing Price (per Placing H Share) multiplied by the number of the Placing H Shares actually placed by the H Shares Placing Agent.

Placees

The Placing H Shares will be placed to placees who (and, where relevant, their respective ultimate beneficial owner(s)), as undertaken by the H Shares Placing Agent to the best of its knowledge after making reasonable enquiries before completion of the H Shares Placing, (i) will be Independent Third Parties and independent of each other; and (ii) will not become a substantial shareholder of the Company upon completion of the H Shares Placing. Upon completion of the H Shares Placing, the number of the New H Shares held by members of the public (within the meaning of the Listing Rules) shall constitute at least 25% of the total issued share capital of the Company (comprising the New Domestic Shares and the New H Shares) in compliance with the requirement of public float under the Listing Rules. In any event, no Placing H Shares shall be placed except to such number of placees and in such number of Placing H Shares and in such circumstances that the Company will not be required under the applicable securities laws and regulations to issue a prospectus or other offer document in respect thereof, and will not result in breach by the Company or its directors of any applicable securities laws and regulations.

Conditions precedent to the H Shares Placing

Completion of the H Shares Placing is conditional upon the fulfillment of the following conditions:

- (a) the Capital Reduction having become effective;
- (b) the passing of a special resolution by the Shareholders at the EGM and the Class Meetings respectively approving the H Shares Placing Agreement, the transactions contemplated thereunder and the grant of H Shares Specific Mandate to allot and issue the Placing H Shares;
- (c) the resumption of trading of the Shares on the Stock Exchange (or the obtaining of an indication from the Stock Exchange that subject to the completion of the Restructuring Transactions and fulfilment of the Resumption Guidance given by the Stock Exchange, the trading of the Shares will be resumed);
- (d) the Stock Exchange having granted or agreeing to grant the listing of, and permission to deal in, the Placing H Shares;
- (e) the Shenzhen Court having approved the Debt Restructuring or the Creditors having approved the Debt Restructuring at the relevant Creditors meeting(s);
- (f) all necessary pre-requisite regulatory authorizations, permissions, approvals, consents, filings, notifications, confirmations and registrations in respect of the H Shares Placing having been obtained or satisfied;
- (g) the Domestic Shares Subscription Agreements having become unconditional (save for the condition that the H Shares Placing Agreement having become unconditional) and not having been terminated in accordance with its terms; and
- (h) the H Shares Placing Agreement not having been terminated in accordance with its

terms.

None of the conditions above could be waived.

The H Shares Placing Agreement shall automatically terminate if the conditions above are not fulfilled by 30 September 2024 (or such later date as the H Shares Placing Agent and the Company may agree in writing) and all rights, obligations and liabilities of the parties to the H Shares Placing Agreement shall cease and terminate and none of the parties shall have any claim against the other in respect of the H Shares Placing save for any antecedent breach of the H Shares Placing Agreement prior to such termination.

As at the date of this announcement, none of the above conditions has been fulfilled.

Completion

The H Shares Placing shall complete on the H Shares Placing Completion Date.

For the avoidance of doubt, completion of the H Shares Placing and completion of the Domestic Shares Subscription Agreements are inter-conditional with each other.

Termination of the H Shares Placing Agreement

Without prejudice to the foregoing, the H Shares Placing Agent may terminate the H Shares Placing Agreement by notice in writing given to the Company at any time prior to the H Shares Placing Completion Date if any of the following develops, occurs or comes into force:

