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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Wenye Group Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of Wenye Group Holdings Limited.

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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)**

- (1) PROPOSED ISSUE OF NEW SHARES UNDER  
SPECIFIC MANDATE;**
- (2) CONNECTED TRANSACTIONS IN RELATION TO ISSUE OF NEW  
SHARES UNDER SPECIFIC MANDATE; AND**
- (3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**

**AMASSE CAPITAL**  
**寶 積 資 本**

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Capitalised terms used in this cover page shall bear the same meanings as those defined in the section headed "Definitions" in this circular unless the context otherwise requires.

This circular is despatched together with a notice convening the EGM to be held at 12:00 noon on Thursday, 10 October 2024 (or immediately after the conclusion or adjournment of the AGM) at the conference room at 5/F, Baoneng Building, No. 128 Liyuan Road, Luohu District, Shenzhen, PRC set out on pages 51 to 53 of this circular. A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM (i.e. before 12:00 noon on Tuesday, 8 October 2024) or any adjournment thereof (as the case maybe). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM, or any adjournment thereof, should you so wish.

24 September 2024

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“AGM”	the annual general meeting of the Company to be held at the conference room at 5/F, Baoneng Building, No. 128 Liyuan Road, Luohu District, Shenzhen, PRC at 11:30 a.m. on Thursday, 10 October 2024 or where the context so permits, any adjournment thereof;
“Announcements”	the announcements of the Company dated 7 June 2024, 3 July 2024, 31 July 2024, 30 August 2024 and 24 September 2024 in relation to, among others things, the Subscriptions, the 1st Supplemental Subscription Agreements, the 2nd Supplemental Subscription Agreements and the 3rd Supplemental Subscription Agreements;
“Board”	the board of Directors of the Company;
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon;
“Company”	Wenye Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange (stock code: 1802);
“Completion”	completion of the Subscriptions in accordance with the terms and conditions of the Subscription Agreements (as supplemented by the Supplemental Agreements);

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## DEFINITIONS

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“Completion Date”	the date on which Completion shall take place, which is five (5) Business Days after the date on which all the Conditions are satisfied or waived (if applicable), or at such other date, time and venue as the parties to the Subscription Agreements (as supplemented by the Supplemental Agreements) may agree in writing;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held at 12:00 noon on Thursday, 10 October 2024 (or immediately after the conclusion or adjournment of the AGM) at the conference room at 5/F, Baoneng Building, No. 128 Liyuan Road, Luohu District, Shenzhen, PRC for the purpose of considering and, if thought fit, passing the necessary resolution(s) to approve, among other matters, the Subscription Agreements (as supplemented by the Supplemental Agreements) and the transactions contemplated thereunder, and the grant of the Specific Mandate for the allotment and issue of the Subscription Shares, which are contained in the notice of the EGM set out on pages 51 to 53 of this circular, or any adjournment thereof;
“High Court”	High Court of the Hong Kong Special Administrative Region;
“HK Monkey Asset Management”	HK Monkey Asset Management Limited (金猴資產管理有限公司), a company incorporated in Hong Kong with limited liability which is ultimately beneficially owned by Lin Ziqi* (林紫琪), Chen Dechun* (陳德純) and Yang Mingwei* (楊明偉) and their ultimate beneficial shareholdings in HK Monkey Asset Management are 34%, 33% and 33%, respectively;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

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## DEFINITIONS

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“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent committee of the Board which comprises all the independent non-executive Directors, namely Mr. Huang Wei, Ms. Ye Jinyu and Mr. Ma Kin Ling, established to advise the Independent Shareholders in respect of the Subscriptions with Mr. Kong and Mr. Mak and the transactions contemplated thereunder;
“Independent Financial Adviser” or “Amasse Capital”	Amasse Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions with Mr. Kong and Mr. Mak and the transactions contemplated thereunder;
“Independent Shareholder(s)”	Shareholder(s) other than those who are required to abstain from voting at the EGM for the resolution(s) approving the Subscription Agreements (as supplemented by the Supplemental Agreements) in respect of Mr. Kong and Mr. Mak and the transactions contemplated thereunder (including the grant of the Specific mandate for the allotment and issuance of the Subscription Shares);
“Latest Practicable Date”	20 September 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	the interest free loan in the principal amount of RMB17,096,000 (equivalent to approximately HK\$18,805,600) granted by Mr. Kong to the Company from 23 May 2023 to 18 December 2023 (both dates inclusive);

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## DEFINITIONS

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“Long Stop Date”	31 July 2024 (or such later date as the Company and the Subscribers may agree in writing);
“Mr. Kong”	Mr. Kong Guojing (孔國競), the co-chairman and executive Director of the Company;
“Mr. Lee”	Mr. Lee Man Chiu (李敏超);
“Mr. Mak”	Mr. Mak Ho Fai (麥浩輝), the non-executive Director of the Company;
“PRC”	the People’s Republic of China which, and for the sole purpose of this circular, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
“Share(s)”	ordinary share(s) of par value of HK\$0.0001 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the issued Shares;
“Shenzhen Xinhengfeng”	Shenzhen Xinhengfeng Asset Management Co., Limited* (深圳市新恒豐資產管理有限公司), a limited liability company incorporated in the PRC whose issued share capital is 74% owed by Mr. Liu Falin* (劉發林), 13% by Mr. Zhang Junjie* (張隽傑) and 13% by Mr. Yuan Zhou* (袁祖歐);
“Specific Mandate”	the specific mandate to be granted by the Shareholders at the EGM to allot and issue the Subscription Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscribers”	HK Monkey Asset Management, Mr. Lee, Shenzhen Xinhengfeng, Mr. Kong and Mr. Mak;

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## DEFINITIONS

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“Subscription(s)”	The subscriptions of Shares by the Subscribers in accordance with the Subscription Agreements (as supplemented by the Supplemental Agreements);
“Subscription Agreement(s)”	The subscription agreements dated 7 June 2024 entered into between the Company and each of the Subscribers, respectively;
“Subscription Announcement”	The announcement of the Company dated 7 June 2024 in relation to the Subscriptions;
“Subscription Price”	HK\$0.055 per Subscription Share;
“Subscription Share(s)”	An aggregate of 237,600,000 new and fully paid Shares to be allotted and issued by the Company to the Subscribers pursuant to the terms and conditions of the Subscription Agreements (as supplemented by the Supplemental Agreements), representing 40% of the existing issued Shares as at the Latest Practicable Date and approximately 28.6% of the enlarged issued Shares immediately upon Completion;
“Supplemental Agreement(s)”	the 1st Supplemental Subscription Agreement(s), the 2nd Supplemental Subscription Agreement(s) and the 3rd Supplemental Subscription Agreement(s);
“1st Extended Long Stop Date”	13 September 2024 (or such later date as the Company and the Subscribers may agree in writing);
“1st Supplemental Subscription Agreement(s)”	The supplemental subscription agreements dated 31 July 2024 entered into between the Company and each of the Subscribers, respectively, to extend the Long Stop Date to 13 September 2024;
“2nd Extended Long Stop Date”	14 October 2024 (or such later date as the Company and the Subscribers may agree in writing);

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## DEFINITIONS

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“2nd Supplemental Subscription Agreement(s)”	The supplemental subscription agreements dated 30 August 2024 entered into between the Company and each of the Subscribers, respectively, to extend the 1st Extended Long Stop Date to the 2nd Extended Long Stop Date;
“3rd Extended Long Stop Date”	14 November 2024 (or such later date as the Company and the Subscribers may agree in writing);
“3rd Supplemental Subscription Agreement(s)”	The supplemental subscription agreements dated 24 September 2024 entered into between the Company and each of the Subscribers, respectively, to extend the 2nd Extended Long Stop Date to the 3rd Extended Long Stop Date; and
“%”	per cent.

\* *For identification purposes only*

*For illustration purposes, amounts in RMB in this circular have been translated into HK\$ based on the exchange rate of RMB1 = HK\$1.10. No representation is made that any amounts in RMB can be or could have been converted at the relevant dates at the above rate or at any other rates at all.*

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Fan Shaozhou

*(Chairman and Chief Executive Officer)*

Mr. Kong Guojing *(Co-Chairman)*

*Non-executive Directors:*

Mr. Chen Li

Mr. Shen Peng

Mr. Li Hongxing

Mr. Mak Ho Fai

*Independent non-executive Directors:*

Mr. Huang Wei

Ms. Ye Jinyu

Mr. Ma Kin Ling

*Registered office:*

VISTRA (CAYMAN) LIMITED

P.O. Box 31119

Grand Pavilion

Hibiscus Way

802 West Bay Road

Grand Cayman

KY1-1205

Cayman Islands

*Principal place of business in Hong Kong:*

10/F, Shum Tower

268 Des Voeux Road Central

Sheung Wan

Hong Kong

24 September 2024

*To the Shareholders*

Dear Sir/Madam,

- (1) PROPOSED ISSUE OF NEW SHARES UNDER  
SPECIFIC MANDATE;  
(2) CONNECTED TRANSACTIONS IN RELATION TO ISSUE OF NEW  
SHARES UNDER SPECIFIC MANDATE; AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Announcements, the Subscription Agreements and the Supplemental Agreements pursuant to which the Company has conditionally agreed to allot and issue, and each of the Subscribers has conditionally agreed to subscribe for the Subscription Shares, being a total of 237,600,000 new Shares, at the Subscription Price of HK\$0.055 per Subscription Share,

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## LETTER FROM THE BOARD

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representing an aggregate subscription consideration of HK\$13,068,000 and subject to the terms and conditions set out in the Subscription Agreements (as supplemented by the Supplemental Agreements). The Subscription Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders and Independent Shareholders at the EGM. The Company and the Subscribers entered into the Supplemental Agreements to extend the Long Stop Date to the 3rd Extended Long Stop Date.

The purpose of this circular is to provide you with, among others, (i) further details of the Subscription Agreements (as supplemented by the Supplemental Agreements) and the transactions contemplated thereunder; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Subscriptions; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee in relation to the Subscriptions; (iv) a notice of convening the EGM; and (v) other information as required under the Listing Rules.

Amasse Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions with Mr. Kong and Mr. Mak and the transactions contemplated thereunder.

