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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)

**(1) FULFILMENT OF RESUMPTION GUIDANCE;
AND
(2) RESUMPTION OF TRADING**

Joint Financial Advisers to the Company

AMASSE CAPITAL
寶 積 資 本

 **盛源** SHENG
YUAN

This announcement is made by Guangdong Adway Construction (Group) Holdings Company Limited* (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the Company’s announcements dated 30 March 2022, 12 April 2022, 30 June 2022, 11 July 2022, 30 August 2022, 4 September 2022, 29 September 2022, 29 December 2022, 27 March 2023, 31 March 2023, 29 June 2023, 31 July 2023, 22 September 2023, 25 September 2023, 27 September 2023, 28 September 2023, 20 October 2023 and 27 October 2023 (collectively, the “**Announcements**”) in relation to, among others, (i) the delay in publication of the annual results announcement for the year ended 31 December 2021 and despatch of the annual report; (ii) the suspension of trading in the H Shares of the Company with effect from 9:00 a.m. on 1 April 2022 on the Stock Exchange; (iii) the publication of the annual results announcement for the year ended 31 December 2021; (iv) the publication of the interim results announcement for the six months ended 30 June 2022; (v) the changes of auditors of the Company; (vi) the Resumption Guidance and additional Resumption Guidance issued by the Stock Exchange; (vii) the delay in publication of the annual results announcement for the year ended 31 December 2022 and despatch of the annual report; (viii) the quarterly updates issued by the Company on the resumption

progress; (ix) the Restructuring Transactions proposed to be conducted by the Company as part of its resumption plan; (x) the bankruptcy restructuring application by the Company to the Court; (xi) the publication of the annual results announcement for the year ended 31 December 2022; and (xii) the publication of the interim results announcement for the six months ended 30 June 2023. Unless otherwise specified, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcements.

(1) FULFILMENT OF RESUMPTION GUIDANCE

As disclosed in the Company's announcements dated 11 July 2022, 31 March 2023 and 27 September 2023, the Stock Exchange has imposed the following Resumption Guidance in order for trading of the H Shares of the Company to resume:

- (i) address the issues giving rise to the disclaimer of opinion expressed by the Company's auditor on the Company's financial statements for the year ended 31 December 2021 in relation to (a) material uncertainties on going concern; and (b) the Company's account receivables, prepayment and contract assets, provide comfort that the 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 ("**Resumption Guidance (i)**");
- (ii) publish all outstanding financial results and address any audit modifications ("**Resumption Guidance (ii)**");
- (iii) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules ("**Resumption Guidance (iii)**"); and
- (iv) inform the market of all material information for the Company's shareholders and investors to appraise the Company's position ("**Resumption Guidance (iv)**").

The Company is pleased to announce that, as at the date hereof, it has fulfilled the Resumption Guidance, details of which are set out below.

Resumption Guidance (i): address the issues giving rise to the disclaimer of opinion expressed by the Company's auditor on the Company's financial statements for the year ended 31 December 2021 in relation to (a) material uncertainties on going concern; and (b) the Company's account receivables, prepayment and contract assets, provide comfort that the 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

The audited annual results announcement of the Company for the year ended 31 December 2022 (the “**FY2022 Annual Results**”) has been published on 28 September 2023. Elite Partners CPA Limited (the “**Auditor**”), the current external auditor of the Company, has issued a disclaimer of opinion on the FY2022 Annual Results in relation to the following matters:

- (i) opening balances and corresponding figures (“**Audit Modification I**”);
- (ii) provision for expected credit losses on trade receivables, other receivables and contract assets (“**Audit Modification II**”); and
- (iii) uncertainties relating to going concern (“**Audit Modification III**”).

Audit Modification I — opening balances and corresponding figures

The auditor’s report on the consolidated financial statements of the Group for the year ended 31 December 2021 (the “**2021 Financial Statements**”) contained qualifications on the limitation of audit scope relating to (i) the auditor being unable to perform effective alternative audit procedures due to the unsatisfactory reply to the letter of confirmation relating to trade receivables, prepayments and contract assets because of the impact of COVID-19; and (ii) multiple uncertainties relating to going concern (the “**Qualifications**”). Details of which have been set out in the Company’s announcement of 12 April 2022 and the annual report published on 11 May 2022.

