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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Wenye Group Holdings Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 December 2024 together with the comparative figures for the year ended 31 December 2023.

FINANCIAL HIGHLIGHTS

	2024	2023
	RMB'000	*RMB'000*
Revenue	**13,524**	81,343
Gross profit margin	**9.5%**	8.7%
Loss for the year attributable to owners of the Company	**(95,379)**	(63,469)
Basic and diluted loss per share *(RMB)*	**(0.16)**	(0.11)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	4	**13,524**	81,343
Cost of sales		**(12,235)**	(74,229)
Gross profit		**1,289**	7,114
Other income		**—**	13
Other losses — net		**(9,578)**	(2,555)
Selling and marketing expenses		**(93)**	(73)
General and administrative expenses		**(21,993)**	(27,198)
Provision for impairment loss on financial assets and contract assets, net		**(44,086)**	(27,335)
Impairment losses of non-current assets		**(13)**	(2,222)
LOSS FROM OPERATIONS		**(74,474)**	(52,256)
Finance income		**32**	4,400
Finance costs		**(20,998)**	(15,668)
Finance costs, net		**(20,966)**	(11,268)
LOSS BEFORE TAX		**(95,440)**	(63,524)
Income tax expense	5	**—**	—
LOSS FOR THE YEAR	6	**(95,440)**	(63,524)
Other comprehensive (loss)/income:			
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(3)**	4
OTHER COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR, NET OF TAX		**(3)**	4
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(95,443)**	(63,520)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CON'T)

For the year ended 31 December 2024

	Notes	**2024** **RMB'000**	2023 *RMB'000*
Loss for the year attributable to:			
Owners of the Company		**(95,379)**	(63,469)
Non-controlling interests		**(61)**	(55)
		(95,440)	(63,524)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(95,382)**	(63,465)
Non-controlling interests		**(61)**	(55)
		(95,443)	(63,520)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*8*		
— Basic and diluted *(RMB)*		**(0.16)**	(0.11)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**7,434**	7,615
Right-of-use assets		**—**	—
Investment properties		**—**	—
Intangible assets		**—**	—
Trade and other receivables	*9*	**—**	399
		7,434	8,014
CURRENT ASSETS			
Contract assets		**63,268**	86,580
Trade and other receivables	*9*	**114,290**	122,694
Amounts due from related parties		**679**	—
Restricted cash		**16,908**	22,287
Cash and cash equivalents	*10*	**507**	177
		195,652	231,738
CURRENT LIABILITIES			
Trade and other payables	*11*	**874,929**	818,401
Contract liabilities		**62,999**	63,601
Bank borrowings		**28,774**	28,774
Other borrowings		**84,049**	71,832
Lease liabilities		**—**	1,915
Amounts due to related parties		**25,642**	19,169
Current income tax liabilities		**38,747**	38,765
		1,115,140	1,042,457
NET CURRENT LIABILITIES		**(919,488)**	(810,719)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(912,054)**	(802,705)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CON'T)

As at 31 December 2024

	Notes	**2024**	2023
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Other borrowings		**18,388**	26,817
Lease liabilities		**—**	5,477
		18,388	32,294
NET LIABILITIES		**(930,442)**	(834,999)
CAPITAL AND RESERVES			
Share capital		**51**	51
Reserves		**(932,148)**	(836,766)
Equity attributable to owners of the Company		**(932,097)**	(836,715)
Non-controlling interests		**1,655**	1,716
TOTAL EQUITY		**(930,442)**	(834,999)

1. GENERAL INFORMATION

Wenye Group Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 13 November 2018 as an exempted company with limited liability under Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together, the "**Group**") are principally engaged in provision of interior and exterior building decoration and design services (the "**Business**") in the People's Republic of China (the "**PRC**").

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 14 January 2020 (the "**Listing**").

The consolidated financial statements are presented in thousands of Renminbi ("**RMB'000**"), unless otherwise stated.

2. MATERIAL ACCOUNTING POLICIES

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2.4(i) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these consolidated financial statements.

2. MATERIAL ACCOUNTING POLICIES (CON'T)

2.2 Basis of preparation of the consolidated financial statements

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.3 Going Concern Basis

The Group incurred a loss for the year of approximately RMB95,440,000 for the year ended 31 December 2024 and as of 31 December 2024 the Group had net current liabilities and net liabilities of approximately RMB919,488,000 and RMB930,442,000 respectively. The Group's total bank and other borrowings amounted to approximately RMB28,774,000 and RMB102,437,000 respectively as of 31 December 2024 while its cash and cash equivalents amounted to approximately RMB507,000.

