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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 MEMORANDUM OF UNDERSTANDING

This announcement is made by Wenye Group Holdings Limited (文業集團控股有限公司) (the “**Company**”, 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 of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under 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 announcement of the Company dated 13 May 2022 (the “**Announcement**”) in relation to the halt of trading in the shares of the Company pending the release of an announcement containing inside information of the Company. Unless otherwise stated, the capitalised terms used herein shall have the same meaning as defined in the Announcement.

THE MEMORANDUM OF UNDERSTANDING FOR SUBSCRIPTION

The Board is pleased to announcement that on 12 May 2022 (after trading hours), the Company entered into a memorandum of understanding (the “**MOU**”) with Shenzhen Yingfeng Zhongyangxing Fund Management Co., Ltd.* (深圳盈峰中養星基金管理有限公
司) in relation to the proposed subscription (the “**Proposed Subscription**”) of shares in the Company (the “**Share(s)**”).

The terms of the MOU are summarised as follows:

Date : 12 May 2022

Parties : (i) The Company (as the issuer); and
(ii) Shenzhen Yingfeng Zhongyangxing Fund Management Co., Ltd.* (深圳盈峰中養星基金管理有限公司), a limited company incorporated in the People's Republic of China (the "PRC") (the "**Potential Subscriber**", together with the Company, the "**Parties**")

To the best of the directors' (the "**Director(s)**") knowledge, information and belief having made all reasonable enquiries, the Potential Subscriber and its ultimate beneficial owner is an independent third party.

Number of Subscription Shares

Pursuant to the MOU, the Company intends to allot and issue, and the Potential Subscriber intends to subscribe for not more than 118,800,000 new shares (the "**Subscription Shares**", each a "**Subscription Share**").

Under the MOU, it is expected that upon the completion of the Potential Subscription, the Potential Subscriber will be interested in not more than 20% of the shares in the Company. The final number of new shares to be allotted and issued by the Company will be finalised in the definitive subscription agreement.

Subscription Price

The total subscription price pursuant to the MOU is up to RMB120 million (the "**Subscription Price**"), and at the Subscription Price of up to approximately RMB1.01 per Subscription Share. Upon the execution of the MOU, the Potential Subscriber agreed to make a payment of RMB10 million to the Company as a deposit. Such payments will be made from the Potential Subscriber's securities account in Hong Kong. The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares.

General Mandate

The Subscription Shares will be allotted and issued pursuant to the general mandate, which was granted to the Directors pursuant to an ordinary resolution passed at the Company's annual general meeting on 23 June 2021 to issue and allot up to 118,800,000 new shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the said meeting (the "**General Mandate**"). As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. As such, the issue of the Subscription Shares is not subject to any further shareholders' approval.

Termination

Unless the parties agree otherwise in writing, the MOU shall be terminated at earlier of:

- (i) The occurrence of any breach of the terms under the MOU by the Potential Subscriber, which makes it inexpedient or inadvisable for the Parties to proceed with the Proposed Subscription; or
- (ii) The occurrence of any breach of the declarations, warranties or undertakings expressed or assumed under the MOU by the Potential Subscriber, which makes it inexpedient or inadvisable for the Parties to proceed with the Proposed Subscription; or
- (iii) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof), which makes it inexpedient or inadvisable for the Parties to proceed with the Proposed Subscription.

Upon giving of the written notice pursuant to the paragraphs above, all obligations of the Parties shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the MOU.

THE SUBSCRIPTION AGREEMENT

The Company is finalising the terms of the definitive subscription agreement in relation to the Proposed Subscription with the Potential Subscriber and will make further announcement(s) to the Proposed Subscription as soon as practicable.

INFORMATION OF THE POTENTIAL SUBSCRIBER

The Potential Subscriber is a company incorporated in the PRC, which engages in investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Potential Subscriber and its ultimate beneficial owner(s) are third party(ies) independent of and not connected person(s) with the Company and its connected persons (as defined in the Listing Rules).

REASONS AND BENEFITS FOR ENTERING INTO THE MOU

The Company is principally engaged in the provision of interior and exterior building decoration and design services in the PRC.

As advised by the Potential Subscriber, the Potential Subscriber is principally engaged in business of investment holding.

The Directors consider that the Potential Subscriber would provide a good opportunity for the Group to strengthen its capital base and provide new source of capital to the Company and will be in the interest of the Company and its shareholders as a whole.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 13 May 2022 until further notice.

The Proposed Subscription or other provisions contemplated under the MOU are subject to, among others, further negotiation between the Parties. There is no assurance that the Proposed Subscription will materialise or eventually be consummated. At present, discussions between the Parties are still on-going and the terms and conditions of a formal agreement are yet to be finalised and agreed between the Parties. As such, the Proposed Subscription or other provisions contemplated under the MOU may or may not proceed. Further announcement(s) in respect of the Proposed Subscription or any other provisions contemplated under the MOU shall be made by the Company in the event that any formal agreement has been entered into.

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

By Order of the Board
Wenye Group Holdings Limited
Fan Shaozhou
Chairman and Chief Executive Officer

Shenzhen, PRC, 17 May 2022

As at the date of this announcement, the executive directors of the Company are Mr. Fan Shaozhou, Mr. Wan Neng and Mr. Peng Weizhou; the non-executive directors of the Company are Mr. Deng Guanghui and Mr. Chen Li; and the independent non-executive directors of the Company are Ms. Huang Guiqing, Mr. Liu Ziping and Mr. Liu Xiaoyi.

* *For identification purpose only*