- (i) there shall have come to the notice of the H Shares Placing Agent any material breach of, or any event rendering untrue or incorrect in any material respect, any of the representations and warranties of the Company contained in the H Shares Placing Agreement or any failure to perform any of the Company's undertakings in the H Shares Placing Agreement in any material respect;
- (ii) any new law, rule or regulation or any change in existing laws (including common law), rules or regulations (or the juridical interpretation thereof) or other occurrence of any nature whatsoever which, in the reasonable opinion of the H Shares Placing Agent, is or may be materially adverse to the business or financial position of the Company or any other member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable in a material respect to proceed with the H Shares Placing;
or
- (iii) any event or circumstance (whether or not forming part of a series of events or circumstances occurring or continuing before, on and/or after the date of the H Shares Placing Agreement) or material change or deterioration in local, national, international, political, military, financial, economic, market or trading conditions or any other conditions (whether or not of the same kind with any of the foregoing) in any part of the world in which the Company or any other member of the Group carries on business which, in the reasonable opinion of the H Shares Placing Agent, is or may be materially adverse to the business or financial position of the Company or any other

member of the Group taken as a whole or otherwise makes it inexpedient or inadvisable in a material respect to proceed with the H Shares Placing.

If notice is given pursuant to the termination clause of the H Shares Placing Agreement, the H Shares Placing Agreement shall terminate and be of no further effect and all obligations of the parties to the H Shares Placing Agreement shall cease and terminate and none of the parties shall have any claim against the other save for any antecedent breach of any obligation under the H Shares Placing Agreement prior to such termination.

H Shares Specific Mandate

The H Shares Placing is subject to, among others, the Shareholders' approval and the grant of the H Shares Specific Mandate by the Shareholders. If approved, the Company will allot and issue the Placing H Shares under the H Shares Specific Mandate to be granted by the Shareholders at the EGM and the Class Meetings.

Ranking of the Placing H Shares

The Placing H Shares, when allotted and issued, will rank *pari passu* in all respects among themselves, and with the New H Shares in issue on the date of allotment and issue of the Placing H Shares.

Application for Listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Placing H Shares (to the extent they have been placed by the H Shares Placing Agent).

EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fundraising activities in the past twelve (12) months immediately preceding the date of this announcement.

REASONS FOR THE RESTRUCTURING TRANSACTIONS

Trading in the Shares on the Stock Exchange has been suspended since 1 April 2022. On 8 July 2022 and 29 March 2023, respectively, the Stock Exchange issued letters to the Company setting out the following Resumption Guidance, failing which the Company would be delisted from the Stock Exchange:

- (i) address the issues giving rise to the disclaimer of opinion (including but not limited to material uncertainties on going concern) expressed by the Company's auditor on the Company's financial statements for the year ended 31 December 2021, provide comfort that such disclaimer of opinion would no longer be required and disclose sufficient information to enable investors to make an informed assessment of its financial positions as required under Rule 13.50A of the Listing Rules;
- (ii) publish all outstanding financial results and address any audit modifications; and
- (iii) inform the market of all material information for the Company's shareholders and

investors to appraise the Company's position.

The Company has been having financial distress and is currently unable to repay certain of its liabilities. As at 31 May 2023, the Debts of the Company under the Debt Restructuring amounted to approximately RMB668,533,000. In order to address the going concern issue, the Company proposed to implement the Debt Restructuring to reduce the Debts. Upon completion of the Restructuring Transactions, the indebtedness of the Company will be significantly reduced, and hence the financial position of the Company will be significantly improved, and also the going concern issue will be resolved.

Since the suspension of trading of the Shares on 1 April 2022, the Directors have spent strenuous effort in fulfilling the Resumption Guidance given by the Stock Exchange. The Company has been maintaining discussions with potential investors for carrying out a possible corporate rescue. After various discussions, the Domestic Shares Subscribers were identified as willing investors to provide funding to facilitate the Debt Restructuring. The provision of restructuring funding (which includes the proceeds from the Domestic Shares Subscriptions) is a comprehensive package to rescue the Company as well as to secure their interest in the Company upon completion of the restructuring. Although the issuance of the Subscription Domestic Shares and the Placing H Shares would have a dilution effect on the shareholding of the existing Shareholders, the Domestic Shares Subscriptions and the H Shares Placing are considered to be beneficial to the Shareholders and the Company as a whole, because without the provision of the funding from the Domestic Shares Subscriptions and the H Shares Placing, the Company would not be able to formulate the Debt Restructuring and implement the Restructuring Transactions, and hence the resumption in trading of the Shares would not be achievable. As such, it is considered that the Domestic Shares Subscriptions and the H Shares Placing are essential parts of the corporate rescue and restructuring plan of the Group.