The above conditions indicate the existence of multiple uncertainties which cast significant doubt regarding the Group's ability to continue as a going concern. In view of such circumstances, the directors of the Company have undertaken a number of plans and measures to improve the Group's liquidity and financial position, including:

(i) the Group has been actively seeking and communicating with new customers on the projects of interior and exterior building decoration and design;

(ii) the Group has been actively negotiating with the Group's existing lenders for the renewal, extension and/or settlement of the Group's overdue bank and other borrowings;

(iii) the Group has been actively seeking potential new fundings through various channels, including but not limited to new financing in terms of issuance of new shares of the Company and from potential investors; and

(iv) the Group has been actively communicating with the creditors of the Group to resolve outstanding amount due to the creditors as well as the due payments on lawsuits through carrying out debt restructuring.

2. MATERIAL ACCOUNTING POLICIES (CON'T)

2.3 Going Concern Basis (CON'T)

The directors of the Company are of the opinion that, taking into account the above plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the next twelve months from 31 December 2024. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2024 on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Group will be able to implement the aforementioned plans and measures, whether the Group will be able to continue as a going concern will depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

(i) successfully obtaining the source of funding to materialize the new projects of interior and exterior building decoration and design;

(ii) successfully negotiating with the Group's existing lenders for the renewal, extension and/or settlement of the Group's overdue bank and other borrowings;

(iii) successfully obtaining potential new fundings as and when needed; and

(iv) successfully negotiating with the creditors of the Group as well as the due payments on lawsuits through carrying out debt restructuring exercise.

Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

2. MATERIAL ACCOUNTING POLICIES (CON'T)

2.4 Adoption of new or amended HKFRSs and changes in other accounting policies

(i) Changes in accounting policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these consolidated financial statements for the current accounting period:

- Amendments to HKAS 1, Presentation of financial statements — Classification of liabilities as current or non-current and amendments to HKAS 1, Presentation of financial statements — Non-current liabilities with covenants

- Amendments to HKFRS 16, Leases — Lease liability in a sale and leaseback

- Amendments to HKAS 7, Statement of cash flows and HKFRS 7, Financial instruments: Disclosures — Supplier finance arrangements

- Hong Kong Interpretation 5 (Revised), Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause

The adoption of new or amended HKFRSs did not have any material impact on the amounts recognised in prior period and are not expected to significantly affect the current and future periods.

2. MATERIAL ACCOUNTING POLICIES (CON'T)

2.4 Adoption of new or amended HKFRSs and changes in other accounting policies (CON'T)

(ii) Possible impact of amendments, new standards and interpretations Issued but not yet effective for the year ended 31 December 2024

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *The effects of changes in foreign exchange rates — Lack of exchangeability*	1 January 2025
Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRSs — Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027
Amendments to HK-Int 5, *Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause.*	1 January 2027
Amendments to HKFRS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture.*	To be determined

The directors of the Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by chief operation decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The Group is principally engaged in provision of interior and exterior building decoration and design services in the PRC. The CODM reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the CODM regards that there is only one segment which is used to make strategic decisions. Revenue and profit before income tax are the measure reported to the CODM for the purpose of resources allocation and performance assessment.

All of the Group's revenue was mainly derived in the PRC during the years ended 31 December 2024 and 2023.

As at 31 December 2024 and 2023, all of the non-current assets were located in the PRC.

The revenue from external parties is derived from numerous external customers and the revenue reported to the CODM is measured in a manner consistent with that in the consolidated financial statements.

Revenue from major customers:

	2024	2023
	RMB'000	*RMB'000*
Customer A	**N/A***	10,470
Customer B	**4,854**	N/A*
Customer C	**1,468**	N/A*
Customer D	**2,585**	N/A*

* The corresponding revenue did not contribute over 10% of the total revenue of the Group in the particular year.

