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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) DECONSOLIDATION OF SUBSIDIARIES OF THE GROUP; AND (2) VOLUNTARY WINDING-UP OF A SUBSIDIARY

This announcement is made by Wenye Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.25(1)(c) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the provisions of inside information under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Reference is made to the fulfilment of resumption guidance announcement of the Company dated 2 January 2024 (the “**Resumption Guidance Fulfillment Announcement**”) detailing, amongst other things, the Company’s action plan to address the disclaimer of opinion on the Company’s annual results for the year ended 31 December 2022 in respect of the uncertainties relating to going concern (“**Audit Modification**”).

DECONSOLIDATION OF SUBSIDIARIES OF THE GROUP

As disclosed in the audited annual results announcement of the Company for the year ended 31 December 2023, the Group had net current liabilities and net liabilities of approximately RMB810,719,000 and RMB834,999,000, respectively whilst its total bank and other borrowings amounted to approximately RMB28,774,000 and RMB98,649,000, respectively. The Group’s debts including bank borrowings, other borrowing and account payable are primarily owed by the Company’s PRC subsidiary Shenzhen Wenye Decoration Design Engineering Co., Ltd* (深圳文業裝飾設計工程有限公司) (“**Wenye Decoration**”). The Company has not provided corporate guarantee for all the debts owed by Wenye Decoration or other members of the Group. As at the date of this announcement, the corporate guarantee provided by the Company to members of the Group amounts to approximately RMB12.9 million only.

As disclosed in the Resumption Guidance Fulfillment Announcement, the Company may wind up the indirect wholly-owned subsidiary holding interest in Wenye Decoration by way of member’s voluntary winding up (“**Winding Up Plan**”) as part of its plan to address the Audit Modification. Due to the legal doctrines of separate legal entities and limited liability

to the shareholders of a limited company, those creditors of Wenye Decoration who do not have corporate guarantee from the Company will not have any recourse to the Company for the debts owed by Wenye Decoration. Implementation of the Winding Up Plan will result in deconsolidation of the assets and liabilities of Wenye Decoration from the Group, and liabilities of the Group will thereby substantially be reduced. The Audit Modification on going concern is not expected to have any continuing effect on the Group's consolidated financial statements for the year ending 31 December 2024.

The board of directors (the “**Board**”) is of the view that the implementation of the Winding Up Plan will have no material adverse impact on the overall business operations of the Group.

VOLUNTARY WINDING-UP OF A SUBSIDIARY

The Board of the Company wishes to inform the shareholders and potential investors of the Company that on 30 November 2024, Wenye International (HK) Holdings Limited (“**Wenye International HK**”), the sole shareholder of Sosang (HK) Holdings Limited (“**Sosang HK**”) resolved to wind up Sosang HK by way of member's voluntary winding-up (the “**Voluntary Winding-Up**”) in accordance with the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong). Wenye International HK and Sosang HK are indirect wholly-owned subsidiaries of the Company. Mr. Chan King Wong of Messrs. Chan King Wong and Co. has been appointed as the liquidator of Sosang HK.

INFORMATION ON SOSANG HK

Sosang HK is a limited liability company incorporated in Hong Kong on 3 December 2018 and principally engaged in investment holding. As at the date of this announcement, Sosang HK holds 100% equity interest in Wenye Decoration.

As one or more of the percentage ratios as defined in Rule 14.04(9) of the Listing Rules for Sosang HK and its subsidiaries (on a sub-consolidated basis) for the year ended 31 December 2023 are more than 5%, Rule 13.25(1)(c) applies to Sosang HK according to Rule 13.25(2) of the Listing Rules.

REASONS FOR THE VOLUNTARY WINDING-UP

While the Group has been actively negotiating with creditors to restructure its debts including extension of repayment term and/or reduction of principal and interest, such negotiation has not progress to the Group's satisfaction. In the circumstances, the Board considers the Voluntary Winding-Up are appropriate to reduce the Group's liabilities and to improve the financial position of the Group. As such, the Board considers that the Voluntary Winding-Up is in the interest of the Company and its shareholders as a whole.

The Company will keep its shareholders and potential investors informed of any material

development regarding the Voluntary Winding-Up and further announcement will be made by the Company as and when appropriate.

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

By order of the Board
Wenye Group Holdings Limited
Fan Shaozhou
Chairman and Executive
Director

Shenzhen, PRC, 30 November 2024

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

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

**For identification purposes only*