### **PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENTS**

The Subscription Agreements are all on the same terms (other than the number of Subscription Shares) and the major terms of the Subscription Agreements are as follows:

Date: 7 June 2024 (after trading hours)

#### **The Subscription**

Pursuant to the Subscription Agreements, the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for an aggregate of 237,600,000 Subscription Shares at the Subscription Price on the Completion Date.

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## LETTER FROM THE BOARD

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### Parties to the Subscription Agreements and their respective subscription

<b>Parties</b>	<b>Number of Subscription Shares</b>	<b>Consideration  (HK\$)</b>
<b>As Issuer</b> the Company		
<b>As Subscriber</b>		
(i) HK Monkey Asset Management	58,790,836	3,233,496
(ii) Mr. Lee	26,909,091	1,480,000
(iii) Shenzhen Xinhengfeng	62,313,673	3,427,252
(iv) Mr. Kong	62,313,673	3,427,252
(v) Mr. Mak	<u>27,272,727</u>	<u>1,500,000</u>
Total	<u>237,600,000</u>	<u>13,068,000</u>

### The Subscription Shares

The total number of the Subscription Shares is 237,600,000 Shares, which represents 40% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 28.6% of the enlarged issued share capital of the Company immediately following the Completion (assuming that there are no other changes in the share capital of the Company between the date of the Subscription Agreements and the Completion Date). The aggregate nominal value of the Subscription Shares is HK\$23,760.

### Rights of the Subscription Shares

The Subscription Shares will be fully paid and rank *pari passu* with all other issued Shares in all respects as at the date of allotment and issue.

### The Subscription Price

The Subscription Price of HK\$0.055 per Subscription Share represents:

- (i) a discount of approximately 3.5% to the closing price of HK\$0.057 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements;

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## LETTER FROM THE BOARD

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- (ii) a discount of approximately 14.1% to the average of the closing price of HK\$0.064 per Share quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreements;
- (iii) a discount of approximately 15.4% to the average of the closing price of HK\$0.065 per Share quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Subscription Agreements;
- (iv) a premium of approximately 27.9% to the closing price of HK\$0.043 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (v) a premium of approximately HK\$1.61 to the net liabilities of the Company of approximately negative HK\$1.55 per Share based on (a) the audited net liabilities attributable to owners of the Company of approximately RMB836,715,000 (equivalent to approximately HK\$920,386,500 as at 31 December 2023; and (b) 594,000,000 issued Shares as at the Latest Practicable Date; and
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 4.02%, represented by the theoretical diluted price of approximately HK\$0.06143 per Share to the benchmarked price of approximately HK\$0.064 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the date of the Subscription Announcement of HK\$0.057 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) trading days immediately prior to the date of the Subscription Announcement of HK\$0.064 per Share).

The net Subscription Price, after deduction of relevant expenses, is estimated to be approximately HK\$0.052 per Subscription Share. Save as the consideration of HK\$3,427,252 to be set off against the Loan owed by the Company to Mr. Kong, the aggregate cash consideration of HK\$9,640,748 is payable in cash by the other Subscribers to the Company on or before Completion.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers taking into account the prevailing market price of the Shares, the Group's historical performances as well as current market condition. With reference to the consolidated net liability position of the Company attributable to owners of the Company as of 31 December 2023 of approximately RMB836,715,000 (equivalent to approximately HK\$920,386,500 as at 31 December 2023 and equivalent to approximately negative HK\$1.55 per Share based on 594,000,000 Shares then in issue), the Subscription Price represents a substantial premium over this amount.

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## LETTER FROM THE BOARD

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The Company had negotiated with the Subscribers on its best effort for the Subscription Price, however, considering (i) the consolidated net liability position of the Company; (ii) the Shares have been traded at a general downward trend for the last eight months since the resumption of trading in the Shares in January 2024; (iii) a discount was required to act as incentive for the Subscribers to subscribe; (iv) the repayment obligations of the Company in relation to the outstanding indebtedness; and (v) the Subscription presents an opportunity to reduce the Group's gearing ratio without incurring interest expense and improving the Group's financial position which may be favourable to the Company in exploring other fund-raising methods in the future, the Subscription Price was determined with a discount. Considering the above, the Directors are of the view that the discount is justifiable.

Considering (i) the Shares have been traded at a general downward trend since the resumption of trading in the Shares since January 2024; (ii) a discount was required to act as incentive for the Subscribers to subscribe; (iii) the consolidated net liability position of the Company; (iv) the Subscription represents reducing the Group's gearing ratio and improving the Group's financial position without incurring any interests; (v) the Subscription also represents a good opportunity to broaden the capital base; and (vi) repayment ability can be demonstrated by on-going successful fund raising activities by the Company, thus, increasing the chance of obtaining further financings in the future, the Directors (including the members of the Independent Board Committee whose views are set out in the letter from the Independent Board Committee contained in this circular after taking into account the advice of the Independent Financial Adviser but excluding Mr. Kong and Mr. Mak, who have a material interest in their Subscriptions and had abstained from voting on the relevant resolutions to approve the Subscription Agreements (as supplemented by the Supplemental Agreements) and the transactions contemplated thereunder) consider that the terms and conditions of the Subscriptions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Conditions Precedent to the Subscriptions**

Completion of each of the Subscription Agreements (as supplemented by the Supplemental Agreements) are not inter-conditional on Completion of each other, though they are each conditional upon the fulfilment of the following conditions:

- (i) the compliance with the applicable requirements under the Listing Rules, including but not limited to the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in the Subscription Shares (whether unconditional or subject to usual conditions);

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## LETTER FROM THE BOARD

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- (ii) all necessary consents and approvals to be obtained on the part of the Company in respect of the Subscription Agreements (as supplemented by the Supplemental Agreements) and the transactions contemplated thereunder having been obtained;
- (iii) the passing of necessary resolution(s) by the shareholders of the Company (by the Independent Shareholders in respect of the Subscriptions by Mr. Kong and Mr. Mak) who are allowed to vote under the Listing Rules of the relevant resolution(s) to approve the Subscription Agreements (as supplemented by the Supplemental Agreements) and the transactions contemplated hereunder, including the grant of the Specific Mandate at the EGM;
- (iv) the representations, warranties and undertakings provided by the Company remaining true and accurate and not misleading in all material respects as at the date of the Subscription Agreements (as supplemented by the Supplemental Agreements) and the Completion Date; and
- (v) the representations, warranties and undertakings provided by each of the Subscribers remaining true and accurate and not misleading in all material respects as at the date of the Subscription Agreements (as supplemented by the Supplemental Agreements) and the Completion Date.

The Company may, at its discretion, waive the compliance with Condition (v). The Subscribers may, at their discretion, waive the compliance with Condition (iv). Save as the aforementioned conditions, other conditions are not capable of being waived by the Company and the Subscribers.

In the event that the conditions precedent are not fulfilled at or before 5:00 p.m. on the 3rd Extended Long Stop Date, the Subscription Agreements (as supplemented by the Supplemental Agreements) will lapse and become null and void forthwith and all rights, obligations and liabilities of the parties shall cease and terminate and neither of the parties thereto shall have any claim against the other save for any antecedent breach under the Subscription Agreements (as supplemented by the Supplemental Agreements) prior to such termination.

As at the Latest Practicable Date, none of the above conditions had been fulfilled or waived.

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## LETTER FROM THE BOARD

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### **Lock-up**

During the period of 365 days from the Completion Date (the “**Lock-up Period**”), save with the prior written consent of the Company, each of the Subscribers shall remain as the sole beneficial owner, free from all encumbrances and third party rights, of its Subscription Shares. At any time during the Lock-up Period, each of the Subscribers shall not offer, pledge, charge, sell, contract to sell, or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, its Subscription Shares.

### **Completion**

Completion for the Subscriptions shall take place on the fifth Business Day (or such other date as the parties to thereto may agree in writing) after the date on which the last of the conditions precedent is satisfied or waived (if applicable).

### **Specific Mandate to issue Subscription Shares**

An aggregate of 148,013,600 Subscription Shares will be allotted and issued to HK Monkey Asset Management, Mr. Lee and Shenzhen Xinhengfeng pursuant to the Specific Mandate proposed to be sought from the Shareholders at the EGM, while an aggregate of 89,586,400 Subscription Shares are to be allotted and issued to Mr. Kong and Mr. Mak pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.

### **Application for listing**

An 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 Subscription Shares.

## **INFORMATION OF THE COMPANY AND THE SUBSCRIBERS**

The Company is a company incorporated under the laws of the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange. The Company is principally engaged in the provision of interior and exterior building decoration and design services in the PRC.

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## LETTER FROM THE BOARD

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HK Monkey Asset Management is a company incorporated in Hong Kong with limited liability whose entire issued share capital is ultimately beneficially owned by Lin Ziqi\* (林紫琪), Chen Dechun\* (陳德純) and Yang Mingwei\* (楊明偉) and their ultimate beneficial shareholdings in HK Monkey Asset Management are 34%, 33% and 33%, respectively. HK Monkey Asset Management is principally engaged in asset management and wealth management.

Shenzhen Xinhengfeng is a company incorporated in the PRC with limited liability whose issued share capital is 74% owed by Mr. Liu Falin\* (劉發林), 13% by Mr. Zhang Junjie\* (張隽傑) and 13% by Mr. Yuan Zhou\* (袁祖歐). Shenzhen Xinhengfeng is principally engaged in asset management and wealth management.