In view of the above, the Directors consider that the terms of the Domestic Shares Subscription Agreements and the H Shares Placing are fair and reasonable and the Domestic Shares Subscriptions and the H Shares Placing are in the interest of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The gross proceeds from (i) the Domestic Shares Subscriptions amounted to HK\$40,330,000; and (ii) the H Shares Placing amounted to HK\$14,206,150. The Company intends to utilize all the proceeds from the Domestic Shares Subscriptions and the H Shares Placing towards the Debt Restructuring for settling the Target Reduced Debts.

INFORMATION OF THE COMPANY, THE GROUP AND THE DOMESTIC SHARES SUBSCRIBERS

The Company and the Group

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

The Domestic Shares Subscribers

Domestic Shares Subscriber A is a company incorporated in the PRC with limited liability, and, as at the date of this announcement, is beneficially owned as to 99% by 佛山市壹眾商業管理有限公司 (Foshan Yizhong Commercial Management Company Limited*) and 1% by 許光太 (Xu Guangtai*). As at the date of this announcement, Foshan Yizhong Commercial Management Company Limited* is ultimately beneficially owned as to 50% by 謝德銘 (Xie Deming*), 15% by 楊銘 (Yang Ming*), 15% by 潘江輝 (Pan Jianghui*), 15% by 許木生 (Xu Musheng*) and 5% by Xu Guangtai*, respectively. Domestic Shares Subscriber A is principally engaged in the provision of procurement and supply of construction and decorative materials as well as supply chain management services.

Domestic Shares Subscriber B is a company incorporated in the PRC with limited liability, and, as at the date of this announcement, is wholly beneficially owned by 李奕豪 (Li Yihao*). Domestic Shares Subscriber B is principally engaged in the operation of a decorative materials supply chain platform.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Domestic Shares Subscribers are independent of and not otherwise connected with each other.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the issue of the Subscription Domestic Shares and the Placing H Shares in full (and upon completion of the Capital Reduction):

	As at the date of this announcement		Immediately after completion of the issue of the Subscription Domestic Shares and the Placing H Shares in full (and upon completion of the Capital Reduction)	
	Existing Shares	%	New Shares	%
Domestic Shares				
YE Yujing	83,198,000 (Note 1)	34.53	83,198,000	15.53
YE Guofeng	6,075,000 (Note 2)	2.52	6,075,000	1.13
YE Jiajun	1,000,000	0.42	1,000,000	0.19
Domestic Shares Subscriber A	-	-	133,000,000	24.83
Domestic Shares Subscriber B	-	-	85,000,000	15.87
Other Domestic Shares holders	87,894,645	36.48	87,894,645	16.41
Total number of Domestic Shares	178,167,645	73.95	396,167,645	73.95
H Shares				
Places under the H Shares Placing	-	-	76,790,000	14.33
Other public H Shares holders	62,763,000	26.05	62,763,000	11.72
Total number of H Shares	62,763,000	26.05	139,553,000	26.05
Total number of Shares	240,930,645	100.00	535,720,645	100.00

Notes:

1. Mr. Ye Yujing is the husband of Ms. Ye Xiujin, who is beneficially interested in 15,504,000 Domestic Shares. Under the Securities and Futures Ordinance, Mr. Ye Yujing is deemed to be interested in the same number of shares in which Ms. Ye Xiujin is interested.
2. Shenzhen Gong Xiang Li Investment Entity (Limited Partnership) (深圳市共享利投資企業 (有限合夥)), 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, Mr. Ye Guofeng is deemed to be interested in all the shares held by Shenzhen Gong Xiang Li Investment Entity (Limited Partnership).