As the 2021 Financial Statements formed the basis for the corresponding figures presented in the consolidated financial statements of the Group for the year ended 31 December 2022 (the “**2022 Financial Statements**”), any adjustments found to be necessary in respect of the Qualifications would have an effect on the opening balances for the 2022 Financial Statements, in particular, the trade receivables, prepayments and other receivables, contract assets and related disclosures.

Action plan to address Audit Modification I

After having discussed with the Auditor, the Company understands that (i) the possible consequential effect on the consolidated financial statements of the Group for the year ending 31 December 2023 (the “**2023 Financial Statements**”) would be a modified opinion on the comparative figures (i.e. figures for the 2022 Financial Statements) of the 2023 Financial Statements; and (ii) such modified opinion on the comparative figures of the 2023 Financial Statements will not have any continuing effect on the Group’s consolidated financial statements for the year ending 31 December 2024 and the subsequent years.

Audit Modification II — provision for expected credit losses on trade receivables, other receivables and contract assets

As at 31 December 2022, the Group's trade receivables, prepayments and other receivables, contract assets were approximately RMB37,212,000 (2021: RMB647,106,000), RMB15,441,000 (2021: RMB133,009,000) and RMB5,524,000 (2021: RMB415,663,000), respectively (the “**Receivables**”), net of provision under the expected credit loss (“**ECL**”) model.

The management of the Group has been actively pursuing the settlement of the Receivables from the debtors due to liquidity concern over the financial position of the Group. However, due to the adverse economic conditions as a result of the outbreak of COVID-19 and the recent downturn of the property market in the PRC, the management of the Group considered that the recovery of some debts is difficult. Accordingly, the Group has recognised a provision for ECL on trade receivables, other receivables and contract assets of approximately RMB751,862,000, RMB65,814,000 and RMB19,437,000, respectively (the “**ECL Provision**”) for the year ended 31 December 2022.

Under these circumstances, together with the limitations of audit scope in respect of the opening balance of the ECL, the Auditor was unable to obtain sufficient appropriate audit evidence to satisfy itself as to whether the ECL Provision for the year ended 31 December 2022 was appropriate, in particular, the timing for the recognition of the ECL Provision.

Any adjustment found to be necessary in respect of the ECL Provision as described above may have a significant impact on the 2022 Financial Statements and the related disclosures thereof in the consolidated financial statements.

Action plan to address Audit Modification II

After having confirmed with the Auditor, the Company understands that (i) the Auditor has reviewed the impairment assessments prepared by the Board relating to the ECL Provision and is of the view that it has obtained sufficient audit evidence to make a reasonable assessment on the ECL Provision, except for the timing of the recognition of the ECL Provision; and (ii) the closing balances for the 2022 Financial Statements (including the respective amounts of the Receivables) are not qualified in the opinion of the Auditor as it has obtained sufficient appropriate audit evidence relating to the Receivables (of which no adjustment shall be found to be necessary in respect of the ECL Provision as described above) as at 31 December 2022, and therefore there will not be any continuing effect on the 2023 Financial Statements in this regard.

Audit Modification III — uncertainties relating to going concern

As described in the 2022 Financial Statements, the Group incurred a net loss of approximately RMB975,004,000 for the year ended 31 December 2022 and, as at 31 December 2022, the Group had net current liabilities and net liabilities of approximately RMB685,868,000 and RMB631,469,000, respectively. As at 31 December 2022, the Group's borrowings was approximately RMB241,572,000 and the Group had cash and cash equivalents of approximately RMB1,006,000. These conditions, along with other matters as described in the 2022 Financial Statements, indicate that a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

In preparing the 2022 Financial Statements, the Directors have been undertaking measures to improve the Group's liquidity and financial position as described in the consolidated financial statements, including but not limited to that (i) the Group is currently negotiating with creditors and potential investors to reduce the level of indebtedness and obtain new funding to support the operations of the Group; (ii) the Group is actively seeking for new financing channels; and (iii) the Group will implement various measures to control administrative expenses in order to improve the Group's liquidity.

The 2022 Financial Statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to material uncertainties. The Auditor was unable to determine whether the going concern assumption used in the preparation of the 2022 Financial Statements is appropriate.

Should the going concern assumption be inappropriate, adjustments would have to be made to reclassify all non-current assets and liabilities as current assets and liabilities, write down the values of assets to their recoverable amounts and to provide for any further liabilities which may arise. Any adjustment found to be necessary may have a significant effect on the consolidated net liabilities of the Group as at 31 December 2022 and the consolidated financial performance and cash flows of the Group for the year ended 31 December 2022, and the related disclosures thereof in the consolidated financial statements.