Mr. Lee is a merchant and has experience working in the real estate sector of the Greater Bay Area in the PRC. Mr. Kong is the co-chairman and executive Director of the Company and Mr. Mak is a non-executive Director of the Company. As at the Latest Practicable Date, Mr. Mak is the beneficial owner of 37,072,000 Shares, representing 6.24% of the Company's issued Shares.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, HK Monkey Asset Management and Shenzhen Xinhengfeng and their ultimate beneficial owners and Mr. Lee are third parties independent of, and not connected with the Company and its connected persons. Mr. Kong is the co-chairman and an executive Director and Mr. Mak is a non-executive Director. As such, they are connected persons of the Company under Chapter 14A of the Listing Rules

### LISTING RULES IMPLICATIONS

Mr. Kong is the co-chairman and an executive Director and Mr. Mak is a non-executive Director. As such, they are connected persons of the Company under Chapter 14A of the Listing Rules and the entering into of the Subscription Agreements (as supplemented by the Supplemental Agreements) with Mr. Kong and Mr. Mak constitute connected transactions of the Company under the Listing Rules and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## LETTER FROM THE BOARD

### CHANGES IN SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon Completion (assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date and up to the date of Completion), are summarised as follows:

Shareholders	As at the Latest Practicable Date		Immediately upon Completion of the Subscriptions	
	Number of Existing Shares	Approximate Percentage	Number of issued Shares	Approximate Percentage
<b>Directors:</b>				
Mr. Fan Shaozhou ("Mr. Fan") (Note 1)	55,017,150	9.26%	55,017,150	6.62%
Mr. Mak (Note 2)	37,072,000	6.24%	64,344,727	7.74%
Mr. Chen Li ("Mr. Chen") (Note 3)	19,350,000	3.26%	19,350,000	2.33%
Mr. Kong	—	—	62,313,673	7.49%
<b>Public Shareholders</b>				
HK Monkey Asset Management	—	—	58,790,836	7.07%
Mr. Lee	—	—	26,909,091	3.23%
Shenzhen Xinhengfeng	—	—	62,313,673	7.49%
Other public Shareholders	482,560,850	81.24%	482,560,850	58.03%
<b>Total</b>	<b>594,000,000</b>	<b>100.00%</b>	<b>831,600,000</b>	<b>100.00%</b>

*Notes:*

- Among the 55,017,150 Shares, Mr. Fan was deemed to be interested in 55,017,150 Shares held by Fanshaozhou Holdings for the purpose of Part XV of the SFO. Fanshaozhou Holdings Limited is indirectly wholly-owned by CMB Wing Lung (Trustee) Limited, the Trustee of the Fan Family Trust. The Fan Family Trust is a discretionary family trust established by Mr. Fan and for the benefit of himself.
- Mr. Mak is the beneficial owner of the 37,072,000 Shares.

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## LETTER FROM THE BOARD

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3. Mr. Chen is deemed to be interested in the 19,350,000 Shares held by Chenli Holdings for the purpose of Part XV of the SFO. Chenli Holdings is indirectly wholly-owned by CMB Wing Lung (Trustee) Limited, the Trustee of the Chen Family Trust. The Chen Family Trust is a discretionary family trust established by Mr. Chen Li and for the benefit of himself.
4. The Subscription Shares of HK Monkey Asset Management, Mr. Lee and Shenzhen Xinhengfeng are expected to form part of the public float after Completion, and the Company is expected to maintain a sufficient amount of public float of at least 25% of the total number of issued Shares after Completion.

### FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fundraising activities in the past twelve months immediately preceding the Latest Practicable Date.

### REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

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

As disclosed in the Company's annual report for the year ended 31 December 2023, the Group recorded net loss of RMB63,524,000, net liabilities of RMB834,999,000 and trade and other payables of RMB818,401,000, bank borrowings of RMB28,774,000 and other borrowings of RMB98,649,000 whilst its restricted cash and bank and cash balances amounted to approximately RMB22,287,000 and RMB177,000, respectively.

The unsatisfactory performance of the Company in recent years is in line with the downward trend of the decoration industry, resulting in challenging business environment for the Company's business. While the property and related industry chain has not yet improved, the Company noted that China has enhanced the efforts in the renewal and iteration of infrastructure and equipment. After four years of industry reshuffle, only a few enterprises can maintain their positions among the top tier of the industry. The Group, as a leading enterprise in the industry, is pursuing for development amid the predicament, and will open up new markets apart from the existing business growth locations.

The Company considers that the Group is in need of external financings with a view to improving the Group's financial position, reducing its debt level (including trading and financial debts) and replenishing working capital for the Company's operations. The Company has considered other alternative fund-raising methods such as debt financing, rights issue or open offer. The Company considered that debt financing may incur further interest burden on the Group and may be subject to lengthy due diligence and negotiations with the banks with reference to the Group's financial position and the then financial market condition and it may be relatively

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## LETTER FROM THE BOARD

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uncertain and time-consuming. On the other hand, rights issue or open offer may also involve relatively substantial time and cost to complete as compared to the equity financing through issue of the new Shares under Specific Mandate.

The gross proceeds from the Subscriptions are HK\$13,068,000. The net proceeds from the Subscriptions, after deducting the related expenses, are estimated to be approximately HK\$12,300,000.

The Company intends to apply approximately 90% of the total net proceeds in the approximate amount of HK\$11,070,000 from the Subscriptions for the repayment of its outstanding indebtedness and interest expenses, while the remaining 10% in the approximate amount of HK\$1,230,000 will be applied to settle its professional fees and be used as its general working capital. The particulars of which are as follows:

- (i) approximately HK\$7,643,000 to partially settle its overdue loans and interest accrued with China Construction Bank which had been due since 2022 in the remaining amount of RMB28,774,000, being principal and penalty interest of 8.25% per annum. The Company has two overdue loans with China Construction Bank and the bank has commenced litigation against the Company in relation to one of the loans. Please refer to the section headed 'Material Litigation' in this circular for further details on the litigation. The Company has formulated a plan to settle both loans which is subject to endorsement of the arbitration tribunal. The settlement featured upfront repayment of principal of RMB4,000,000 and accrued interest in the amount of RMB332,331 followed by 11 monthly repayments of between RMB1,000,000 and RMB3,000,000 with the final repayment of RMB13,774,235.60 to be made by end of December 2025. It is expected that it will take up to 2 months for the arbitration tribunal to endorse the settlement plan i.e. by December 2024. As at the Latest Practicable Date, the Company expects to utilise such proceeds by the end of the first quarter of 2025 and intends to conduct further fund raising exercise for the repayment of the remaining outstanding loans and interest with China Construction Bank in the amount of RMB21,131,000;
- (ii) approximately HK\$3,427,000 to set off against the interest free Loan owed by the Company to Mr. Kong which is due by 30 September 2024. As at the Latest Practicable Date, the Company expects to utilise such proceeds immediately upon completion of the subscription by Mr. Kong;
- (iii) approximately HK\$615,000 to settle professional fees incurred by the Company. As at the Latest Practicable Date, the Company expects to utilise such proceeds by the end of October 2024; and

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## LETTER FROM THE BOARD

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- (iv) approximately HK\$615,000 as general working capital of the Group, including rental payment of the Group's office, staff costs and for the Group's day to day operating expenses. As at the Latest Practicable Date, the Company expects to utilise such proceeds by the end of October 2024.

The Company is of the view that the Subscriptions can strengthen the financial position of the Group and provide funding to the Group to repay indebtedness and interest expenses of the Group and finance its working capital needs. The Subscriptions also represent a good opportunity to broaden the Shareholders' base and the capital base of the Company.

The Directors (including the members of the Independent Board Committee whose views are set out in the letter from the Independent Board Committee contained in this circular after taking into account the advice of the Independent Financial Adviser but excluding Mr. Kong and Mr. Mak, who have a material interest in their Subscriptions and had abstained from voting on the relevant resolutions to approve the Subscription Agreements (as supplemented by the Supplemental Agreements) and the transactions contemplated thereunder) consider that the terms and conditions of the Subscriptions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Huang Wei, Ms. Ye Jinyu and Mr. Ma Kin Ling, has been established to consider the terms of the Subscription Agreements (as supplemented by the Supplemental Agreements) in respect of Mr. Kong and Mr. Mak and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the aforesaid transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Amasse Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **GENERAL**

The EGM will be convened and held for the purposes of considering and, if thought fit, approving, among other things, (i) the Subscription Agreements (as supplemented by the Supplemental Agreements) and the transactions contemplated thereunder; and (ii) the granting of the Specific Mandate for the allotment and issue of the Subscription Shares. A notice convening the EGM to be held at 12:00 noon on Thursday, 10 October 2024 (or immediately after the conclusion or adjournment of the AGM) at the conference room at 5/F, Baoneng Building, No. 128 Liyuan Road, Luohu District, Shenzhen, PRC is set out on pages 51 to 53 of this circular.

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## LETTER FROM THE BOARD

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A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the office of the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM (i.e. before 12:00 noon on Tuesday, 8 October 2024) or any adjournment thereof (as the case maybe). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM, or any adjournment thereof, should you so wish.

Pursuant to the Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, all the proposed resolutions will be put to vote by way of poll at the EGM. An announcement on the poll vote results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

As Mr. Kong and Mr. Mak are connected persons of the Company, they are considered to have a material interest in their subscriptions and had abstained from voting on the resolutions passed by the Board. Mr. Mak, who holds approximately 6.24% of the Shares of the Company as at the Latest Practicable Date, is considered to have a material interest in his subscription to be approved by the Independent Shareholders at the EGM and shall abstain from voting at the EGM. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as of the Latest Practicable Date, save for Mr. Kong and Mr. Mak, HK Monkey Asset Management and Shenzhen Xinhengfeng and their ultimate beneficial owners and Mr. Lee are third parties independent of, and not connected with the Company and its connected persons.

Save as disclosed above, none of the Directors and Shareholders is regarded as having a material interest in the Subscriptions or is required to abstain from voting on the resolutions passed by the Board or from voting at the EGM relating to the Subscriptions and the transactions contemplated thereunder.

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 7 October 2024 to Thursday, 10 October 2024 (both days inclusive) for the purpose of determining the entitlement to attend and vote at the EGM, during which period no transfer of Share(s) will be registered. In order to be eligible to attend and vote at the EGM, all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance

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## LETTER FROM THE BOARD

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Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 4 October 2024. Shareholders whose names appear on the register of members of the Company on Monday, 7 October 2024 shall be entitled to attend and vote at the EGM.

### RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 21 to 22 of this circular, which contains its recommendation to the Independent Shareholders in respect of (i) the Subscriptions with Mr. Kong and Mr. Mak and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser set out on pages 23 to 42 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions with Mr. Kong and Mr. Mak and the transactions contemplated thereunder, and the principal factors and reasons considered by it in arriving at its opinions.

In respect of the Subscriptions, the Directors (including the members of the Independent Board Committee whose opinion is set forth in the “Letter from the Independent Board Committee” in this circular after considering the advice of the Independent Financial Adviser but excluding Mr. Kong and Mr. Mak, who have a material interest in the Subscriptions and had abstained from voting on the relevant resolutions to approve the Subscription Agreements (as supplemented by the Supplemental Agreements) and the transactions contemplated thereunder) are of the view that although the entering into of the Subscription Agreements (as supplemented by the Supplemental Agreements) is not in the ordinary and usual course of business of the Group, the terms of the Subscription Agreements (as supplemented by the Supplemental Agreements) and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (excluding Mr. Kong and Mr. Mak) recommend the Independent Shareholders to vote in favour of the relevant resolutions approving the Subscription Agreements (as supplemented by the Supplemental Agreements) and the transactions contemplated thereunder (including the grant of the Specific Mandate) at the EGM.