PUBLIC FLOAT

Upon completion of the Domestic Shares Subscriptions and the H Shares Placing (assuming the Placing H Shares are allotted and issued in full), the public float of the Company will be approximately 26.05%, which remains above the minimum percentage of public Shareholders of 25% as prescribed by Rule 8.08 of the Listing Rules.

PROPOSED AMENDMENT TO THE ARTICLES

The Company also proposes to amend the Articles to reflect and update the relevant description on the nominal value of the Shares and the shareholding structures of the Company after completion of the Capital Reduction, the Domestic Shares Subscriptions and the H Shares Placing in the Articles.

The proposed amendment to the Articles shall be conditional upon the Shareholders' approval by way of a special resolution at the EGM and the Class Meetings as well as the approval by and the registration filings to the relevant regulatory authorities in the PRC.

LISTING RULES IMPLICATION

The Domestic Shares Subscriptions are subject to, among others, the Shareholders' approval. The Company will allot and issue the Subscription Domestic Shares under the Domestic Shares Specific Mandate to be granted by the Shareholders at the EGM and the Class Meetings respectively.

The H Shares Placing is subject to, among others, the Shareholders' approval. The Company will allot and issue the Placing H Shares under the H Shares Specific Mandate to be granted by the Shareholders at the EGM and the Class Meetings respectively.

Any Shareholder who is interested in the Domestic Shares Subscriptions and the H Shares Placing shall abstain from voting on the relevant resolution(s) at the EGM and the Class Meetings. To the best knowledge, information and belief of the Directors, as at the date of this announcement, none of the Shareholders has to abstain from voting on any resolution(s) to be proposed at the EGM and the Class Meetings.

GENERAL

The EGM will be convened and held for the purpose of considering and, if thought fit, approving, among others, (i) the Capital Reduction; (ii) the Domestic Shares Subscriptions (including the grant of the Domestic Share Specific Mandate); (iii) the H Shares Placing (including the grant of the H Shares Specific Mandate); and (iv) the amendment to the Articles.

The Class Meetings will be convened and held for the purpose of considering and, if thought fit, approving, among others, (i) the Domestic Shares Subscriptions (including the grant of the Domestic Shares Specific Mandate); (ii) the H Shares Placing (including the grant of the H Shares Specific Mandate); and (iii) the amendment to the Articles.

The Circular containing, among others, further details of (i) the Capital Reduction; (ii) the Domestic Shares Subscriptions; (iii) the H Shares Placing; (iv) the amendment to the Articles; and (v) the notices for convening the EGM and the Class Meetings is expected to be despatched to the Shareholders on or before 30 November 2023 so as to allow sufficient time for preparation of the relevant information for inclusion in the Circular.

Completion of each of the Restructuring Transactions is subject to the fulfilment of various conditions. Accordingly, the Restructuring Transactions may or may not proceed and/or materialise. Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares.

CONTINUED SUSPENSION OF TRADING

Trading in shares of the Company on the Stock Exchange has been suspended with effect from 9: 00 a.m. on 1 April 2022 and will remain suspended until further notice pending fulfilment of the Resumption Guidance.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings:

“Articles”	the articles of association of the Company as amended, modified or otherwise supplemental from time to time
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) when banks in Hong Kong are open for business
“Capital Reduction”	the proposed reduction of the registered capital of the Company by reducing the nominal value of each Existing Domestic Share and each Existing H Share from RMB1.00 to RMB0.10 by way of cancellation of the registered capital of the Company to the extent of RMB0.90 per Existing Domestic Share and Existing H Share, respectively
“Circular”	the circular in relation to, among others, (i) the Capital Reduction; (ii) the Domestic Shares Subscriptions; (iii) the H Shares Placing; (iv) the amendment to the Articles; and (v) the notices for convening the EGM and the Class Meetings to be despatched to the Shareholders by the Company
“Class Meetings”	the class meetings of the holders of Existing Domestic Shares and Existing H Shares respectively to be convened for the purpose of, amongst others, considering and, if