Action plan to address Audit Modification III

On 22 September 2023, the Company proposed to implement the Restructuring Transactions, details of which are further discussed in the announcement of the Company dated 22 September 2023. As disclosed by the Company on 27 October 2023, the Court has accepted the bankruptcy restructuring application (being part of the Restructuring Transactions) of the Company. Upon successful implementation and completion of the Restructuring Transactions, which are expected to take place in or around the second or third quarter of 2024, the indebtedness of the Company would be significantly reduced, the financial position of the Company would be

significantly improved, and hence the Company would be able to continue to operate as a going concern. Also, it is the current intention of the Domestic Shares Subscribers to continue the existing businesses of the Group upon completion of the Restructuring Transactions; and there is no intention to introduce any major changes to the businesses of the Group.

Subject to the completion of the Restructuring Transactions and in the absence of any unforeseen circumstances, such audit modification on going concern is not expected to have any continuing effect on the Group's consolidated financial statements for the year ending 31 December 2024.

Based on the above, it is considered that Resumption Guidance (i) has been fulfilled.

Resumption Guidance (ii): publish all outstanding financial results and address any audit modifications

The annual results announcements for the years ended 31 December 2021 and 2022 of the Company were published on 12 April 2022 and 28 September 2023, respectively. The interim results announcements for the six months ended 30 June 2022 and 2023 of the Company were published on 30 August 2022 and 20 October 2023, respectively.

As at the date of this announcement, all outstanding financial results of the Company as required under the Listing Rules have been published, and the audit modifications have been addressed.

Accordingly, it is considered that Resumption Guidance (ii) has been fulfilled.

Resumption Guidance (iii): demonstrate the Company's compliance with Rule 13.24 of the Listing Rules

The Group has been engaged in the provision of interior and exterior building decoration and design services in the PRC for over 26 years.

The Group has gained substantial experience and established a solid reputation in the building decoration industry in the PRC. It possesses a broad range of the highest level of qualifications and licences in the building decoration industry, and has been awarded "Top 100 Enterprises in the PRC Building Decoration Industry* (中國建築裝飾行業百強企業)" for continuous years during 2004 to 2020. Since 2013, the Company has been awarded the status as "High and New Technology Enterprise* (高新技術企業)" by relevant PRC governmental authorities and has been enjoying a preferential enterprise income tax of 15%. In 2022, the High and New Technology Enterprise* Certificate of the Company has been renewed and is valid for three years from 2022 to 2024.

In order to keep abreast of the evolving technological advancements in the building decoration industry and differentiate itself from the competitors, the Group has been focusing on improving and developing building decoration technologies, work process and materials which will reduce its costs, enhance on-site work efficiency and improve the quality of works. Some of the Group's research and development achievements have been awarded "National Award of Technology Innovation Achievements in the Building Decoration Industry* (全國建築裝飾行業科技創新成果獎)". As at 31 December 2022, the Group has obtained 14 invention patents, 143 utility patents and registered 33 software copyrights, and most of the patented technologies are used in different engineering projects. In particular, there are patented technologies on energy saving and green environmental protection application, which have saved a lot of operating costs for customers and are well evaluated by them.

In addition, starting from 2020, the Group has been awarded "Shenzhen Top Brand" (深圳知名品牌) by the Committee of Shenzhen Top Brand Organisation. Based on the long-established presence in the building decoration industry in the PRC, the recognition of quality and reputation around the industry as well as the Group's proven capabilities over the years, the Group has differentiated itself from its competitors in the building decoration industry in the PRC.

The revenues of the Group's building decoration business during each of the financial years in the past decade (i.e. from 2013 to 2022) had maintained at a substantial level of over RMB189 million, ranging from approximately RMB189 million to RMB1,830 million. Following years of experience and refining of the business model, the Group's building decoration business has successfully and gradually improved its gross profit margin from approximately 10.6% in 2013 to 14.8% in 2022.

Unfortunately, starting in 2020, the PRC's economy was repeatedly affected by the COVID-19 pandemic. The continuous outbreak of COVID-19 during the last few years led to numerous shutdowns and suspensions of commercial activities in various cities and provinces, causing significant adverse effects on the Group's building decoration business. Combined with the extremely severe situation in the real estate industry due to continuous macroeconomic control by the PRC, the construction and decoration industry has been experiencing great pressure. Due to the systemic impact of the COVID-19 pandemic and the PRC's regulations on the real estate industry, which affected the liquidity of customers' funds in the industry and related industries, the businesses and projects of the Group's customers have been experiencing significant negative impact during recent years, triggering substantial increase in defaults. Consequently, many of the on-going projects which the Group has invested considerable resources and capital have been slowed down, put on hold or even stopped as economic conditions deteriorate.