Given that completion of the Subscriptions is subject to conditions and the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Yours faithfully,

By order of the Board

**Fan Shaozhou**

*Chairman and Chief Executive Officer*

\* For identification purposes only



**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)**

24 September 2024

*To the Independent Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTIONS IN RELATION  
TO ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE**

We refer to the circular of the Company dated 24 September 2024 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise the Independent Shareholders in respect of the Subscription Agreements (as supplemented by the Supplemental Agreements) with Mr. Kong and Mr. Mak and the transactions contemplated thereunder. Amasse Capital has been appointed by the Company as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are contained in its letter as set out on pages 23 to 42 of the Circular. Your attention is also drawn to the letter from the Board as set out on pages 7 to 20 of the Circular and the additional information set out in the appendix to the Circular.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the terms of the Subscription Agreements (as supplemented by the Supplemental Agreements) and the situation of the Company, the interests of the Independent Shareholders and the advice of the Independent Financial Adviser, we consider that although the entering into of the Subscription Agreements with Mr. Kong and Mr. Mak is not in the ordinary and usual course of business of the Group, the terms of the Subscription Agreements (as supplemented by the Supplemental Agreements) and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolutions approving the Subscription Agreements (as supplemented by the Supplemental Agreements) and the transactions contemplated thereunder (including the grant of the Specific Mandate) at the EGM.

Yours faithfully  
For and on behalf of the  
Independent Board Committee

**Mr. Huang Wei**  
*Independent non-executive  
Director*

**Ms. Ye Jinyu**  
*Independent non-executive  
Director*

**Mr. Ma Kin Ling**  
*Independent non-executive  
Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from Amasse Capital Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.*

**AMASSE CAPITAL**  
**寶 積 資 本**

24 September 2024

*The Independent Board Committee and the Independent Shareholders*

Dear Sirs,

- (1) PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE;  
AND  
(2) CONNECTED TRANSACTIONS IN RELATION TO ISSUE OF NEW  
SHARES UNDER SPECIFIC MANDATE**

### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreements (as supplemented by the Supplemental Agreements) with Mr. Kong and Mr. Mak and the transactions contemplated thereunder, details of which are contained in the letter from the Board (the “**Letter from the Board**”) in the circular of the Company dated 24 September 2024 (the “**Circular**”), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 7 June 2024 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreements with the Subscribers respectively, pursuant to which the Company has conditionally agreed to allot and issue, and each of the Subscribers has conditionally agreed to subscribe for the Subscription Shares, being a total of 237,600,000 new Shares, at the Subscription Price of HK\$0.055 per Subscription Share, representing an aggregate subscription consideration of HK\$13,068,000 and subject to the terms and conditions set out in the Subscription Agreements. The Subscription Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders and Independent Shareholders at the EGM. The Company and the Subscribers entered into the Supplemental Agreements to extend the Long Stop Date to the 3rd Extended Long Stop Date.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Mr. Kong is the co-chairman and an executive Director and Mr. Mak is a non-executive Director. As such, they are connected persons of the Company under Chapter 14A of the Listing Rules and the entering into of the Subscription Agreements (as supplemented by the Supplemental Agreements) with Mr. Kong and Mr. Mak constitute connected transactions of the Company under the Listing Rules and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As Mr. Kong and Mr. Mak are connected persons of the Company, they are considered to have a material interest in their subscriptions and had abstained from voting on the resolutions passed by the Board. Mr. Mak, who holds approximately 6.24% of the Shares of the Company as at the Latest Practicable Date, is considered to have a material interest in his subscription to be approved by the Independent Shareholders at the EGM and shall abstain from voting at the EGM. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as of the Latest Practicable Date, save for Mr. Mak and Mr. Kong, HK Monkey Asset Management and Shenzhen Xinhengfeng and their ultimate beneficial owners and Mr. Lee are third parties independent of, and not connected with the Company and its connected persons.

Save as disclosed above, none of the Directors and Shareholders is regarded as having a material interest in the Subscriptions or is required to abstain from voting on the resolutions passed by the Board or from voting at the EGM relating to the Subscriptions and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Subscriptions with Mr. Kong and Mr. Mak and the transactions contemplated thereunder. We, Amasse Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

### **OUR INDEPENDENCE**

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have not acted as the independent financial adviser to the independent board committee and the independent Shareholders of the Company for any transaction.

With regard to our independence from the Company, it is noted that, apart from normal professional fees paid or payable to us in connection with the current appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Accordingly, we consider that we are independent from the Company in accordance with Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser and eligible to give independent advice in respect of the Subscriptions with Mr. Kong and Mr. Mak and the transactions contemplated thereunder.

### **BASIS OF OUR ADVICE**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the management of the Company (collectively, the “**Management**”). We have assumed that all information and representations that have been provided by the Management, for which the Directors are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the representation and confirmation of the Management that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Subscriptions with Mr. Kong and Mr. Mak and the transactions contemplated thereunder. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the Circular and have confirmed, having made all reasonable enquiries, and to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Management, nor have we conducted any independent in-depth investigation into the business and affairs of any members of the Group, the counter party(ies) to the Subscriptions with Mr. Kong and Mr. Mak and the transactions contemplated thereunder or their respective subsidiaries or associates. We also have not considered the taxation implication on the Group or the Shareholders as a result of the Subscriptions with Mr.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Kong and Mr. Mak and the transactions contemplated thereunder. We have not carried out any feasibility study on the past, and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Group. Our opinion has been formed on the assumption that any analysis, estimation, anticipation, condition and assumption provided by the Group are feasible and sustainable. Our opinion shall not be construed as to give any indication to the validity, sustainability and feasibility of any past, existing and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Group.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. We expressly disclaim any liability and/or any loss arising from or in reliance upon the whole or any part of the contents of this letter.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

### **PRINCIPAL FACTORS CONSIDERED**

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreements (as supplemented by the Supplemental Agreements) with Mr. Kong and Mr. Mak and the transactions contemplated thereunder, we have taken into consideration the following factors and reasons:

#### **1. Information of the Group**

##### ***1.1 Principal businesses of the Group***

The Company is a company incorporated under the laws of the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange. The Group is principally engaged in the provision of interior and exterior building decoration and design services in the PRC.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 1.2 Financial performance of the Group

Set out below is the summary of the financial performance of the Group for the two years ended 31 December 2022 (“FY2022”) and 2023 (“FY2023”) extracted from the annual report of the Company for the year ended 31 December 2023 (“FY2023 Annual Report”).

	<b>FY2023</b>	<b>FY2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)
Revenue	81,343	378,119
Gross profit	7,114	23,660
Finance costs, net	(11,268)	(5,629)
Loss before tax	(63,524)	(193,417)
Loss after tax	(63,524)	(193,589)

The Group’s revenue for FY2023 decreased by approximately 78.5% from approximately RMB378.1 million to approximately RMB81.3 million as compared to that for FY2022. Such decrease was mainly due to a significant decrease in the contract value in 2023 as a result of the impact of the slowdown of the PRC domestic economy, the surging default events in the PRC real estate sector, the Company’s default on its debt obligations and the capital chain rupture experienced by the Group’s customers.

The Group’s gross profit for FY2023 decreased by approximately 69.9% from approximately RMB23.7 million to RMB7.1 million as compared to that for FY2022, mainly due to the significant decrease in the revenue in 2023 as a result of the impact of the slowdown of the PRC domestic economy.

Finance costs, net, of the Group for FY2023 were approximately RMB11.3 million (FY2022: approximately RMB5.6 million). The increase in finance costs, net, was mainly due to the increase in the interest-bearing bank and other borrowings of the Group in FY2023, as compared with those in FY2022.

The Group’s loss after tax for FY2023 decreased by 67.2% from approximately RMB193.6 million for FY2022 to approximately RMB63.5 million for FY2023. Such change was mainly attributable to the significant decrease in the revenue in 2023 as a result of the impact of the slowdown of the PRC domestic economy.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 1.3 Financial position of the Group

Set out below is the summary of the financial position of the Group as at 31 December 2023 as extracted from the FY2023 Annual Report.

	<b>As at 31 December 2023</b> <i>RMB'000</i> (Audited)
Non-current assets	8,014
Current assets	<u>231,738</u>
<b>Total assets</b>	<b><u>239,752</u></b>
Non-current liabilities	32,294
Current liabilities	<u>1,042,457</u>
<b>Total liabilities</b>	<b><u>1,074,751</u></b>
<b>Net liabilities</b>	<b><u>(834,999)</u></b>
<b>Total equity</b>	<b><u>(834,999)</u></b>

#### 1.3.1 Total assets

The total assets of the Group amounted to approximately RMB239.8 million as at 31 December 2023. The major components of the total assets of the Group as at 31 December 2023 were (i) trade and other receivables of approximately RMB122.7 million and (ii) contract assets of approximately RMB86.6 million.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *1.3.2 Total liabilities*

The total liabilities of the Group amounted to approximately RMB1,074.8 million as at 31 December 2023. The major components of the total liabilities of the Group as at 31 December 2023 were (i) trade and other payable of approximately RMB818.4 million; (ii) bank borrowings of approximately RMB28.8 million and (iii) other borrowings of approximately RMB98.6 million.

### *1.3.3 Cash and cash equivalents*

As at 31 December 2023, the restricted cash and bank and cash balances of the Group amounted to approximately RMB22.3 million and approximately RMB0.2 million, respectively.

## **2. Information on Mr. Kong and Mr. Mak**

Mr. Kong is the co-chairman and executive Director of the Company and Mr. Mak is a non-executive Director of the Company. As at the Latest Practicable Date, Mr. Mak is the beneficial owner of 37,072,000 Shares, representing 6.24% of the Company's issued Shares.

## **3. Principal terms of the Subscription Agreements**

The details of the Subscription Agreements (as supplemented by the Supplemental Agreements) are set out in the Letter from the Board. Set out below is a summary of the principal terms of the Subscription Agreements.