4. REVENUE

	2024	2023
	RMB'000	*RMB'000*
Revenue from construction service	**13,524**	78,724
Design service income	**—**	2,619
	13,524	81,343

Disaggregation of revenue from contracts with customers:

	2024	2023
	RMB'000	*RMB'000*
Type of goods or services		
Construction services	**13,524**	78,724
Design services	**—**	2,619
Total	**13,524**	81,343
Timing of revenue recognition		
Over time	**13,524**	81,343
Total	**13,524**	81,343

5. INCOME TAX EXPENSE

	2024	2023
	RMB'000	*RMB'000*
Current income tax	**—**	—
Deferred income tax	**—**	—
Income tax expense	**—**	—

Shenzhen Wenye Decoration Design Engineering Co., Ltd., a wholly owned subsidiary of the Company, has qualified as high and new technology enterprise ("**HNTE**") for which preferential tax rate of 15% is granted on 25 December 2023.

No provision for Hong Kong Profits Tax is required since the Group's income is derived from overseas source which is not liable to Hong Kong Profits Tax.

6. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2024	2023
	RMB'000	*RMB'000*
Auditors' remuneration		
— Audit services	**1,380**	1,680
— Other services	**20**	—
Cost of sales	**12,235**	74,229
Depreciation of property, plant and equipment	**184**	189
Depreciation of investment properties	**—**	19
	13,819	76,117
Impairment of trade receivables	**18,871**	5,197
Impairment of contract assets	**6,772**	25,108
Impairment of/(reversal of) on retention receivables	**3,743**	(3,199)
Impairment of other receivables	**14,040**	—
Impairment of deposits	**660**	229
	44,086	27,335
Impairment losses of non-current assets		
Impairment of property, plant and equipment	**13**	2,222
	13	2,222
Staff costs including directors' remuneration:		
Salaries, wages and bonuses	**6,497**	7,431
Housing funds, medical insurances and other social insurances	**1,119**	778
Other welfare and allowances	**210**	301
	7,826	8,510

7. DIVIDENDS

The directors do not recommend the payment of any dividend for each of the years ended 31 December 2024 and 2023.

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately RMB95,379,000 (2023: RMB63,469,000) and the weighted average number of ordinary shares of 593,940,017 (2023: 593,940,017), and excluded shares held under the restricted share unit scheme in issue during the year ended 31 December 2024 (2023: same).

(b) Diluted loss per share

No diluted loss per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 December 2024 and 2023.

9. TRADE AND OTHER RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables *(Note (i))*	**688,722**	689,269
Provision for loss allowance	**(638,091)**	(619,220)
Trade receivables, net	**50,631**	70,049
Retention receivables *(Note (ii))*	**222,585**	217,978
Provision for loss allowance	**(216,620)**	(212,877)
Retention receivables, net	**5,965**	5,101
Deposits and other receivables *(Note (iii))*	**44,045**	35,653
Provision for loss allowance	**(23,921)**	(9,221)
Deposits and other receivables, net	**20,124**	26,432
Prepayments	**37,570**	21,511
Total trade and other receivables	**114,290**	123,093
Analysed as:		
Current assets	**114,290**	122,694
Non-current assets	**—**	399
	114,290	123,093

The maximum exposure to credit risk at the announcement date is the carrying amounts of each class of receivable mentioned above. The Group does not hold collateral as security.

9. TRADE AND OTHER RECEIVABLES (CON'T)

Notes:

(i) The credit terms of trade receivables are generally stated as up to 60 days from the invoice date. The aging analysis of the trade receivables based on the invoice date is as follows:

	2024	2023
	RMB'000	*RMB'000*
Unbilled revenue *(Note (a))*	**473,236**	489,352
Within 30 days	**—**	—
31 days to 6 months	**6,211**	10,480
6 months to 1 year	**9,709**	11,078
1 to 2 years	**18,047**	59,690
2 to 3 years	**54,747**	31,543
Over 3 years	**126,772**	87,126
	688,722	689,269

Note:

(a) The balances above included unbilled revenue for projects completed by the Group but yet to bill, which has excluded the portion of retention receivables. The Group has unconditional right to the payment of these unbilled revenue and hence classified as trade receivables.

The carrying amounts of trade receivables approximate their fair values and are denominated in RMB.

As at 31 December 2024 and 2023, trade receivables were pledged as collateral for the Group's certain bank borrowings.

(ii) Retention receivables represented amounts due from customers upon completion of the free maintenance period of the construction work, which normally lasts for 1 to 2 years. As at 31 December 2024 and 2023, the aging analysis of the retention receivables based on the retention period expiry date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**4,329**	3,158
1 to 2 years	**—**	19,552
Over 2 years	**218,256**	195,268
	222,585	217,978

The carrying amounts of retention receivables approximate their fair values and are denominated in RMB.