Under these circumstances, the Group has decided to apply a more prudent strategy to its business and orders, prioritising on conserving resources and prudently exploring new opportunities to prepare for an eventual market recovery. During the year ended 31 December 2022, the Group was engaged in approximately 236 projects in the PRC, and entered into new contracts with an aggregate amount of approximately RMB72 million during the year. During the six months ended 30 June 2023, the Group was engaged in approximately 75 projects in the PRC, and entered into 21 new projects/contracts with an aggregate amount of approximately RMB50 million during the period. Revenue of approximately RMB43.8 million was recorded by the Company during the six months ended 30 June 2023.

Set out below is a summary of the details of the Group's existing projects/contracts as at 30 June 2023:

Total number of customers	Total number of contracts/projects	Total contract sum <i>(Note 2)</i> <i>RMB'000</i>	Total contract sum completed <i>(Notes 2 & 3)</i> <i>RMB'000</i>	Total contract sum to be completed <i>(Notes 2 & 3)</i> <i>RMB'000</i>
271	320 <i>(Note 1)</i>	2,876,542	2,603,577	272,965

Notes:

1. Including 21 new projects as secured and entered by the Group during the six months ended 30 June 2023.
2. Inclusive of relevant value-added tax, the applicable rates of which are typically 3%, 6% or 9%.
3. The contract sum recognised/to be recognised may be different from the revenue recognised/to be recognised in the books of the Company due to application of different recognition methods.

It is estimated by the Group that it will record revenue of approximately RMB45 million for the six months ending 31 December 2023. Over 80% of the estimated revenue is to be derived from approximately 30 existing projects with over 20 customers of the Group. Apart from the existing projects, the Group is currently negotiating with potential customer(s) for the sales of construction materials, and the relevant contract(s) is/are expected to be signed by November 2023, with delivery in December 2023. Revenue of approximately RMB8.7 million is expected to be derived from such new contract(s) for the six months ending 31 December 2023.

As at 30 June 2023, the Group had total assets of approximately RMB48.3 million. In view of its severe financial condition, on 22 September 2023, the Company proposed to implement the Restructuring Transactions, details of which are further discussed in the Company’s announcement dated 22 September 2023. The Company proposed to implement the Debt Restructuring, pursuant to which the Company targets to settle and/or discharge the Debts with the Creditors by way of the realisation of assets of the Company such as an office property, a foreign investment, certain account receivables and cash (collectively, the “**Target Settlement Assets**”) and the aggregate cash proceeds of approximately HK\$54,536,150 (equivalent to approximately RMB50,000,000) from the Domestic Shares Subscriptions and the H Shares Placing.

On 25 September 2023, the Company has made an application to the Shenzhen Court in respect of the Debt Restructuring, which sets out details of the proposed Debt Restructuring including but not limited to the Company’s proposal to settle and/or discharge the Debts by realising the Target Settlement Assets and the aggregate cash proceeds from the Domestic Shares Subscriptions and the H Shares Placing. On 17 October 2023, the aforesaid application has been duly acknowledged for acceptance by the Shenzhen Court. On 10 November 2023, the Company has filed the pre-restructuring applications to the Shenzhen Court.

The expected timetable for implementation of the proposed Debt Restructuring and related procedures are set out below:

Event

Company’s application in respect of the Debt Restructuring to the Shenzhen Court	25 September 2023
Company’s application in respect of the Debt Restructuring being duly acknowledged for acceptance by the Shenzhen Court	17 October 2023
Company’s filing of pre-restructuring applications to the Shenzhen Court <i>(Note 1)</i>	10 November 2023
Acceptance by the Shenzhen Court of the pre-restructuring applications and appointment of provisional administrator by the Shenzhen Court who will coordinate negotiations amongst stakeholders with the view to formulate a pre-restructuring plan (such as the Company’s proposed Debt Restructuring plan) <i>(Note 2)</i>	In around December 2023

