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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)**

**ANNOUNCEMENT**

**PLACING OF NEW H SHARES UNDER GENERAL MANDATE**

**Placing Agent**



**中州國際融資有限公司**

**CENTRAL CHINA INTERNATIONAL CAPITAL LIMITED**

**PLACING OF NEW H SHARES UNDER GENERAL MANDATE**

On 15 November 2018 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place at price HK\$7.00 per Placing Share, on a best effort basis, through the Placing Agent, up to an aggregate of 10,000,000 Placing Shares with nominal value of RMB1.00 each on behalf of the Company to not less than six and not more than ten independent Placees, being professional, institutional or other investors, who and whose ultimate beneficial owners, as far as the Placing Agent is aware, are Independent Third Parties.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the H Shares. The Directors consider that, among others, the Placing Price, the terms of the Placing Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Placing Price of HK\$7.00 per Placing Share represents (i) a discount of approximately 6.42% to the closing price of HK\$7.48 per H Share as quoted on the Stock Exchange on the date of this announcement; and (ii) a discount of approximately 5.51% to the average closing price of approximately HK\$7.41 per H Share in the last five consecutive trading days immediately prior to the date of this announcement.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 10,000,000 Placing Shares represents (i) approximately 18.95% of the issued 52,763,000 H shares of the Company of 211,050,000 Shares as at the date of this announcement; and (ii) approximately 15.93% of the issued 62,763,000 H shares of the Company of 221,050,000 Shares as enlarged by the issue of the 10,000,000 Placing Shares.

The Placing Shares are to be issued under the General Mandate.

Assuming all the Placing Shares were allotted and issued, the gross proceeds of the Placing will amount to approximately HK\$70.00 million and the net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$67.74 million after deducting relevant expenses incurred in relation to the Placing. It is presently expected that the proceeds raised from the New H Shares Issue, after deducting the issue expenses, shall be used to replenish the capital of the Company, among which, (i) approximately 25% shall be used to replenish the working capital of the Company; (ii) approximately 20% shall be used for repayment of the bank facilities of the Company; and (iii) approximately 55% shall be used for business development of the Company.

**Shareholders and potential investors should note that the completion of the Placing is subject to the conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the H Shares.**



## **Placing Price**

The Placing Price is HK\$7.00 per Placing Share. The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent on the date of the Placing Agreement with reference to the prevailing market price of the H Shares. The Placing Price of HK\$7.00 per Placing Share represents:

- (i) a discount of approximately 6.42% to the closing price of HK\$7.48 per H Share as quoted on the Stock Exchange on the date of this announcement; and
- (ii) a discount of approximately 5.51% to the average closing price of approximately HK\$7.41 per H Share in the last five consecutive trading days immediately prior to the date of this announcement.

The Directors, including the non-executive director and independent non-executive directors, are of the view that the Placing Price is fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

## **Placing commission payable to the Placing Agent**

The placing commission payable to the Placing Agent under the Placing Agreement is equal to 2.2% of the aggregate Placing Price of the Placing Shares.

The placing commission payable to the Placing Agent under the Placing Agreement is arrived at after arm's length negotiations between the Company and the Placing Agent. The Directors consider that the placing commission is fair and reasonable, in the interests of the Company and the Shareholders as a whole and is in line with the prevailing commission charged by other placing agents.

## **Ranking of Placing Shares**

The Placing Shares rank *pari passu* in all respects with all H Shares in issue as at the date of this announcement.

## **General Mandate to issue the Placing Shares**

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 8 June 2018 (the "AGM"). Pursuant to the General Mandate, the maximum number of new H Shares that the Directors are authorized to allot and issue is 10,552,600 new H Shares (representing 20% of the issued H share capital of the Company as at the date of the AGM held on 8 June 2018). As at the date of this announcement, the maximum of 10,552,600 new H Shares can be allotted and issued by the Company under the General Mandate. Assuming all the Placing Shares are allotted and issued, the balance of new H Shares which can be allotted and issued under the General Mandate will be 552,600. Accordingly, the issue of the Placing Shares will not be subject to the approval of the Shareholders.

## **Conditions Precedent to Completion of the Placing**

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares;
- (ii) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms thereunder, including provision regarding force majeure event;
- (iii) the passing of the requisite resolution(s) to approve the Placing Agreement and the transactions contemplated thereunder; and
- (iv) each of the Company and the Placing Agent having obtained all necessary consents and approvals in relation to the Placing from the relevant authorities, if applicable.

## **Completion of the Placing**

Completion of the Placing will take place on the second business day after the fulfilment of the conditions as set out above or such later date to be agreed between the Company and the Placing Agent. In the event that any of the conditions as set out above are not fulfilled on or before the Closing Date or such later date as may be agreed between the parties, the Placing Agreement and all rights and obligations thereunder will cease and terminate and neither of the parties will have any claim against the other for costs, damages, compensation or otherwise (save for any antecedent breaches thereof).

