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Wenye Group Holdings Limited

文業集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1802)

INSIDE INFORMATION

UPDATE ON VOLUNTARY WINDING-UP OF A SUBSIDIARY

This announcement is made by Wenye Group Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on 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).

Reference is made to the Company’s announcements dated 2 January 2024 (the “**Resumption Guidance Fulfillment Announcement**”) and 30 November 2024 in relation to, amongst other things, the Company’s action plan to address the disclaimer of opinion on going concern uncertainties (the “**Audit Modification**”) in its annual results for the financial year ended 31 December 2022 and the member’s voluntary winding up (the “**Winding Up**”) of the Company’s subsidiary, Sosang (HK) Holdings Limited (“**Sosang**”) under the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to update its shareholders and potential investors on the winding up of Sosang.

The liquidator of Sosang floated a tender on 21 February 2025 and a second tender on 11 March 2025 for the disposal of Sosang’s 100% equity interest in Shenzhen Wenye Construction Group Limited* (深圳市文業建築工程集團有限責任公司) (“**Wenye Construction Group**”) and approximately 0.23% equity interest in Wenye Construction Decoration (Shenzhen) Limited* (文業建築裝飾(深圳)有限責任公司) (“**Wenye Construction Decoration**”) (collectively referred as the “**Sale Interests**”), which are the investment holding companies holding indirect interest in Shenzhen Wenye Decoration Design Engineering Co., Ltd* (深圳文業裝飾設計工程有限公司) (“**Wenye Decoration**”),

a PRC operative subsidiary of the Group. The liquidator received an offer during the tender period of the second tender which expired on 25 March 2025.

Upon arm's length negotiations between the liquidator (as agent of Sosang which is in member's voluntary winding up) and Very Big Win Limited (大贏家有限公司) (the "**Bidder**"), Sosang and the Bidder entered into a sale and purchase agreement on 12 June 2025 in relation to the Sale Interests for a cash consideration of HK\$1,300,000. Completion took place on the same day upon signing of the sale and purchase agreement. Upon completion, Sosang ceased to have any interest in its subsidiaries (the "**Sosang Subsidiaries**").

The consideration was arrived at after arm's length negotiations between the liquidator and the Bidder on normal commercial terms having taken into account of the unaudited consolidated net liabilities position of Wenye Construction Group and Wenye Construction Decoration on a combined basis.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As disclosed in the audited annual results announcement of the Company for the financial year ended 31 December 2024, the Group had net current liabilities and net liabilities of approximately RMB919,488,000 and RMB930,442,000, respectively. The majority of the Group's debts are primarily owed by Wenye Decoration. The Company has not provided corporate guarantee for all the debts owed by Wenye Decoration or other members of the Group. As at the date of this announcement, the corporate guarantee provided by the Company to members of the Group amounts to approximately RMB41,684,000 only.