Event

Acceptance by the Shenzhen Court of the bankruptcy restructuring of the Company (having considered, among others, the pre-restructuring plan such as the Company's proposed Debt Restructuring plan) ^(Note 3) In around the 1st quarter of 2024

Approval by Creditors of the Company and sanction by the Shenzhen Court for the bankruptcy restructuring of the Company (such as the Company's proposed Debt Restructuring plan) ^(Note 4) In around the 2nd quarter of 2024

Notes:

1. The pre-restructuring procedure refers to the procedure by the Shenzhen Court to appoint a provisional administrator to organise stakeholders such as debtors, creditors, subscribers and/or restructuring investors to conduct negotiation to formulate a pre-restructuring plan (i.e. such as the Company's proposed Debt Restructuring plan) for an enterprise in order to accurately identify the value and possibility of restructuring of the enterprise, reduce the cost of restructuring and increase the success rate of restructuring.
2. The failure of the enterprise to formulate a pre-restructuring plan will not result in the enterprise going into liquidation procedure.
3. After having sought advice from the Company's PRC legal adviser, it is understood that, subject to the consent by the Shenzhen Court, the Group will be able to continue its business operations with its available resources under the management of its Directors and the supervision of the administrator.
4. If the bankruptcy restructuring of the Company (such as the Company's proposed Debt Restructuring plan) is not sanctioned by the Shenzhen Court, the Company will undergo liquidation procedures.
5. The above timetable is indicative only and may be updated subject to the development of the relevant events.

The Debt Restructuring (which includes the Company's proposal to settle and/or discharge the Debts by realising the Target Settlement Assets and the aggregate cash proceeds from the Domestic Shares Subscriptions and the H Shares Placing) is currently on-going and at its preliminary stage, and it will be subject to, among others, consideration, acceptance and/or approval of the Creditors and the Shenzhen Court, and may be subject to subsequent changes. Nevertheless, as at the date of this announcement, the Group is continuing its business operations under its own management.

Upon successful implementation and completion of the Restructuring Transactions, 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. Accordingly, the indebtedness of the Company would be significantly reduced, the financial position of the Company would be significantly improved, and hence the Company will be able to continue to operate as a going concern.

It is the intention of the Company to propose and implement the Debt Restructuring with the Target Settlement Assets (which are generally non-operating assets and/or the realisation of which would not materially affect the Group's normal operations) and the aggregate cash proceeds from the Domestic Shares Subscriptions and the H Shares Placing. It is considered that after the realisation of the Target Settlement Assets, the Group would still be able to carry out its normal business operations.

Before 2021, the Group had established a wide operations network. As at 31 December 2020, there were 21 branches and offices in 16 provinces, autonomous regions and municipalities in the PRC. Since then, the Chinese government has been committed to establishing a unified and open construction market. With the liberalisations of conditions for accessing to regional markets of the PRC, the Group's branches were no longer required for the development of the industry. Accordingly, the Group closed the branches successively in 2021, and businesses were managed directly by the headquarters of the Group in Shenzhen, which would help strengthen the Group's ability to manage and control projects and save costs. Since 2022, as a result of the systemic impact of the COVID-19 pandemic and the PRC's regulations on the real estate industry, the construction and decoration industry, as well as the Group's business, had been significantly affected. In response, the Group had implemented cost control measures, which included streamlining its staff structure which targeted to retain the required level of workforce with sufficient knowledge, experience and calibre to carry out its principal building decoration business. Consequently, the Group had reduced from 214 employees as at 31 December 2021 to the current approximately 51 employees.

Similar to many building decoration service providers in the PRC, in order to maintain a stable supply of skilled workers, enhance the cost-effectiveness of the projects and achieve a higher degree of operational flexibility, the Group generally engages licensed labour agencies in the PRC who provide a sufficient number of workers to complete the works under different projects. Depending on the project's needs, the Group may also engage temporary workers to assist its workers sourced from licensed labour agencies. As at 31 October 2023, the Group has engaged a total of 52 outsourced/temporary workers to assist with its on-going projects. Although the Group has reduced from 214 employees as at 31 December 2021 to the current approximately 51 employees as part of its cost control measures, the Group has managed to retain the required level of workforce with sufficient knowledge, experience and calibre to carry out its principal building decoration business. Typically, depending on the work

nature, level of complexity and the scale of the project, the Group's project team for each project generally comprises two to eight members. Except for the respective scale under each department, there have been no material changes in the primary operating structure of the Group, which includes administration and management department, project management department, design department, research and development department, technical support department, procurement department, sales and marketing department and accounting and finance department. The Group is able to continue providing its customers with professional and comprehensive building decoration services with competitive value. The streamlining of the Group's staff structure has not materially affected the Group's ability to carry out its normal business operations and the Group continues to provide one-stop building decoration and design services under the same business model.

