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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)

DECISION OF THE STOCK EXCHANGE ON LISTING RULE 13.24

This announcement is made by Wenye Group Holdings Limited (the “**Company**”) 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 (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

On 15 July 2025, the Company received a letter from the Stock Exchange (the “**Letter**”) notifying the Company of its decision that the Company has failed to maintain a sufficient level of operations and assets of sufficient value to support its operations to warrant the continued listing of its shares under Rule 13.24 of the Listing Rules and that trading in the Company’s shares will be suspended under Rule 6.01(3) of the Listing Rules (the “**Decision**”). In arriving at the Decision, the Stock Exchange has considered the followings:

1. The Building Decorative and Design Business, being the Company’s only business since listing, has diminished to a minimal scale of operation. In FY2024 and the six months ended 30 June 2025, the Company recognized minimal revenue and failed to materialize its previous business plan. The Company recorded mostly net losses, net liabilities and net operating cash outflow in the past four years. The trade receivables and contract assets of the Company have been substantially impaired in the past years. In June 2025, the Company disposed (the “**Disposal**”) its major operating subsidiary, Shenzhen Wenye Decoration Design Engineering Co., Ltd* (深圳文業裝飾設計工程有限公司). However, the Company maintained only a minimal cash balance and remained in a net current liabilities and net liabilities position following the Disposal.
2. The Stock Exchange does not consider the downturn in the Company’s Building Decorative and Design Business to be temporary and the business is not viable and sustainable for the following reasons:
 - (i) The Building Decorative and Design Business has diminished to a minimal level of operation. Revenue declined by 99% over the past five years, from RMB1,247 million in FY2020 to RMB13 million in FY2024, with only RMB4.2 million recorded for the six months ended 30 June 2025 which fall short of the forecasted revenue of RMB27.8 million. The Company attributed its poor performance to the downturn in the PRC real estate market and liquidity constraints arising from the non-recovery of trade receivables and contract assets from customers. Consequently, the Company failed to meet its repayment obligations

on loans and other payables, which triggered successive tightening of credit by financial institutions. These liquidity constraints significantly impaired the Company's ability to secure new contracts, leading to a substantial reduction in the project volume in recent years.

- (ii) The Company only secured a small number of projects. From the information provided by the Company to the Stock Exchange, the Company has secured four projects, with two projects (accounting for approximately 80% of the total contract sum) from connected persons and most of them are short-term in nature. The Company has no clear plan to expand its customer base. Given the Company's excessive reliance on connected persons and limited customer base, it is questionable whether the Company could secure contracts in the long run. Further, the Company does not appear to have sufficient working capital to support the execution of its secured projects. As to the largest project of the Company in Saipan (the "**Saipan Project**") in terms of projected revenue, it is unclear whether the Company has the relevant infrastructure to carry out the required work. Overall, the Company has not demonstrated it has prospects of completing the contract and thereby improving the Company's operation scale.
 - (iii) While the Company projected revenue of RMB109.9 million and RMB121.6 million for FY2025 and FY2026 respectively, the forecast is primarily supported by the Saipan Project, which accounts for at least 60% of the projected revenue. For FY2026, the remainder is based on a framework agreement for a hotel renovation project in Shanghai and management expectations, without the support of any signed contracts or binding commitments. This, coupled with the failure in fulfilling its business plans provided for resumption of trading back in 2022 and the previously forecasted projects not being materialized or completed, casts further doubt on the credibility of the Company's forecast.
3. The Company transitioned from net assets position to net liabilities position in FY2021 and continued to deteriorate thereafter. Its auditors issued a disclaimer of opinion on the Company's ability to continue as a going concern since FY2021. As at 31 December 2024, the Company recorded net current liabilities of RMB919 million and net liabilities of RMB930 million, with a cash balance of RMB0.5 million.
 4. Following the Disposal, the Company's total assets decreased significantly from RMB203 million to RMB4.6 million, of which 97% represented other receivables. Its cash balance further declined from RMB0.5 million to less than RMB0.1 million, which was insufficient to repay its liabilities. The Company continued to record net current liabilities and net liabilities of RMB50 million, primarily due to two overdue bank borrowings from China Construction Bank totaling RMB28.8 million and two overdue other borrowings of RMB13.4 million from independent third parties. In addition, the Company may be exposed to further potential liabilities arising from litigation proceedings.
 5. Notwithstanding that the Company recently obtained a RMB10 million loan from an independent third party, the loan was solely used for project working capital. The Company also indicated its intention to conduct a rights issue and/or private placement to repay outstanding debts and fund its operations. However, these fundraising plans remain preliminary, with no concrete timetable or committed investors. The Stock Exchange remain concerned as to what extent the Company's financial condition could be improved and how its operation and potential liabilities will be financed. The Stock Exchange considered that the Company did not provide any concrete plan to resolve its financial difficulties which seriously impaired its ability to continue its business.

Pursuant to the Letter, the Company must re-comply with Rule 13.24 of the Listing Rules, fulfill any

resumption guidance that may be set by the Stock Exchange and be in full compliance with the Listing Rules to the Stock Exchange's satisfaction before the trading of the Company's shares is allowed to resume. Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of the Company's shares if trading remains suspended for a continuous period of 18 months.

Under Chapter 2B of the Listing Rules, the Company has the right to have the Decision referred to the Listing Committee for review. Any request for review must be served on the Secretary of the Listing Committee within seven business days from the date of the Decision (i.e. on or before 24 July 2025). Trading in the Company's shares will be suspended after the expiry of seven business days from the date of the Decision (i.e. 25 July 2025), unless the Company applies for a review of the Decision.

The Company is in the process of reviewing the Letter and is discussing the same internally and with its professional advisers, and will consider whether to lodge a request for the Decision to be referred to the Listing Committee for review.

Shareholders and potential investors of the Company are reminded that the outcome of the review of the Decision by the Listing Committee is uncertain. Shareholders who have any queries about the implication of the Decision are advised to obtain appropriate professional advice.

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

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

Shenzhen, PRC, 15 July 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.

**for identification purposes only*