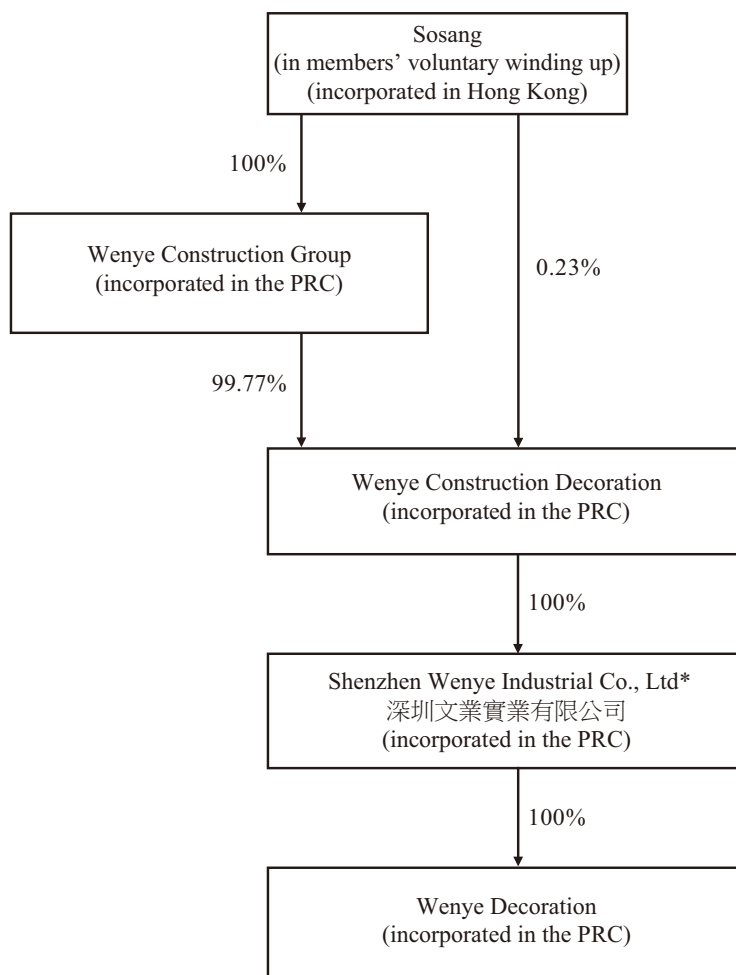
As disclosed in the Resumption Guidance Fulfillment Announcement, the Company may wind up Sosang which held interest in Wenye Decoration by way of Winding Up as part of its plan (the "**Winding Up Plan**") to address the Audit Modification following unsatisfactory negotiation with creditors of the Group to restructure debts of Wenye Decoration. Implementation of the Winding Up Plan will result in deconsolidation of the assets and liabilities of Wenye Decoration from the Group, and liabilities of the Group will thereby substantially be reduced.

As part of the Winding Up, the liquidator is required to liquidate and settle the assets and liabilities of Sosang and the disposal of the Sosang Subsidiaries is part of such process. The disposal was on normal commercial terms which is in the interests of the shareholder and creditors of Sosang as a whole.

Apart from Wenye Decoration, another subsidiary of the Company has the relevant license and qualification to undertake decoration work in the PRC. The Board is therefore of the view that the disposal of Wenye Decoration will have no material adverse impact on the overall business operations of the Group.

INFORMATION ON SOSANG SUBSIDIARIES AND THE BIDDER

The following chart is an abridged shareholding chart of Sosang and its subsidiaries as at the date of this announcement.



The Bidder is principally engaged in investment holding and is wholly owned by Mr. Xu Chunhui* (徐春輝) (“**Mr. Xu**”) who is a merchant.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Bidder and Mr. Xu are third parties independent of and not connected with the Company and its connected persons under the Listing Rules.

The Company will make further announcement(s) to keep its shareholders and potential investors informed of any progress on the winding up of Sosang as and when appropriate.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

In connection with the disposal, the unaudited pro forma consolidated statement of financial position (the “**Unaudited Pro Forma Financial Information**”) of the Group (excluding the Sosang Subsidiaries) (the “**Remaining Group**”) has been prepared solely for the purpose to illustrate the effect of the disposal on the Group’s financial position as at 31 December 2024 as if the disposal had been completed on 31 December 2024.

The Unaudited Pro Forma Financial Information has been prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2024 as extracted from the 2024 annual report of the Company, after making pro forma adjustments relating to the disposal that are factually supportable and directly attributable to the disposal and assuming that the issuance and allotment of an aggregate of 237,600,000 shares of the Company under specific mandate completed on 17 April 2025, had been completed on 31 December 2024.

