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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)**

**APPOINTMENT OF AUDITOR,  
CHANGE IN ACCOUNTING STANDARDS, AMENDMENTS TO THE  
ARTICLES OF ASSOCIATION AND QUARTERLY UPDATES ON  
RESUMPTION PROGRESS**

This announcement is made by Guangdong Adway Construction (Group) Holdings Company Limited\* (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09, 13.24A and 13.51(1) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

**APPOINTMENT OF AUDITOR**

Reference is made to the announcement of the Company dated 4 September 2022 in respect of change in auditor. The board (the “**Board**”) of the directors (the “**Directors**”) of the Company resolved to appoint Asian Alliance (HK) CPA Limited (“**Asian Alliance**”) as the new auditor of the Company to fill a casual vacancy upon the resignation of BDO China Shu Lun Pan Certified Public Accountants LLP (“**BDO**”), having considered the audit committee of the Company’s recommendation. The appointment has taken effect on 29 September 2022 and Asian Alliance shall hold office until the conclusion of the forthcoming annual general meeting of the Company.

The Board would like to take this opportunity to express its sincere gratitude to BDO for its professional services provided to the Group in the past years and to extend its warm welcome to Asian Alliance on its appointment as the auditor of the Company.

## **PROPOSED CHANGE IN ACCOUNTING STANDARDS**

The Board has passed a resolution on 29 September 2022, to enable the Company to prepare the financial statements pursuant to China Accounting Standard for Business Enterprises and Hong Kong Financial Reporting Standards (“**HKFRSs**”) (the “**Proposed Change in Accounting Standards**”), which is subject to the approval of the shareholders of the Company (“**Shareholders**”) for proposed amendments to the articles of association of the Company (“**Articles of Association**”) as stated in the paragraph headed “**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**” below (the “**Proposed Amendments to the Articles of Association**”).

Subject to the Shareholders’ approval for the Proposed Change in Accounting Standards and the Proposed Amendments to the Articles of Association, it is expected that the Company shall prepare the financial statements for the year ending 31 December 2022 and subsequent financial periods in accordance with China Accounting Standard for Business Enterprises and HKFRSs. In view of the Company’s previous plan for A share listing, the Board has passed a resolution on 25 December 2020 regarding the proposed change in accounting standards and the amendments to the Articles of Association, to enable the Company to prepare its financial statements only under China Accounting Standard for Business Enterprises. The relevant amendments to the Articles of Association were approved by the Shareholders by a special resolution at the extraordinary general meeting of the Company held on 5 March 2021. Due to the environmental changes in the industry and national policies, the Board considered that the Company is no longer suitable for A-share listing. As the H shares of the Company are listed in Hong Kong, the Board believes that the Proposed Change in Accounting Standards can facilitate the Shareholders and potential investors to better review and understand the Company’s financial reports and financial data, and is in the best interest of the Company and the Shareholders as a whole.

The Company is of the view that the preparation of financial statements in accordance with China Accounting Standard for Business Enterprises and HKFRSs will not have a significant impact on the Company’s financial positions, operating results and cash flows in 2022 and in the future.

## **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

In order to facilitate the Shareholders and potential investors to better review and understand the Company’s financial reports and financial data, the Company intends to prepare the financial statements in accordance with China Accounting Standard for

Business Enterprises and HKFRSs. Therefore, the Board proposed to amend certain articles of the Articles of Association. The details of the Proposed Amendments to the Articles of Association are as follows:

#### **Original Article 16.6**

“The financial statements of the Company shall be prepared in accordance with PRC accounting standards and regulations.”

*Proposed amendment:*

“The financial statements of the Company shall, **in addition to being** prepared in accordance with PRC accounting standards and regulations, **be prepared in accordance with either international accounting standards or the accounting standards of the overseas place of listing. If there are material differences between the financial statements prepared in accordance with the two accounting standards, such differences shall be stated in the notes to the financial statements. In distributing the Company’s after-tax profits in the relevant accounting year, the lower of the two amounts shown in the aforementioned financial statements shall be adopted.**”

#### **Original Article 16.7**

“Any results or financial information published or disclosed by the Company shall be prepared and presented in accordance with PRC accounting standards and regulation.”