Amid the current financial difficulties of the Group, the primary working capital required by the Group is related to the selling and marketing expenses as well as the administrative expenses (collectively, the "**Operating Expenses**"). Given the cost control measures as mentioned above, the Group had successfully reduced the Operating Expenses from (i) approximately RMB95.4 million in 2020 to RMB75.5 million in 2021, and further to RMB46.5 million in 2022; and (ii) approximately RMB16.0 million for the six months ended 30 June 2022 to approximately RMB7.7 million for the six months ended 30 June 2023.

Upon commencement and/or during early stages of most of its projects, the Group may/will have to make certain initial payments to its suppliers (i.e. for procurement of raw materials and supply of skilled workers, being the primary direct costs associated with the Group's projects/contracts (the "**Direct Costs**")), before the Group receives payments from its customers which are generally made by stages according to the progress of the projects or works completed by the Group at different stages, and the payment for each milestone may vary for each project. In view of the financial condition of the Group and the need to maintain its normal business operations, the Group has managed to reach verbal consensus with some of its customers to adopt a payment arrangement (when needed), pursuant to which the customers will pay, on behalf of the Company, the Direct Costs to the Group's suppliers during implementation of the projects (the "**Direct Costs Payment Arrangement**"). The Direct Costs Payment Arrangement, in turn, facilitates the Group in reaching verbal consensus with its suppliers, pursuant to which the Group can make payments to its suppliers (via the Direct Costs Payment Arrangement) as and when the related payments by the customers are made to the Group. Under such arrangement, the Group does not need to arrange additional financing to cover the Direct Costs.

The Company estimated that the general working capital need of the Group for its business operation for the 12 months ending 30 June 2024 (i.e. from July 2023 to June 2024, before completing the Debt Restructuring) will be approximately RMB13.7 million (comprising an estimated selling and marketing expenses of approximately RMB0.96 million and an estimated administrative expenses of approximately RMB12.7 million). The Company is of the view that it will have sufficient working

capital for its business operations after taking into account, in particular, the interest-free and unsecured Loan of RMB30 million under the Loan Agreement dated 22 September 2023 entered between the Company and Domestic Shares Subscriber A, which shall be made available within 15 Business Days following resumption of trading in the H Shares of the Company. As at the date of this announcement, the Group's business operations are continuing as usual in all material respects, regardless of the implementation of the Debt Restructuring.

Leveraging its long-established presence in the building decoration industry in the PRC, the Group's building decoration business is well-positioned in and well-known by the market. The recognition of quality and reputation in the industry have become a key to differentiate the Group's building decoration business from its competitors in the industry. With the focused and dedicated development efforts by the Group in its principal building decoration business, together with the end of the impacts from COVID-19 in the past few years, the Group will be able to revitalise its business operations and capture the opportunities arising from the expected continuous support from the PRC government over the real estate industry, and correspondingly the related industries including the construction and decoration industry.

Based on the aforesaid, the Company considers that it carries out a viable and sustainable business with sufficient level of operations and assets of sufficient value to support its operations. Accordingly, it is considered that Resumption Guidance (iii) has been fulfilled.

Resumption Guidance (iv): inform the market of all material information for the Company's shareholders and investors to appraise the Company's position

The Company has from time to time published announcements to disclose the information, financial results and resumption progress update to the Shareholders and potential investors. The Company considers that based on its best information and knowledge, it is not aware of any other material information which is required to be disclosed by the Company as at the date of this announcement for Shareholders and investors to appraise the Group's position. The Company will keep Shareholders and investors informed of any updates in relation to the Restructuring Transactions by making further announcement(s) as and when appropriate and in accordance with the requirements under the Listing Rules.

Accordingly, it is considered that Resumption Guidance (iv) has been fulfilled.

(2) RESUMPTION OF TRADING

Trading in the H Shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2022. As all the Resumption Guidance have been fulfilled, the Company has made an application to the Stock Exchange for the resumption of trading in the H Shares of the Company with effect from 9:00 a.m. on 27 November 2023 on the Stock Exchange.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Shenzhen, the PRC, 24 November 2023

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

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

* *For identification purpose only*