	thought fit, approving (i) the Domestic Shares Subscriptions (including the grant of the Domestic Shares Specific Mandate); (ii) the H Shares Placing (including the grant of the H Shares Specific Mandate); and (iii) the amendment to the Articles
“Company”	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 PRC with limited liability, whose H Shares are listed and traded on the Stock Exchange (stock code: 6189)
“connected person”	has the same meaning ascribed thereto under the Listing Rules
“Creditor(s)”	any person who holds an amount of debt(s) against the Company
“CSRC”	中國證券監督管理委員會 (China Securities Regulatory Commission), the regulatory body responsible for the supervision and regulation of the PRC national securities market
“Debt”	approximately RMB668,533,000 (equivalent to approximately HK\$728,700,970), being the estimated total debts and liabilities of the Company as at 31 May 2023 under the Debt Restructuring
“Debt Restructuring”	the proposed debt restructuring by the Company to reach consensus with the Creditors on a haircut on the amount of debts held by the Creditors against the Company in order to settle and reduce the debts and liabilities of the Company, details of which are set out in the section headed “1. DEBT RESTRUCTURING” in this announcement
“Director(s)”	the director(s) of the Company
“Domestic Shares Specific Mandate”	the specific mandate to be granted to the Directors by the Shareholders at the EGM and the Class Meetings to issue the Subscription Domestic Shares
“Domestic Shares Subscribers”	collectively, Domestic Shares Subscriber A and Domestic Shares Subscriber B
“Domestic Shares Subscriber A”	上海邦兩供應鏈管理有限公司 (Shanghai Bangyu Supply Chain Management Company Limited*), a company incorporated in the PRC with limited liability

“Domestic Shares Subscriber B”	深圳市喬木興材料有限公司 (Shenzhen Qiaomuxing Material Company Limited*), a company incorporated in the PRC with limited liability
“Domestic Shares Subscription Agreement A”	the conditional subscription agreement dated 22 September 2023 entered into between the Company and Domestic Shares Subscriber A in relation to the subscription of 133,000,000 New Domestic Shares by Domestic Shares Subscriber A subject to the terms and conditions therein
“Domestic Shares Subscription Agreement B”	the conditional subscription agreement dated 22 September 2023 entered into between the Company and Domestic Shares Subscriber B in relation to the subscription of 85,000,000 New Domestic Shares by Domestic Shares Subscriber B subject to the term and conditions therein
“Domestic Shares Subscription Agreements”	collectively, the Domestic Shares Subscription Agreement A and the Domestic Shares Subscription Agreement B
“Domestic Shares Subscriptions”	the subscriptions of a total of 218,000,000 New Domestic Shares under the Domestic Shares Subscription Agreements by the Domestic Shares Subscribers
“Domestic Shares Subscriptions Completion Date”	the day on which completion of the Domestic Shares Subscriptions take place, which shall be within 10 Business Days after the day on which all the conditions precedent to the Domestic Shares Subscriptions as set out in the Domestic Shares Subscription Agreements have been fulfilled
“Domestic Shares Subscriptions Price”	the issue price of HK\$0.185 per Subscription Domestic Share
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of, amongst others, considering and, if thought fit, approving (i) the Capital Reduction; (ii) the Domestic Shares Subscriptions (including the grant of the Domestic Shares Specific Mandate); (iii) the H Shares Placing (including the grant of the H Shares Specific Mandate); and (iv) the amendment to the Articles
“Existing Domestic Share(s)”	the ordinary domestic share(s) of nominal value of RMB1.00 each in the registered capital of the Company which are subscribed for in RMB prior to the Capital Reduction becoming effective
“Existing H Share(s)”	the overseas listed foreign invested share(s) of nominal value of RMB1.00 each in the registered capital of the Company, which are listed on Main Board of the Stock Exchange and