*Proposed amendment:*

“Any results or financial information published or disclosed by the Company shall be prepared ~~and presented~~ in accordance with PRC accounting standards and regulations, **and also in accordance with either international accounting standards or the accounting standards of the overseas place of listing.**”

The Proposed Amendments to the Articles of Association shall be conditional upon the Shareholders’ approval by way of a special resolution at the forthcoming extraordinary general meeting of the Company (the “EGM”) as well as the approval by and the registration filings to the relevant regulatory authorities in the PRC.

A circular containing, among others, the details of the Proposed Amendments to the Articles of Association and the notice of the EGM, will be dispatched to the Shareholders in due course.

#### **QUARTERLY UPDATES ON RESUMPTION OF TRADING**

References are made to (i) the annual results announcement of the Company for the year ended 31 December 2021 published on 12 April 2022, (ii) the 2021 annual report of the Company published on 11 May 2022, (iii) the Company’s announcement on quarterly updates on suspension of trading published on 30 June 2022, (iv) the Company’s

announcement on resumption guidance and continued suspension of trading published on 11 July 2022, (v) the interim results announcement of the Company for the six months ended 30 June 2022 published on 30 August 2022 and (vi) the interim report of the Company for the six months ended 30 June 2022 published on 21 September 2022.

## **RESUMPTION GUIDANCE**

As disclosed in the announcement of the Company dated 11 July 2022, the Company received a letter from the Stock Exchange setting out guidance for resumption of trading in the shares of the Company (the “**Resumption Guidance**”), the Company shall:

- (i) address the issues giving rise to the disclaimer of opinion on the Company’s financial statements for the year ended 31 December 2021 in relation to material uncertainties on going concern, the Company’s account receivables, prepayment and contracts assets, provide comfort that the disclaimer of opinion (the “**Disclaimer of Opinion**”) would no longer be required and disclose sufficient information to enable the Shareholders and potential investors to make an informed assessment of its financial positions as required under Rule 13.50A of the Listing Rules; and
- (ii) inform the market of all material information for the Shareholders and potential investors to appraise the Company’s position.

## **UPDATE ON THE PROGRESS OF RESUMPTION OF TRADING**

### **(1) Disclaimer of opinion on others:**

The Company has appointed Asian Alliance as the new auditor to fill the casual vacancy following the resignation of BDO as the auditor of the Company. The Company is discussing with Asian Alliance on the resolution of Disclaimer of Opinion in relation to the accounts receivable, prepayments, contract assets and other assets in the Company’s financial statements for the year ended 31 December 2021, and strives to eliminate disclaimer of opinion on others of audit for year 2022.

### **(2) Quarterly updates:**

#### ***(i) Business operation***

Affected by the COVID-19 pandemic in the Mainland China in 2022, especially the stricter pandemic control in Shenzhen, where the Group’s headquarters is located, the Group’s business operations, the drastic changes in the real estate and construction market conditions, and the uncertainty caused by the Group’s liquidity issue, the Group made a hard decision to optimize employees in mid-September 2022, to control employee costs, reduce financial burdens, and concentrate on coping with the winter of the industry. As at the date of this announcement, the business operations of the Group are proceeding as usual.

***(ii) Alleviate liquidity issues***

The Company maintains ongoing communication with the banks and seeks to ensure they would not take extreme measures to demand immediate repayment of overdue loans. The Group also strives to improve the financial position of the Group and to expedite the settlement and collection of contract assets and accounts receivable related to customers and engineering projects.

***(iii) Prepare a pre-restructuring and restructuring proposal***

In September 2022, the Company began to seek pre-restructuring or restructuring proposal to solve the Group's financial difficulties and improve the overall efficiency of the Group. As at the date of this announcement, the Company is actively considering formulating a pre-restructuring and restructuring proposal.

The Company is committed to using its best endeavours to fulfill the Resumption Guidance as soon as practicable, and will make further announcements in relation to the progress of the resumption plan as and when appropriate.

**CONTINUED SUSPENSION OF TRADING**

Under Rule 13.50A of the Listing Rules, in view of the disclaimer of opinion (other than the going concern disclaimer), trading in the 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 the Company fulfills the Resumption Guidance.

**Shareholders and potential investors of the Company are reminded 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, Executive Director and Chief Executive Officer*

Shenzhen, the PRC, 29 September 2022

*As of the date of this announcement, the Board comprises Mr. Ye Yujing, Mr. Ye Jiajun, Ms. Ye Xiujin and Mr. Ye Guofeng, 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.*

\* For identification purpose only