### ***3.1 The Subscription Shares***

Pursuant to the Subscription Agreements, the Company has conditionally agreed to allot and issue, and each of the Subscribers has conditionally agreed to subscribe for the Subscription Shares, being a total of 237,600,000 new Shares, at the Subscription Price of HK\$0.055 per Subscription Share, representing an aggregate subscription consideration of HK\$13,068,000 and subject to the terms and conditions set out in the Subscription Agreements (as supplemented by the Supplemental Agreements).

The total number of the Subscription Shares is 237,600,000 Shares, which represents (i) 40% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 28.6% of the enlarged issued share capital of the Company immediately following the Completion (assuming that there are no other changes in the share capital of the Company between the date of the Subscription Agreements and the date of the Completion).

The aggregate nominal value of the Subscription Shares is HK\$23,760.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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An aggregate of 148,013,600 Subscription Shares will be allotted and issued to HK Monkey Asset Management, Mr. Lee and Shenzhen Xinhengfeng pursuant to the Specific Mandate proposed to be sought from the Shareholders at the EGM, while an aggregate of 89,586,400 Subscription Shares are to be allotted and issued to Mr. Kong and Mr. Mak pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.

### *3.2 The Subscription Price*

The Subscription Price of HK\$0.055 per Subscription Share represents:

- (i) a discount of approximately 3.5% to the closing price of HK\$0.057 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements;
- (ii) a discount of approximately 14.1% to the average of the closing price of HK\$0.064 per Share quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreements;
- (iii) a discount of approximately 15.4% to the average of the closing price of HK\$0.065 per Share quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Subscription Agreements;
- (iv) a premium of approximately 27.9% over the closing price of HK\$0.043 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (v) a premium of approximately HK\$1.61 to the net liabilities of the Company of approximately HK\$1.55 per Share based on (a) the audited net liabilities attributable to owners of the Company of approximately RMB836,715,000 (equivalent to approximately HK\$920,386,500 as at 31 December 2023; and (b) 594,000,000 issued Shares as at the Latest Practicable Date; and
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 4.02%, represented by the theoretical diluted price of approximately HK\$0.06143 per Share to the benchmarked price of approximately HK\$0.064 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the date of the Subscription Announcement of HK\$0.057 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) trading days immediately prior to the date of the Subscription Announcement of HK\$0.064 per Share).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The net Subscription Price, after deduction of relevant expenses, is estimated to be approximately HK\$0.052 per Subscription Share. Save as the consideration of HK\$3,427,252 to be set off against the Loan owed by the Company to Mr. Kong, the aggregate cash consideration of HK\$9,640,748 is payable in cash by the other Subscribers to the Company on or before Completion.

As set out in the Letter from the Board, the Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers taking into account the prevailing market price of the Shares, the Group's historical performances as well as current market condition. With reference to the consolidated net liability position of the Company attributable to owners of the Company as of 31 December 2023 of approximately RMB836,715,000 (equivalent to approximately HK\$920,386,500 as at 31 December 2023 and equivalent to approximately negative HK\$1.55 per Share based on 594,000,000 Shares then in issue), the Subscription Price represents a substantial premium over this amount.

The Company had negotiated with the Subscribers on its best effort for the Subscription Price, however, considering (i) the consolidated net liability position of the Company; (ii) the Shares have been traded at a general downward trend for the last eight months since the resumption of trading in the Shares in January 2024; (iii) a discount was required to act as incentive for the Subscribers to subscribe; (iv) the repayment obligations of the Company in relation to the outstanding indebtedness; and (v) the Subscriptions present an opportunity to reduce the Group's gearing ratio without incurring interest expense and improving the Group's financial position which may be favourable to the Company in exploring other fund-raising methods in the future, the Subscription Price was determined with a discount. Considering the above, the Directors are of the view that the discount is justifiable.

#### **4. Reasons for the Subscriptions and use of proceeds**

As set out in the Letter from the Board, the unsatisfactory performance of the Company in recent years is in line with the downward trend of the decoration industry, resulting in challenging business environment for the Company's business. While the property and related industry chain has not yet improved, the Company noted that China has enhanced the efforts in the renewal and iteration of infrastructure and equipment. After four years of industry reshuffle, only a few enterprises can maintain their positions among the top tier of the industry. The Group, as a leading enterprise in the industry, is pursuing for development amid the predicament, and will open up new markets apart from the existing business growth locations.

We noted that, as at 31 December 2023, the Group was over-leveraged, having the total bank and other borrowings amounted to approximately RMB28.7 million and RMB98.6 million, respectively while its unrestricted cash and cash equivalents amounted to only approximately

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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RMB0.2 million. Based on the scheduled repayment terms set out in the loan agreements, approximately 79% of bank and other borrowings as at 31 December 2023 are repayable within one year. Furthermore, as advised by the Company, the gross proceeds from the Subscriptions are HK\$13,068,000. The net proceeds from the Subscriptions, after deducting the related expenses, are estimated to be approximately HK\$12,300,000. The Company intends to apply approximately 90% of the total net proceeds in the approximate amount of HK\$11,070,000 from the Subscriptions for the repayment of its outstanding indebtedness and interest expenses, and the remaining 10% in the approximate amount of HK\$1,230,000 will be applied to settle its professional fees and be used as its general working capital. The particulars of which are as follows:

- (i) approximately HK\$7,643,000 to partially settle its overdue loan and interest accrued with China Construction Bank which had been due since 2022 in the remaining principal amount of RMB28,774,000, being principal and penalty interest of 8.25% per annum. The Company has two overdue loans with China Construction Bank and the bank has commenced litigation against the Company in relation to one of the loans. Please refer to the section headed “Material Litigation” in the Circular for further details on the litigation. The Company has formulated a plan to settle both loans which is subject to endorsement of the arbitration tribunal. The settlement featured upfront repayment of principal of RMB4,000,000 and accrued interest in the amount of RMB332,331 followed by 11 monthly repayments of between RMB1,000,000 and RMB3,000,000 with the final repayment of RMB13,774,235.60 to be made by end of December 2025. It is expected that it will take up to 2 months for the arbitration tribunal to endorse the settlement plan, i.e. by December 2024. As at the Latest Practicable Date, the Company expects to utilise such proceeds by the end of the first quarter of 2025 and intends to conduct further fund raising exercise for the repayment of the remaining outstanding loans and interest with China Construction Bank in the amount of RMB21,131,000;
- (ii) approximately HK\$3,427,000 to set off against the interest free Loan owed by the Company to Mr. Kong which is due by 30 September 2024. We have discussed with the Management and understand that the Company has been reaching out to its debtors in respect of the debts and settlement arrangements, and only Mr. Kong had shown his willingness in accepting new Shares to set off the Loan which in our opinion, will enhance the Group’s financial position without causing any cash outflow. As at the Latest Practicable Date, the Company expects to utilise such proceeds immediately upon completion of the subscription by Mr. Kong;
- (iii) approximately HK\$615,000 to settle professional fees incurred by the Company, which primarily include outstanding lawyer fees, company secretarial fees, etc. As at the Latest Practicable Date, the Company expects to utilise such proceeds by the end of October 2024; and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (iv) approximately HK\$615,000 as general working capital of the Group, including rental payment of the Group's office, staff costs and for the Group's day to day operating expenses. As at the Latest Practicable, the Company expects to utilise such proceeds by the end of October 2024.

The Group is in need of external financings with a view to improving the Group's financial position, reducing its debt level (including trading and financial debts) and replenishing working capital for the Company's operations. We have discussed with the Management and were given to understand that the Company has considered other alternative fund-raising methods such as debt financing, rights issue or open offer. The Company considered that debt financing may incur further interest burden on the Group and may be subject to lengthy due diligence and negotiations with the banks with reference to the Group's financial position and the then financial market condition and it may be relatively uncertain and time-consuming. On the other hand, rights issue or open offer may also involve relatively substantial time and cost to complete as compared to the equity financing through issue of the new Shares under Specific Mandate.

Having considered that debt financing (i) would incur finance costs, as compared to the Subscriptions which will improve the Group's gearing without incurring interest expenses; (ii) would be difficult, uncertain and time-consuming in light of the financial condition of the Group, i.e. the Group has recorded consecutive losses for the last two years; and (iii) generally involve pledge of assets and/or securities which may limit the Group's operational flexibility, we concur with the Management that debt financing is not desirable financing alternative for the Group.

In respect of equity financing options such as rights issue and open offer, we understand that (i) pre-emptive fund raising methods normally take at least five to six weeks, and lengthy discussions with potential underwriters may also be involved; (ii) additional costs, including but not limited to placing fees, underwriting commission and other professional fees, are likely to be incurred; and (iii) given the unsatisfactory financial performance of the Group in the past two years, it would be difficult for the Company to conduct rights issue or open offer without offering a considerable discount to attract subscribers.

Having considered the above, although the Subscriptions are not in the ordinary and usual course of business of the Group, the Subscriptions can strengthen the financial position of the Group and provide funding to the Group to repay indebtedness and interest expenses of the Group and finance its working capital needs. We are of the view that the Subscriptions would be a better financing, as compared with debt financing, rights issue or open offer. The terms and conditions of the Subscription Agreements (as supplemented by the Supplemental Agreements) are fair and reasonable and are on normal commercial terms, and the Subscriptions are in the interest of the Company and the Shareholders as a whole.