(iii) Deposits mainly represented tender deposits and performance bonds due from customers. The carrying amounts of deposits approximate their fair values and are denominated in RMB.

10. CASH AND CASH EQUIVALENTS

	2024	2023
	RMB'000	*RMB'000*
Cash at bank	**507**	177

The Group's cash and cash equivalents denominated in RMB.

Certain of the Group's bank balances and deposits denominated in RMB are deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies and the remittance of fund out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the government of the PRC.

11. TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**690,887**	670,777
Bills payables	**—**	15,372
	690,887	686,149
Accruals and other payables		
Accrued staff benefits	**20,091**	16,229
Other payables and accruals	**97,024**	63,525
Provision for litigation penalty	**66,927**	52,498
	184,042	132,252
	874,929	818,401

The aging analysis of trade and bills payables, based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 30 days	**—**	911
31 days to 6 months	**—**	10,065
6 months to 1 year	**9,019**	5,004
1 to 2 years	**14,659**	135,841
2 to 3 years	**138,944**	237,837
Over 3 years	**528,265**	296,491
	690,887	686,149

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract from the independent auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2024 which has included a disclaimer of opinion on multiple uncertainties related to going concern.

DISCLAIMER OF OPINION

"We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties related to going concern

We draw attention to Note 2.3 to the consolidated financial statements which mentions that, the Group incurred a loss of approximately RMB95,440,000 for the year ended 31 December 2024 and as of 31 December 2024, the Group had net current liabilities and net liabilities of approximately RMB919,488,000 and RMB930,442,000 respectively. The Group's total bank and other borrowings amounted to approximately RMB28,774,000 and RMB102,437,000 respectively as of 31 December 2024 while its cash and cash equivalents amounted to approximately RMB507,000. These conditions, together with other matters disclosed in Note 2.3 to the consolidated financial statements, indicate the existence of material uncertainties that may cast significant doubt about the Group's ability to continue as a going concern.

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in Note 2.3 to the financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including: (i) successfully obtaining the source of funding to materialize the new projects of interior and exterior building decoration and design; (ii) successfully negotiating with the Group's existing lenders for the renewal, extension and/or settlement of the Group's overdue bank and other borrowings; (iii) successfully obtaining potential new fundings as and when needed; and (iv) successfully negotiating with the creditors of the Group as well as the due payments on lawsuits through carrying out debt restructuring exercise.

Should the Group be unable to achieve the above mentioned plans and measures, it might not able to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amount, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements."

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a building decoration services provider based in Shenzhen City, Guangdong Province, the PRC. With approximately 30 years of operating history, the Group possesses a range of the highest level of qualifications and licences in the building decoration industry in the PRC. The Group's projects cover a wide range of buildings and properties, including public infrastructure, commercial buildings and residential buildings.

BUSINESS REVIEW

Throughout 2024, the Group has undertaken a total of 7 contracts for interior repair projects with a total contract value of RMB13.5 million. Compared with last year, the total number of new projects significantly declined due to macroeconomic pressures, prolonged weakness in PRC real estate sector, and liquidity constraints.

The Group's revenue decreased from approximately RMB81.3 million for the year ended 31 December 2023 to approximately RMB13.5 million for the year ended 31 December 2024. The PRC interior decoration industry is undergoing a pivotal phase of "transformation and restructuring" in 2024, marked by accelerating demand for green solutions, smart technologies, and personalized designs. To remain competitive, enterprises must strengthen their market position through technology integration, supply chain optimization, and strategic partnerships, while evolving consumer preferences, from functional utility to value-driven alignment, are reshaping industry priorities toward sustainability and premium quality. Over the next three years, market consolidation will intensify, with digitally agile firms poised to lead.

The Group's performance remains closely correlated with the PRC real estate market, which has yet to recover from its protracted downturn. Compounding challenges include:

— Soaring operational costs: Material prices (e.g., marble, copper, aluminum) rose approximately by 10% in 2024, while labor expenses surged due to skilled-worker shortages amid China's aging population.

— Regulatory compliance burdens: Stricter environmental standards on project emissions increased compliance costs and penalties for violations.

Despite these challenges, the Group continues to prioritize operational resilience and strategic adaptation.

FUTURE PROSPECTS

While PRC property sector and related industries remain under pressure, the Group recognises emerging opportunities in infrastructure modernization and post-consolidation market dynamics. After four years of industry shakeouts, only a handful of top-tier players retain competitive relevance. As a market leader, the Group is pursuing the following strategies to unlock growth:

1. Core competency reinforcement: The Group will expand focus on high-margin sectors with proven expertise, including high-speed rail, airports, hospitals, and premium hospitality projects.