	subscribed for and traded in HK\$ prior to the Capital Reduction becoming effective
“Existing Share(s)”	the Existing Domestic Share(s) and/or the Existing H Share(s)
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“H Shares Placing”	the placing by the H Shares Placing Agent, on a best effort basis, of up to a total of 76,790,000 New H Shares to be allotted and issued by the Company pursuant to the terms of the H Shares Placing Agreement
“H Shares Placing Agent”	Sheng Yuan Securities Limited, a corporation licensed to carry out business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“H Shares Placing Agreement”	the conditional placing agreement dated 22 September 2023 entered into between the Company and the H Shares Placing Agent in relation to the H Shares Placing
“H Shares Placing Completion Date”	the day on which completion of the H Shares Placing takes place, which shall be within 10 Business Days after the day on which all the conditions precedent to the H Shares Placing as set out in the H Shares Placing Agreement have been fulfilled
“H Shares Placing Price”	HK\$0.185 per Placing H Share
“H Shares Specific Mandate”	the specific mandate to be granted to the Directors by the Shareholders at the EGM and the Class Meetings to issue the Placing H Shares
“Independent Third Party(ies)”	a party(ies) independent of and not connected with the Company and its connected persons
“Last Trading Day”	31 March 2022, being the last trading day prior to the signing of the Domestic Shares Subscription Agreements and the H Shares Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange

“Loan”	the provision by Domestic Shares Subscriber A (as the lender) of an interest-free and unsecured loan facility of RMB30,000,000 to the Company (as the borrower) which is intended to be used towards the general working capital of the Company (the drawdown of which is conditional upon the resumption of trading in the Shares on the Stock Exchange)
“Loan Agreement”	the loan agreement dated 22 September 2023 entered into between the Company and Domestic Shares Subscriber A in respect of the Loan
“New Domestic Share(s)”	the ordinary domestic share(s) of nominal value of RMB0.10 each in the registered capital of the Company which are subscribed for in RMB immediately following the Capital Reduction becoming effective
“New H Share(s)”	the overseas listed foreign invested share(s) of nominal value of RMB0.10 each in the registered capital of the Company, which are listed on Main Board of the Stock Exchange and subscribed for and traded in HK\$ immediately following the Capital Reduction becoming effective
“New Share(s)”	the New Domestic Share(s) and/or the New H Share(s)
“Placing H Share(s)”	a maximum of 76,790,000 New H Shares to be placed under the H Shares Placing
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Restructuring Transactions”	collectively, (i) the Debt Restructuring; (ii) the Capital Reduction; (iii) the Domestic Shares Subscriptions; and (iv) the H Shares Placing
“Resumption Guidance”	the resumption guidance set out by the Stock Exchange for the Company to resume the trading of the Shares as announced by the Company on 11 July 2022 and 31 March 2023
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the New Share(s) and/or the Existing Share(s) (as the case may be)
“Shareholder(s)”	the holder(s) of the Share(s)
“Shenzhen Court”	the Shenzhen Intermediate People’s Court

“Specific Mandates”	collectively, the H Shares Specific Mandate and the Domestic Shares Specific Mandate
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Domestic Shares”	the New Domestic Shares to be allotted and issued under the Domestic Shares Subscriptions
“substantial shareholder”	has the same meaning ascribed thereto under the Listing Rules
“Target Reduced Debts”	a haircut on the amount of the Debts from approximately RMB668,533,000 (equivalent to approximately HK\$728,700,970) to approximately RMB185,705,000 (equivalent to approximately HK\$202,418,450), subject to reaching consensus with the Creditors
“%”	per cent.

Unless otherwise specified, translation of RMB into HK\$ in this announcement is made, for illustration purpose only, at the rate of approximately RMB1.00 = HK\$1.09.

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

Shenzhen, the PRC, 22 September 2023

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

In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.

** For identification purpose only*