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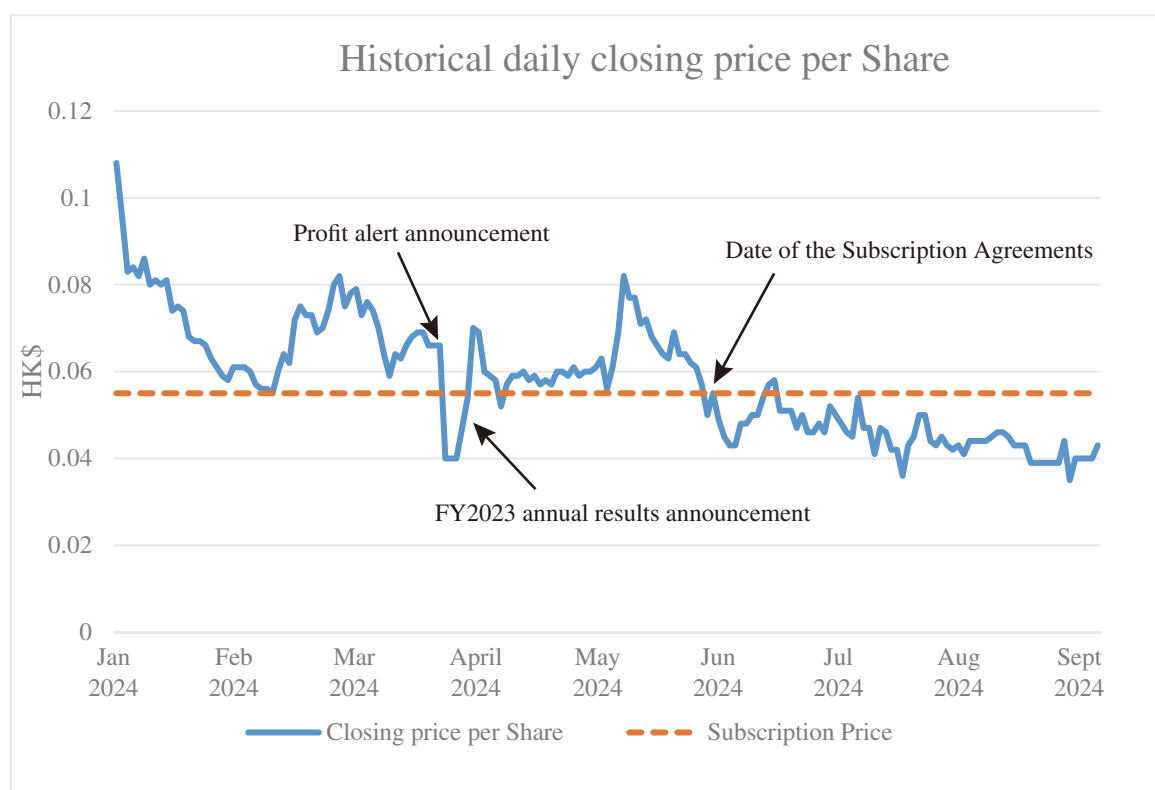
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### 5. Analysis of the Subscription Price

In order to assess the fairness and reasonableness of the Subscription Price, we have performed a review on the daily closing prices and trading volume of the Shares from 8 June 2023 to 20 September 2024 (being the approximately 15-months' period prior to and including the Latest Practicable Date) and compared with the Subscription Price. Nonetheless, trading in the Shares on the Stock Exchange had been suspended from 13 May 2022 to 2 January 2024 due to the delay in publication of the annual results of the Company for the year ended 31 December 2021. As such, the actual review period covers from 3 January 2024 to 20 September 2024 (the “**Review Period**”). We consider the Review Period is adequate, fair and representative to reflect the prevailing market sentiment primarily and illustrate the general trend and level of movement of the daily closing prices of the Shares, which can reflect the correlation between the recent business performance of the Group and the latest market reaction in the Share price.

#### 5.1 Analysis of historical Share price performance

The following chart sets out the daily closing prices of the Shares on the Stock Exchange during the Review Period:



Source: the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

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During the Review Period, the daily closing prices of the Shares ranged from HK\$0.035 per Share (the “**Lowest Closing Price**”) recorded on 12 September 2024 to HK\$0.108 per Share (the “**Highest Closing Price**”) recorded on 3 January 2024, and the average closing price of the Shares was approximately HK\$0.06 per Share (the “**Average Closing Price**”).

The Share prices exhibited a general downward trend during the Review Period, decreasing from HK\$0.108 per Share on 3 January 2024 to as low as HK\$0.04 per Share on 28 March 2024 following publication of a profit alert announcement by the Company on 27 March 2024. Then the Share prices shortly rebounded to HK\$0.069 per Share on 10 April 2024 following publication of FY2023 annual results announcement on 5 April 2024, and further to HK\$0.082 per Share on 20 May 2024. Afterwards, the Share prices continued a downward trend, and recorded HK\$0.057 per Share on 7 June 2024 (being the date of the Subscription Agreements), the Lowest Closing Price of HK\$0.035 per Share on 12 September 2024 and HK\$0.043 per Share on the Latest Practicable Date.

The Subscription Price of HK\$0.055 per Subscription Share represents (i) a premium of approximately 57.14% over the Lowest Closing Price; (ii) a discount of approximately 49.1% to the Highest Closing Price; and (iii) a discount of approximately 8.3% to the Average Closing Price.

Despite the Subscription Price represents a discount to the Average Closing Price, after taking into consideration that (i) the Subscription Price falls within the range of the aforesaid historical closing price of the Shares during the Review Period; and (ii) as shown in the chart above, the closing price of the Shares demonstrated a general downward trend over the Review Period, we are of the view that the Subscription Price is fair and reasonable from the perspective of historical trend of the closing prices of the Shares.

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### 5.2 Analysis of trading liquidity of the Shares

The following table sets out (i) the average daily trading volume of the Shares; and (ii) the percentage of average daily trading volume of the Shares to the total number of issued Shares as at the end of the month/period during the Review Period.

	Number of trading days	Total trading volume of the Shares for the month/period	Average daily trading volume of the Shares for the month/period	Total number of issued Shares as at the month/period end	Percentage of average daily trading volume of the Shares to the total number of issued Shares
	<i>Days</i>	<i>Number of Shares</i>	<i>Number of Shares</i>	<i>Number of Shares</i>	<i>Approx. %</i>
<b>2024</b>					
January (from 3 January 2024)	21	636,032,000	30,287,238	594,000,000	5.10%
February	19	91,088,000	4,794,105	594,000,000	0.81%
March	20	108,676,000	5,433,800	594,000,000	0.91%
April	20	146,094,000	7,304,700	594,000,000	1.23%
May	21	129,646,000	6,173,619	594,000,000	1.04%
June	19	26,464,000	1,392,842	594,000,000	0.23%
July	22	6,720,000	305,455	594,000,000	0.05%
August	22	12,614,000	573,364	594,000,000	0.10%
September (up to and including the Latest Practicable Date)	13	6,374,000	490,308	594,000,000	0.08%

*Source: the website of the Stock Exchange (www.hkex.com.hk)*

As illustrated in the table above, the average daily trading volume of the Shares was generally low, ranging from 305,455 Shares to 30,287,238 Shares during the Review Period, representing approximately 0.05% to 5.10% of the total issued Shares as at the end of relevant month/period.

As trading in the Shares on the Stock Exchange had been suspended from a prolonged period from 13 May 2022 to 2 January 2024, the average trading volume in January 2024 (following the resumption of trading on 3 January 2024) was relatively much higher than in other months/periods

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during the Review Period. Save for the above, it is noted that the monthly average daily trading liquidity of the Shares was generally thin during the Review Period, being less than 2% of the then total issued Shares as at the end of each month/period for at least 8 months/periods during the Review Period. The relatively low trading volume suggests that it would be difficult for the Company to pursue sizeable equity financing alternative in stock market without providing considerable discount.

### *5.3 Market comparables analysis*

To further assess the fairness and reasonableness of the Subscription Price, we have identified, to the best of our knowledge, effort and endeavour, an exhaustive list of 15 comparable transactions (the “**Comparables**”) based on the following criteria: (i) companies listed on the Stock Exchange; (ii) companies that had published announcements in relation to subscription of new shares under specific mandate by connected persons during the period from 8 December 2023 to 20 September 2024 (being approximately 9 months prior to and including the Latest Practicable Date, the “**Comparable Period**”); (iii) excluding issues under share award or for emolument or restructuring scheme or acquisition purposes; and (iv) excluding issues of A shares or domestic shares. We have restricted our comparison to subscriptions by connected persons because we consider transactions such as issues under share award or for emolument or restructuring scheme or acquisition purposes are driven by factors including but not limited to the terms of the share award scheme or the price and terms of the acquisition and target valuation, instead of issuance of shares for fundraising and/or debt reduction purposes (such as the Subscriptions). As for restructuring, it generally involves in substantial changes to the listed issuers’ financial position, operational scale and control, as well as other complex transactions at the same time. Further, issues of A shares or domestic shares may not be able to reflect the prevailing market conditions and sentiment in the Hong Kong stock market as they are not trading on the Stock Exchange. Accordingly, we consider that excluding these transactions would help to provide a more appropriate comparison between the Comparables and the Subscriptions.

We are of the view that the aforementioned criteria are appropriate and that the Comparable Period would provide us with the recent relevant information on the market sentiment, which plays an important role in the determination of the subscription prices of the Comparables in general. The approximately 9 months’ timeframe was adopted to demonstrate the recent market trends with sufficient and representative number of Comparables and thus, we consider the timeframe of the Comparable Period is reasonable and representative. We also noted that the terms of the relevant transactions of the Comparables may vary from companies with different financial standings, business performance and future prospects. We have also disregarded the relevance of comparing the size and use of proceeds from subscriptions carried out by the Comparables as they vary among companies with different purposes for their respective subscriptions. Since the Comparables

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are the recent transactions announced to the public, we consider that they represent the recent trend of relevant transactions in the prevailing market condition and could provide a general reference for the terms of the subscription price.