**Completion of the Placing is subject to the fulfillment of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **Force Majeure**

The Placing Agent may terminate the Placing Agreement by notice in writing to the Company at any time up to 10:00 a.m. on Closing Date, if there develops, occurs, or comes into force:

- (i) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company; or
- (ii) the occurrence of any local, national or international event or change occurring after the date of the Placing Agreement of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature

(whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or

- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs after the date of the Placing Agreement which materially and adversely affects the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or
- (iv) the Company commits any material breach of or omits to observe any of its obligations or undertakings under the Placing Agreement; or
- (v) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any respect or would in any respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Company or will otherwise likely to have a material prejudicial effect on the Placing.

Upon termination of the Placing Agreement as described above, all liabilities of the Company and the Placing Agents under the Placing Agreement shall cease and terminate and neither of them shall have any claim against the others in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation by them under the Placing Agreement.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

#### **APPLICATION FOR LISTING**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) as of the date of this announcement, and (ii) immediately after completion of the Placing (assuming the Placing Shares are placed in full and no other Shares are issued between the date of this announcement and completion of the Placing):

Shareholders	As at the date of this announcement		Immediately after the completion of the Placing	
	Number of Shares	Approximate % of issued Shares <sup>(Note 1)</sup>	Number of Shares	Approximate % of issued Shares
<b>Domestic Shares</b>				
YE Yujing (葉玉敬) <sup>(Note 2)</sup>	67,694,000	32.07%	67,694,000	30.62%
South China Sea LP (南海成長) <sup>(Note 4)</sup>	17,000,000	8.06%	17,000,000	7.69%
YE Xiujin (葉秀近) <sup>(Note 3)</sup>	15,504,000	7.35%	15,504,000	7.01%
Other Domestic Shareholders <sup>(Note 5)</sup>	58,089,000	27.52%	58,089,000	26.28%
<b>H Shares</b>				
Other public H Shareholders <sup>(Note 6)</sup>	52,763,000	25.00%	52,763,000	23.87%
Placees	<u>0</u>	<u>0</u>	<u>10,000,000</u>	<u>4.52%</u>
<b>Total</b>	<u><u>211,050,000</u></u>	<u><u>100.00%</u></u>	<u><u>221,050,000</u></u>	<u><u>100.00%</u></u>

Notes:

1. The calculation is based on the total number of 211,050,000 Shares in issue as of the date of this announcement.
2. Mr. YE Yujing is the husband of Ms. YE Xiujin. Under the SFO, Mr. YE Yujing will be deemed to be interested in the same number of Shares in which Ms. YE Xiujin is interested.
3. Ms. YE Xiujin is the wife of Mr. YE Yujing. Under the SFO, Ms. YE Xiujin will be deemed to be interested in the same number of Shares in which Mr. YE Yujing is interested.
4. South China Sea LP, a limited partnership entity established under PRC laws on 13 April 2011, is controlled by four general partners who were as at 15 November 2018, (i) Shenzhen Co-Win Jinxiu Asset, (ii) Zheng Wei He; (iii) Huang Li; and (iv) Ding Bao Yu. Shenzhen Co-Win Jinxiu Asset, a limited liability company established under PRC laws on 24 December 2014, is a wholly-owned subsidiary of Shenzhen Co-Win Asset. Shenzhen Co-Win Asset, a limited liability company established under PRC laws on 27 December 2010 is owned as to 35.01% by Shenzhen CoWin Venture Capital, 15.02% by Zheng Wei He, 14.94% by Huang Li, 10.45% by Shenzhen Co-Win Victory LP, 7.13% by Shenzhen CoWin South China Asset Management Company Limited which is a limited liability company established under PRC laws on 5 February 2013 and is wholly-owned by Shenzhen Co-Win Venture Capital, 3.38% by Ding Bao Yu, 1.60% by Xue Xiaoqing, 1.07% by Zhang Wenjun, 1.07% by Duan Yao, 0.89% by Tang Zhongcheng, with the remaining 9.44% owned by other shareholders. Shenzhen Co-Win Venture Capital, a limited liability company established under PRC laws on 26 June 2000, is owned as to 45% by Zheng Wei He and 55% by Huang Li. In light of

the above, Shenzhen Co-Win Jinxiu Asset, Shenzhen Co-Win Asset, Shenzhen Co-Win Venture Capital, Zheng Wei He, Huang Li and Ding Bao Yu are deemed to be interested in all Shares held by South China Sea LP under the SFO.