2. Global market expansion: The Group will leverage China's Belt and Road Initiative to penetrate overseas markets.

3. Digital transformation: The Group will integrate AI across project design, site management, and budgeting to enhance efficiency, cost control, and profitability. Strengthen receivables management and capital allocation.

4. Supply chain optimization: The Group will centralize procurement and diversify sourcing via partnerships with Southeast Asian suppliers to mitigate cost volatility.

5. Sustainability-driven innovation: The Group will transition to recyclable materials to reduce compliance risks, lower project costs, and align with global ESG standards.

6. Strategic resource mobilization: The Group will explore equity financing to fund high-potential projects, supported by top-down strategic planning to drive operational revitalization.

By aligning with industry megatrends–digitalization, sustainability, and global outreach–the Group aims to transform challenges into catalysts for long-term resilience and market leadership.

FINANCIAL REVIEW

Revenue

We principally derive our revenue from the provision of building decoration works and design services in the PRC. Revenue generated by service type is set out below:

	Year ended 31 December			
	2024		2023	
	RMB million	**%**	*RMB million*	%
Revenue from construction services	**13.5**	**100.0**	78.7	96.8
Design service income	**—**	**—**	2.6	3.2
Total	**13.5**	**100.0**	81.3	100.0

The Group's revenue decreased to approximately RMB13.5 million for the year ended 31 December 2024 from approximately RMB81.3 million for the year ended 31 December 2023, representing a decrease of approximately RMB67.8 million. Such decrease was mainly due to a significant decrease in contract value in 2024 as a result of the impact of the slowdown of the PRC domestic economy, the surging defaults 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.

Cost of sales

The cost of sales of the Group decreased to approximately RMB12.2 million for the year ended 31 December 2024 from approximately RMB74.2 million for the year ended 31 December 2023, representing a decrease of RMB62.0 million, and in line with the decrease in the Group's revenue.

Gross profit and gross profit margin

The gross profit of the Group decreased to approximately RMB1.3 million for the year ended 31 December 2024 from approximately RMB7.1 million for the year ended 31 December 2023, representing a decrease of approximately 81.7%. Our gross profit margin remains stable and increased from 8.7% for the year ended 31 December 2023 to 9.5% for the year ended 31 December 2024.

Other income

There were no other income incurred in the year ended 31 December 2024.

Other losses, net

Other losses, net of the Group for the year ended 31 December 2024, is approximately RMB9.6 million, mainly comprised of interests provision on the penalty of lawsuits of approximately RMB14.8 million.

Selling and marketing expenses

Selling and marketing expenses of the Group primarily consist of marketing and advertising expenses, employee benefit expenses and travelling expenses.

Selling and marketing expenses increased to approximately RMB93,000 for the year ended 31 December 2024 from approximately RMB73,000 for the year ended 31 December 2023, representing an increase of 27.3%. The increase was mainly due to the increase in selling and marketing activities.

General and administrative expenses

General and administrative expenses of the Group primarily consist of employee benefit expenses, legal and professional fees and depreciation of property, plant and equipment, investment properties and right-of-use assets.

General and administrative expenses decreased to approximately RMB22.0 million for the year ended 31 December 2024 from approximately RMB27.2 million for the year ended 31 December 2023, representing a decrease of approximately 19.1%. The decreased was mainly attributed to (i) the decreased in headcount; and (ii) the decrease in research and development expense incurred during the year.

Impairment losses on financial and contract assets

Impairment losses on financial and contract assets increased by approximately 61.5% from approximately RMB27.3 million for the year ended 31 December 2023 to approximately RMB44.1 million for the year ended 31 December 2024.

Loss for the year

Loss for the year of the Group increased by 50.2% from approximately RMB63.5 million for the year ended 31 December 2023 to approximately RMB95.4 million for the year ended 31 December 2024.

Financial position, liquidity and financial resources

Trade and other receivables

Trade and other receivables decreased from approximately RMB122.7 million as of 31 December 2023 to approximately RMB114.3 million as of 31 December 2024, representing a decreased of 6.8%. Trade and other receivables mainly represent the amount due from customers and the prepayments to the suppliers and subcontractors.