Our relevant findings are summarised in the table below:

Date of announcement	Stock code	Company name	Premium/(discount) of the subscription price over/to the closing price per share on/prior to the date of the corresponding agreement <i>Approx. %</i>	Premium/(discount) of the subscription price over/to the average closing price per share for the last five consecutive trading days prior to/up to and including the date of corresponding agreement <i>Approx. %</i>
4 September 2024	8646	China Hongguang Holdings Limited	(42.80)	(34.40)
2 September 2024	8350	Well Link Securities Holdings Limited	65.56	66.67
8 July 2024	209	Winshine Science Company Limited	(9.10)	(9.10)
17 June 2024	1176	Zhuguang Holdings Group Company Limited	21.21	18.34
14 June 2024	8156	Sinopharm Tech Holdings Limited	(18.70)	(18.70)
22 May 2024	8391	Cornerstone Technologies Holdings Limited	12.28	20.75
14 May 2024	989	Hua Yin International Holdings Limited	19.05	6.38
13 May 2024	1262	Labixiaoxin Snacks Group Limited	(5.17)	(15.77)
18 March 2024	1280	China Qidian Guofeng Holdings Limited	(31.37)	(31.64)
15 March 2024	860	Apollo Future Mobility Group Limited	(9.80)	(16.36)

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Date of announcement	Stock code	Company name	Premium/(discount) of the subscription price over/to the closing price per share on/prior to the date of the corresponding agreement <i>Approx. %</i>	Premium/(discount) of the subscription price over/to the average closing price per share for the last five consecutive trading days prior to/up to and including the date of corresponding agreement <i>Approx. %</i>
7 March 2024	931	China HK Power Smart Energy Group Limited	0.00	1.42
9 February 2024	618	Peking University Resources (Holdings) Company Limited	(9.52)	(19.03)
2 February 2024	1520	Virtual Mind Holding Company Limited	(23.66)	(24.81)
12 January 2024	2309	ZO Future Group	(15.00)	(11.41)
22 December 2023	8391	Cornerstone Technologies Holdings Limited	17.14	13.89
		<b>Maximum</b>	<b>65.56</b>	<b>66.67</b>
		<b>Minimum</b>	<b>(42.80)</b>	<b>(34.40)</b>
		<b>Average</b>	<b>(1.99)</b>	<b>(3.59)</b>
		<b>The Company</b>	<b>(3.51)</b>	<b>(14.06)</b>

*Source: the website of the Stock Exchange (www.hkex.com.hk)*

As illustrated in the table above, the subscription prices of the Comparables:

- (i) ranged from approximately 42.80% discount to approximately 65.56% premium (the “**Market Range**”) with the average being approximately 1.99% discount, to/over their respective closing prices on/prior to the date of the corresponding agreement; and
- (ii) ranged from approximately 34.40% discount to approximately 66.67% premium (the “**5-Day Market Range**”) with the average being approximately 3.59% discount, to/over their average closing prices for the last five consecutive trading days prior to/up to and including the date of the corresponding agreement.

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Having considering the above, including (i) the Subscription Price represent a discount of approximately 3.51% to the closing price per Share on the date of the Subscription Agreements, which falls within the Market Range; and (ii) the Subscription Price represent a discount of approximately 14.06% to the average closing price per Share for the last five consecutive trading days immediately prior to the date of the Subscription Agreements, which falls within the 5-Day Market Range. We of the view that the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned.

### 6. Potential dilution effect on the shareholding of the Company

The shareholding structures of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon Completion (assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date and up to the date of Completion), are summarised as follows:

	As at the Latest Practicable Date		Immediately upon Completion of the Subscriptions	
	Number of Existing Shares	Approximate Percentage	Number of issued Shares	Approximate Percentage
<b>Directors</b>				
Mr. Fan Shaozhou (“ <b>Mr. Fan</b> ”) <i>(Note 1)</i>	55,017,150	9.26%	55,017,150	6.62%
Mr. Mak <i>(Note 2)</i>	37,072,000	6.24%	64,344,727	7.74%
Mr. Chen Li (“ <b>Mr. Chen</b> ”) <i>(Note 3)</i>	19,350,000	3.26%	19,350,000	2.33%
Mr. Kong	—	—	62,313,673	7.49%
<b>Public Shareholders</b>				
HK Monkey Asset Management	—	—	58,790,836	7.07%
Mr. Lee	—	—	26,909,091	3.23%
Shenzhen Xinhengfeng	—	—	62,313,673	7.49%
Other public Shareholders	482,560,850	81.24%	482,560,850	58.03%
<b>Total</b>	<b>594,000,000</b>	<b>100.00%</b>	<b>831,600,000</b>	<b>100.00%</b>

*Notes:*

- Among the 55,017,150 Shares, Mr. Fan was deemed to be interested in 55,017,150 Shares held by Fanshaozhou Holdings for the purpose of Part XV of the SFO. Fanshaozhou Holdings Limited is indirectly wholly-owned by CMB Wing Lung (Trustee) Limited, the Trustee of the Fan Family Trust. The Fan Family Trust is a discretionary family trust established by Mr. Fan and for the benefit of himself.

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2. Mr. Mak is the beneficial owner of the 37,072,000 Shares.
3. Mr. Chen is deemed to be interested in the 19,350,000 Shares held by Chenli Holdings for the purpose of Part XV of the SFO. Chenli Holdings is indirectly wholly-owned by CMB Wing Lung (Trustee) Limited, the Trustee of the Chen Family Trust. The Chen Family Trust is a discretionary family trust established by Mr. Chen Li and for the benefit of himself.
4. The Subscription Shares of HK Monkey Asset Management, Mr. Lee and Shenzhen Xinhengfeng are expected to form part of the public float after Completion, and the Company is expected to maintain a sufficient amount of public float of at least 25% of the total number of issued Shares after Completion.

As illustrated in the table above, the shareholding of the other public Shareholders would decrease from approximately 81.24% to approximately 58.03% immediately upon Completion, representing a dilution effect of approximately 23.21%.

Nevertheless, taking into account (i) the reasons for and benefits of the Subscriptions as discussed above; (ii) the Subscriptions are an appropriate settlement method currently available to the Group; and (iii) the Subscription Price is fair and reasonable so far as the Independent Shareholders are concerned, we are of the view that the aforementioned dilution effect on the shareholding of the Group is acceptable.

### **7. Fund raising activities of the Company in the past twelve months**

The Company has not conducted any equity fundraising activities in the past twelve months immediately preceding the Latest Practicable Date.

### **RECOMMENDATION**

Having taken into account the above principal factors and reasons, in particular that:

- (i) the Subscriptions will help to relieve the Group's financial burden, reduce future financing costs and improve the indebtedness level of the Group;
- (ii) the Subscriptions will enhance the Group's financial position without causing cash outflows and also improve its liquidity;
- (iii) the Subscriptions are considered the preferred method of fundraising as compared to the alternatives, as discussed in the section headed "4. Reasons for the Subscriptions and use of proceeds" above in this letter;
- (iv) the Subscription Price is fair and reasonable, as discussed in the section headed "5. Analysis of the Subscription Price" above in this letter; and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (v) the potential dilution effect to the existing shareholders is acceptable, as discussed in the section headed “6. Potential dilution effect on the shareholding of the Company” above in this letter,

On balance, we consider that, although the entering into of the Subscription Agreements (as supplemented by the Supplemental Agreements) with Mr. Kong and Mr. Mak are not conducted in the ordinary and usual course of business of the Group, the terms of the Subscription Agreements (as supplemented by the Supplemental Agreements) with Mr. Kong and Mr. Mak and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and the Subscriptions with Mr. Kong and Mr. Mak are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Subscription Agreements (as supplemented by the Supplemental Agreements) with Mr. Kong and Mr. Mak and the transactions contemplated thereunder.

Yours faithfully,  
For and on behalf of  
**Amasse Capital Limited**  
**Tracy Mok**  
*Director*

*Ms. Tracy Mok is a licensed person registered with the Securities and Future Commission of Hong Kong and regards as a responsible officer of Amasse Capital Limited to carry out type 6 (advising on corporate finance) regulated activity under the SFO and has over 10 years of experience in corporate finance industry.*

*In the case of inconsistency, the English text of this letter shall prevail over the Chinese text.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors' and chief executives' interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations

As at the Latest Practicable Date, the interests and short positions of each of the Directors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be and were entered in the register required to be kept by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) were as follows:

Name of Directors	Capacity	Number of Shares held	Approximate percentage of issued share capital
Mr. Fan Shaozhou (“ <b>Mr. Fan</b> ”) (Note 2)	Founder of a discretionary trust	55,017,150	9.26%
Mr. Mak	Beneficial owner	37,072,000	6.24%
Mr. Chen Li (“ <b>Mr. Chen</b> ”) (Note 3)	Founder of a discretionary trust	19,350,000	3.26%
Total		<u>111,439,150</u>	<u>18.76%</u>

*Notes:*

1. The approximate percentage of interests held was calculated on the basis of total number of 594,000,000 Shares in issue as at the Latest Practicable Date.
2. Mr. Fan was deemed to be interested in 55,017,150 Shares held by Fanshaozhou Holdings for the purpose of Part XV of the SFO. Fanshaozhou Holdings Limited is indirectly wholly-owned by CMB Wing Lung (Trustee) Limited, the Trustee of the Fan Family Trust. The Fan Family Trust is a discretionary family trust established by Mr. Fan and for the benefit of himself. Accordingly, Mr. Fan, as the founder and settlor of the Fan Family Trust, is deemed to be interested in such Shares held by Fanshaozhou Holdings for the purpose of Part XV of the SFO.
3. Mr. Chen is deemed to be interested in the 19,350,000 Shares held by Chenli Holdings for the purpose of Part XV of the SFO. Chenli Holdings is indirectly wholly-owned by CMB Wing Lung (Trustee) Limited, the Trustee of the Chen Family Trust. The Chen Family Trust is a discretionary family trust established by Mr. Chen Li and for the benefit of himself. Accordingly, Mr. Chen Li, as the founder and settlor of the Chen Family Trust, is deemed to be interested in such Shares held by Chenli Holdings for the purpose of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be and were entered in the register required to be kept by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**(b) Substantial Shareholders' Interest in the Shares and underlying Shares**

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons (other than a Director or chief executive of the Company or their respective associates) or entities who had, or were deemed or taken to have, an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly,

interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital were as follows:

Name of Shareholder	Capacity	Number of Shares held	Approximate percentage of issued share capital
Antopex Limited ( <i>Note 1</i> )	Nominee for another person	74,367,150	12.52%
CMB Wing Lung (Trustee) Limited ( <i>Note 1</i> )	Trustee of a trust	74,367,150	12.52%
Wenye Elite Holdings Limited ( <i>Note 2</i> )	Beneficial owner	72,000,000	12.12%
	Interest in a controlled corporation	26,992,350	4.54%
Total		<u>247,726,650</u>	<u>41.70%</u>

*Notes:*

1. Antopex Limited is wholly-owned by CMB Wing Lung (Trustee) Limited. CMB Wing Lung (Trustee) Limited is the trustee of the Fan Family Trust and Chen Family Trust. Antopex Limited is the nominee of the Fan Family Trust and Chen Family Trust and holds the entire equity interest of Modest Faith Limited and Best On Enterprises Limited on trust. Modest Faith Limited holds the entire equity interest of Fanshaozhou Holdings and Best On Enterprises Limited holds the entire equity interest of Chenli Holdings. Accordingly, Antopex Limited and CMB Wing Lung (Trustee) Limited is deemed to be interested in such number of Shares held by Fanshaozhou Holdings and Chenli Holdings.
2. The entire share capital of Wenye Innovator Holdings Limited is owned by Wenye Elite Holdings. Accordingly, Wenye Elite Holdings is deemed to be interested in such Shares held by Wenye Innovator Holdings Limited for the purpose of Part XV of the SFO.