The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates and uncertainties. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the actual financial position of the Remaining Group that would have been attained had the disposal been completed on 31 December 2024. Neither does the Unaudited Pro Forma Financial Information purports to predict the future financial position of the Remaining Group. The Unaudited Pro Forma Financial Information should be read in conjunction with the published 2024 annual report of the Company.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES OF THE REMAINING GROUP

AS AT 31 December 2024

	Audited consolidated statement of financial position of the Group RMB'000	Pro forma adjustment RMB'000	Unaudited consolidated statement of financial position of the Remaining Group RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	7,434	(7,434)	—
Right-of-use assets	—	—	—
Investment properties	—	—	—
Intangible assets	—	—	—
Trade and other receivables	—	—	—
	<u>7,434</u>	<u>(7,434)</u>	<u>—</u>
CURRENT ASSETS			
Contract assets	63,268	(63,268)	—
Trade and other receivables	114,290	(109,861)	4,429
Amounts due from related parties	679	(679)	—
Restricted cash	16,908	(16,849)	59
Cash and cash equivalents	507	(425)	82
	<u>195,652</u>	<u>(191,082)</u>	<u>4,570</u>
TOTAL CURRENT ASSETS			
	<u>195,652</u>	<u>(191,082)</u>	<u>4,570</u>
CURRENT LIABILITIES			
Trade and other payables	874,929	(867,957)	6,972
Contract liabilities	62,999	(62,999)	—
Bank borrowings	28,774	—	28,774
Other borrowings	84,049	(70,663)	13,386
Lease liabilities	—	—	—
Amounts due to related parties	25,642	(20,530)	5,112
Current income tax liabilities	38,747	(38,747)	—
	<u>1,115,140</u>	<u>(1,060,896)</u>	<u>54,244</u>
TOTAL CURRENT LIABILITIES			
	<u>1,115,140</u>	<u>(1,060,896)</u>	<u>54,244</u>

	Audited consolidated statement of financial position of the Group RMB'000	Pro forma adjustment RMB'000	Unaudited consolidated statement of financial position of the Remaining Group RMB'000
NET CURRENT LIABILITIES	<u>(919,488)</u>	869,814	<u>(49,674)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>(912,054)</u>	862,380	<u>(49,674)</u>
NON-CURRENT LIABILITIES			
Other borrowings	18,388	(18,388)	—
Lease liabilities	<u>—</u>	<u>—</u>	<u>—</u>
	<u>18,388</u>	(18,388)	<u>—</u>
NET LIABILITIES	<u><u>(930,442)</u></u>	880,768	<u><u>(49,674)</u></u>
CAPITAL AND RESERVES			
Share capital	51	19	70
Reserves	<u>(932,148)</u>	882,404	<u>(49,744)</u>
Equity attributable to owners of the Company	<u>(932,097)</u>	882,423	<u>(49,674)</u>
Non-controlling interests	<u>1,655</u>	(1,655)	<u>—</u>
TOTAL EQUITY	<u><u>(930,442)</u></u>	880,768	<u><u>(49,674)</u></u>

Notes:

1. The figures are extracted from the consolidated statement of financial position of the Group as at 31 December 2024 set out in the published 2024 annual report.
2. Pursuant to the Subscription Agreements, an aggregate of 237,600,000 subscription shares, representing approximately 28.6% of the issued share capital of the Company as enlarged by the allotment and issue of the subscription shares, have been subscribed by the subscribers at the subscription price of HK\$0.055 per subscription share. The aggregate nominal value of the subscription shares is HK\$23,760 (approximately RMB21,300). The number of shares increases to 831,600,000 after the subscriptions. Completion of the subscriptions took place on 17 April 2025.

By order of the Board
Wenye Group Holdings Limited
Kong Guojing
Chairman

Shenzhen, PRC, 12 June 2025

As at the date of this announcement, the Board of the Company comprises (i) four executive directors, namely Mr. Kong Guojing (Chairman), Ms. Fan Shuying (Co-Chairwoman and Chief Executive Officer) Mr. Chen Zhouyu (Co-Chairman) and Mr. Peng Jiwei; (ii) two non-executive directors, namely, Mr. Li Hongxing and Mr. Mak Ho Fai; and (iii) three independent non-executive directors, namely Mr. Huang Wei, Mr. Ma Kin Ling and Ms. Ye Jinyu.

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

* *For identification purposes only. In the event of any inconsistency, the Chinese name shall prevail.*