5. Other Domestic Shareholders include: YE Xian, YE Bingquan, Ningbo Xingwang Yinghua, HUANG Na, Shenzhen Gong Xiang Li, YE Weiqing, YU Taomei, Shenzhen Gong Fen Li, ZHOU Hang, LUO Biao, LI Guangbin, QIU Wenjin, ZENG Fang, YE Weiping, ZENG Bo and LIU Yi.
6. Other public H Shareholders include foreign capital stock holders, holding 52,763,000 shares, representing approximately 25% of the existing issued shares.

## **REASONS FOR THE PLACING**

As a comprehensive building decoration service provider, the Group has core businesses of building decoration works, electrical and mechanical installation works, curtain wall engineering works and fire safety engineering works, out of which building decoration works have contributed to substantially all of the Group's operating results. One prominent achievement to be underlined: the Group was ranked among the first-tier across PRC in the area of medical decoration works, leveraging the edges in the medical decorations. This has also carried a considerable meaning to the results enhancement.

Assuming that the Placing Shares are fully paid under the Placing:

- (i) the maximum gross proceeds from the Placing are estimated to be approximately HK\$70.00 million;
- (ii) the net proceeds, after deducting the placing fee, professional fees and all related expenses which may be borne by the Company, from the Placing are estimated to be approximately HK\$67.74 million; and
- (iii) the net price per Placing Share is approximately HK\$6.77.

The Placing would increase the amount of H Shares held by new investors that optimize and diversify the shareholder base of the Company and strengthen the financial position of the Company for future investment. The Directors, including the non-executive director and independent non-executive directors, consider that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS**

Based on the Placing Price, assuming there is no adjustment in the Placing Price, the maximum amount of net proceeds (after deducting all applicable costs and expenses, including commission, legal fees and levies) of approximately HK\$67.74 million from the Placing is intended to be used to replenish the capital of the Company, among which (1) approximately 25% will be used to replenish the working capital of the Company; (2) approximately 20% will be used for repayment of the bank facilities of the Company; and (3) the approximately 55% will be used for business development of the Company. The

net price (after deducting all applicable costs and expenses, including commission, legal fees and levies) raised per H Share upon completion of the Placing will be approximately HK\$6.77 per Placing Share.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not carried out any equity fund raising activities during the past 12 months immediately preceding the date of this announcement.

**Shareholders and potential investors should note that the completion of the Placing is subject to the conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“Associate”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors of the Company;
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours;
“Closing Date”	the expiry date of the placing period as defined under the Placing Agreement, being the second Business Day after fulfilment of the conditions precedent of the Placing Agreement or such other date as the Company and the Placing Agent may agree in writing;
“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 limited company established in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 6189);
“Completion”	completion of the obligation of parties on the Closing Date with respect to the Placing pursuant to the Placing Agreement;
“Director(s)”	the director(s) of the Company;

“Domestic Share(s)”	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are unlisted Shares which are currently not listed or traded in any stock exchange;
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting held on 8 June 2018, to allot, issue and deal with up to 10,552,600 new H Shares (20% of the then issued H share capital of the Company as at the date of the annual general meeting);
“Group”	the Company and its subsidiaries;
“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange, and subscribed for and traded in Hong Kong dollars;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	independent third parties who are not connected person(s) of the Company and are independent of and not connected with the Company or Directors, chief executive, or substantial Shareholders of the Company or any of its subsidiaries or their respective associates;
“Last Trading Day”	15 November 2018, being the date of the Placing Agreement, which is a Stock Exchange trading day;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New H Shares”	the maximum number of 10,000,000 H shares proposed to be issued and allotted under the General Mandate;
“New H Shares Issue”	the issue and allotment of the New H Shares subject to fulfillment of certain conditions stated in this announcement;
“Placee(s)”	any professional, institutional or other investor(s), which are independent and are not connected persons (as defined under the Listing Rules), procured by the Placing Agent to purchase for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement;

“Placing”	the placing of up to an aggregate of 10,000,000 Placing Shares by the Placing Agent, pursuant to the terms of the Placing Agreement;
“Placing Agent”	Central China International Capital Limited, a licensed person registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to engage in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities;
“Placing Agreement”	the conditional placing agreement dated 15 November 2018 entered into between the Company and the Placing Agent in relation to the Placing;
“Placing Price”	HK\$7.00 per Placing Share;
“Placing Share(s)”	up to 10,000,000 new H Shares to be placed by the Placing Agent pursuant to terms of the Placing Agreement;
“PRC”	the People’s Republic of China, which for the purpose of this circular only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	the ordinary share(s) in the share capital of the Company;
“Shareholder(s)”	the holder(s) of issued Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC;
“%”	per cent.

By order of the Board  
**Guangdong Adway Construction (Group) Holdings Company Limited\***  
(廣東愛得威建設(集團)股份有限公司)  
**Mr. Ye Yujing**  
*Chairman, Executive Director and Chief Executive Officer*

15 November 2018, Shenzhen, PRC

\* For identification purpose only

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

*This announcement, for which the directors of the Company (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and is not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinion expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*