### 3. DIRECTORS' INTERESTS

#### (a) Interests in assets

As at the Latest Practicable Date, none of the Directors has any direct or indirect interest in any assets which have been, since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group.

**(b) Interests in contract or arrangement**

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

**(c) Interests in competing business**

As at the Latest Practicable Date, none of the Directors and their respective close associates (as defined in the Listing Rules) had any interest in any business which competed or were likely to compete, either directly or indirectly, with the businesses of the Group.

**4. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors has any existing or proposed service contract with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

**5. MATERIAL CONTRACTS**

There are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of this circular and which are or may be material. In the two years immediately preceding the date of this circular and up to the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business, were entered into by the Company or any of its subsidiaries which are or may be material:

- a. the supplemental loan agreement dated 8 August 2022 entered into between the Company and Mr. Lam Shu Chung (the “**Lender**”), pursuant to which the Lender agreed to extend the maturity of the loan granted to the Company in the approximate amount of HK\$10,000,000.

## 6. MATERIAL ADVERSE CHANGE

The Directors confirm that, save as disclosed below, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to the Latest Practicable Date:

The Group incurred a loss for the year of approximately RMB63,524,000 for the year ended 31 December 2023 and as of 31 December 2023 the Group had net current liabilities and net liabilities of approximately RMB810,719,000 and RMB834,999,000 respectively. The Group's total bank and other borrowings amounted to approximately RMB28,774,000 and RMB98,649,000 respectively as of 31 December 2023 while its cash and cash equivalents amounted to approximately RMB177,000. The above conditions indicate the existence of material uncertainties which cast significant doubt regarding the Group's ability to continue as a going concern.

The auditor of the Company expressed a disclaimer of opinion in the independent auditors' report for the Company's audited financial statements for the year ended 31 December 2023. The basis for the auditor to express a disclaimer of opinion was material uncertainty related to going concern.

On 7 June 2024, the Company received a sealed copy of the petition filed in the High Court from Mr. Lam Shu Chung to wind up the Company on the ground that the Company is unable to pay its debts. The Company and Mr. Lam reached settlement over the petition and the petition was officially withdrawn with the Company receiving the sealed order of the High Court on 6 August 2024.

## 7. MATERIAL LITIGATION

As at the Latest Practicable Date, save as disclosed below, no member of the Group was engaged in any litigation or claims of material importance, and no such litigation or claims of material importance was known to the Directors to be pending or threatened by or against any members of the Group:

1. Henan Hui County Rural Commercial Bank\* (河南輝縣農村商業銀行) commenced legal proceedings against the Group for the amount of RMB13,125,613.00 in relation to decoration work completed by the Group;
2. China Construction Bank commenced legal proceedings against the Group for a loan with principal and interest accrued in the amount of RMB10,163,417.25; and

3. Tianjin Heli Installation Engineering Co., Ltd.\* (天津合力安裝工程有限公司) commenced legal proceedings against the Group for fees payable in the amount of RMB3,779,973.47.

## 8. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
Amasse Capital	a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the Independent Financial Adviser did not have (i) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and (ii) any direct or indirect interest in any assets which had, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears.

## 9. GENERAL

- (a) The registered office of the Company is situated at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands;
- (b) The head office and principal place of business in PRC is at 5/F, Baoneng Motor Building, No. 128 Liyuan Road, Luohu District, Shenzhen, PRC;
- (c) The principal place of business of the Company in Hong Kong is at 10/F, Shum Tower, 268 Des Voeux Road Central, Sheung Wan, Hong Kong;

- (d) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited, which situates at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong;
- (e) The company secretary of the Company is Mr. Law Man Hei Eugene, and he is a practicing solicitor qualified in Hong Kong; and
- (f) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

#### 10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.szwy.com.cn](http://www.szwy.com.cn)) for a period of 14 days from the date of this circular:

- (a) Copies of the Subscription Agreements dated 7 June 2024 entered into between the Company (as the issuer) and the Subscribers respectively;
- (b) Copies of the 1st Supplemental Subscription Agreements dated 31 July 2024 entered into between the Company (as the issuer) and the Subscribers respectively;
- (c) Copies of the 2nd Supplemental Subscription Agreements dated 30 August 2024 entered into between the Company (as the issuer) and the Subscribers respectively;
- (d) Copy of the Confirmatory Agreement dated 7 June 2024 entered into between the Company and Mr. Kong in relation to the Loan;
- (e) the letter from the Independent Board Committee, the text of which is set out on pages 21 to 22 of this circular;
- (f) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 23 to 42 of this circular;

- (g) the letter of consent referred to in the paragraph headed “8. Qualification and Consent of Expert” in this appendix;
- (h) this circular; and
- (i) Copies of the 3rd Supplemental Subscription Agreements dated 24 September 2024 entered into between the Company (as the issuer) and the Subscribers, respectively.

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## NOTICE OF THE EGM

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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)**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “EGM”) of Wenye Group Holdings Limited (the “Company”) will be held at 12:00 noon on Thursday, 10 October 2024 at the conference room at 5/F, Baoneng Building, No. 128 Liyuan Road, Luohu District, Shenzhen, PRC (or immediately after the conclusion or adjournment of the annual general meeting of the Company convened at the same venue and on the same day at 11:30 a.m.) for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions as ordinary resolution of the Company.

### ORDINARY RESOLUTION

1. “**THAT:**

- (a) the subscription agreements dated 7 June 2024 as supplemented by the supplemental agreements dated 31 July 2024, 30 August 2024 and 24 September 2024 (collectively referred as the “**Subscription Agreements**”) (copies of which are tabled at the EGM and marked “A” to “D” and signed by the chairman of the EGM for identification purpose) entered into between the Company as issuer and HK Monkey Asset Management Limited (金猴資產管理有限公司), Mr. Lee Man Chiu (李敏超先生), Shenzhen Xinhengfeng Asset Management Co., Limited\* (深圳市新恒豐資產管理有限公司), Mr. Kong Guojing\* (孔國競先生) and Mr. Mak Ho Fai (麥浩輝先生) as the subscriber, respectively (collectively referred as the “**Subscribers**”), pursuant to which the Company has conditionally agreed to allot and issue, and each of the Subscribers has conditionally agreed to subscribe for a total of 237,600,000 new shares of the Company (the “**Subscription Share(s)**”) at the subscription price of HK\$0.055 per Subscription Share, be and is hereby approved, confirmed and ratified;

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## NOTICE OF THE EGM

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- (b) subject to and conditional upon the listing committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) having granted the listing of, and permission to deal in, the Subscription Shares, the directors of the Company (the “**Director(s)**”) be and are hereby granted with a specific mandate (the “**Specific Mandate**”) which shall entitle the Directors to exercise all the powers of the Company to allot and issue the Subscription Shares to the Subscribers, on and subject to the terms and conditions of the Subscription Agreements entered into between the Company and each of the Subscribers, provided that the Specific Mandate shall be in addition to, and shall not prejudice nor revoke any general or specific mandate(s) which has/have been granted or may be granted from time to time to the Directors prior to the passing of this resolution; and
- (c) any one Director be and is hereby authorised to, on behalf of the Company, do all such acts and things, to sign and execute all such documents or agreements or deeds and take all such actions as he/she may in his/her absolute discretion consider necessary, appropriate, desirable or expedient for the purposes of giving effect to or in connection with the Subscription Agreements entered into between the Company and the Subscribers or any transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith as are, in the opinion of such Director, in the interest of the Company and the shareholders of the Company as a whole.”

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

Shenzhen, PRC, 24 September 2024

*Notes:*

1. Any member of the Company entitled to attend and vote at the EGM shall be entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/it. On a poll, votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member of the Company who is the holder of two or more Shares may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at the EGM.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same.

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## NOTICE OF THE EGM

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3. A form of proxy for use at the EGM is enclosed. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person on any or all resolutions on which he/she/it is entitled to vote at the EGM or poll concerned, and in such event any vote cast by his/her/its proxy on the same resolution shall be null and void.
4. The register of members of the Company will be closed from Monday, 7 October 2024 to Thursday, 10 October 2024 (both days inclusive) for the purpose of determining the entitlement to attend and vote at the EGM, during which period no transfer of share(s) of the Company (the “Share(s)”) will be registered. In order to be eligible to attend and vote at the EGM all completed transfer documents accompanied by the relevant share certificate(s) must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 4 October 2024. Shareholders of the Company whose names appear on the register of members of the Company on Monday, 7 October 2024 shall be entitled to attend and vote at the EGM.
5. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority shall be deposited at the office of the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for holding the meeting (i.e. before 12:00 noon on Tuesday, 8 October 2024) or any adjourned meeting at which the person named in such instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.
6. In the case of joint holders of the Shares, any one of such holders may vote at the meeting, either in person or by proxy, in respect of such Share as if he/she/it were solely entitled thereto, but if more than one of such joint holders are present at the EGM in person or by proxy, the persons so present whose name stands first on the register of members of the Company in respect of such Shares shall alone be entitled to vote in respect thereof.
7. All resolutions set out in the notice of the EGM will be voted on by way of poll.
8. If Typhoon Signal No. 8 or above, or a “black” rainstorm warning or “extreme conditions” resulting from super typhoons as announced by the HKSAR Government is in effect any time after 8:00 a.m. on the date of the EGM, the EGM will be postponed. The Company will post an announcement on the website of the Company at [www.szwy.com.cn](http://www.szwy.com.cn) and on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) to notify the shareholders of the Company of the date, time and place of the rescheduled meeting.

\* *For identification purposes only*

*As at the date of this notice, the executive Directors are Mr. Fan Shaozhou (Chairman and Chief Executive Officer) and Mr. Kong Guojing (Co-Chairman); the non-executive Directors are Mr. Chen Li, Mr. Shen Peng, Mr. Li Hongxing and Mr. Mak Ho Fai; and the independent non-executive Directors are Mr. Huang Wei, Ms Ye Jinyu and Mr. Ma Kin Ling.*

*In the event of inconsistency, the English text of this notice shall prevail over the Chinese text thereof.*