Trade and other payables

Trade and other payables increased by 6.9% from approximately RMB818.4 million as of 31 December 2023 to approximately RMB874.9million as of 31 December 2024. Trade and other payables mainly represent the amounts due to suppliers and the provision for litigation penalty.

Bank Borrowings

As of 31 December 2024, the Group had bank borrowings of approximately RMB28.8million (2023: approximately RMB28.8 million). Based on the scheduled repayment terms set out in the loan agreements, all bank borrowings are repayable within 1 year. Bank borrowings were secured and guaranteed by the Group's certain trade receivables, certain properties owned by certain shareholders and related parties of the Group and limited personal guarantee executed by certain shareholders (2023: the Group's trade receivables, certain properties owned by certain shareholders and related parties of the Group and limited personal guarantee executed by certain shareholders).

Working capital management

The Group is committed to maintaining a sound financial policy. The Group intends to increase its operational efficiency in order to improve the liquidity of its working capital, primarily through capital contribution from operating activities and interest-bearing bank borrowings.

Liquidity ratios

As of 31 December 2024, the Group has cash and cash equivalents of approximately RMB0.5 million (2023: approximately RMB0.2 million). The Group's current ratio and gearing ratio are as follows:

	31 December 2024	31 December 2023
Current ratio	**17.5%**	22.2%
Gearing ratio	**(14.1%)**	(16.1%)

Current ratio is calculated by dividing the current assets by the current liabilities as at the respective dates.

Gearing ratio is calculated by dividing the net debt (being total bank and other borrowings and lease liabilities net of cash and cash equivalents) as at the respective dates by equity attributable to our Shareholders as at the respective dates.

Significant investments/material acquisitions and disposals

The Group had no other significant investment, nor had it made any material acquisition or disposal of the Group's subsidiaries or associated companies during the year ended 31 December 2024.

Capital commitments

As at 31 December 2024, the Group had no capital commitment.

Contingent liabilities

As at 31 December 2024, the Group and the Company did not have any significant contingent liabilities.

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024.

Foreign currency exposure

The Group mainly operates in the PRC, with most transactions settled in RMB.

As at 31 December 2024, foreign exchange risks on financial assets and liabilities denominated in other currencies were insignificant to the Group, and therefore, the Group did not have any hedging activities during the year.

Important events after the end of the period

The Group had no subsequent event after 31 December 2024 and up to the date of this announcement.

OTHER INFORMATION

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2024, there was no purchase, sale or redemption by the Company or any of its subsidiaries of any listed securities of the Company.

Compliance with the Corporate Governance Code

The Company is committed to maintaining high quality corporate governance. The corporate governance principles of the Company are to promote effective internal management measures, to maintain high quality ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all shareholders. The Company's corporate governance practice is based on the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

During the year, the Company has fully complied with the CG Code except for the deviation from code provision C.2.1 of Part 2 of the CG Code. The Company will continue to review and enhance its corporate governance practice to ensure compliance with the CG Code.

Under code provision C.2.1 of Part 2 of the CG Code, the roles of chairman and chief executive officer should be separated and performed by different individuals. As at the date of this announcement, the roles of chairman and chief executive officer of the Company are not separated and Mr. Fan Shaozhou currently holds both positions. Mr. Fan has extensive experience in the decoration and engineering industry and is responsible for the overall management, decision-making and strategic planning of the Group. He plays a key role in the growth and business expansion of the Group. The Board believes that vesting the roles of both chairman and chief executive officer in Mr. Fan Shaozhou has the benefit of ensuring consistent internal leadership within the Group and enables effective and efficient general strategic planning for the Company. The Board is of the view that the balance of power and authority achieved by the present arrangement will not be impaired and is adequately ensured by the current Board which comprises experienced and high calibre individuals with sufficient number of independent non-executive Directors.

Code of Conduct Regarding Directors' securities Transaction

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "**Model Code**") as its own code of conduct governing securities transactions by the Directors. Following a specific enquiry made by the Company with each of the Directors, all Directors have confirmed that they had complied with the required dealing standards set out in the Model Code throughout the financial year ended 31 December 2024.

ANNUAL GENERAL MEETING

The date of the annual general meeting of the Company (the "**AGM**") to receive, consider and adopt the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and auditor of the Company for the year ended 31 December 2024 will be announced in due course. The notice and circular convening the AGM will be published and dispatched to the shareholders in accordance with the requirements of the Listing Rules in due course. Shareholders should refer to details in the circular of the Company regarding the AGM, the notice of AGM and the form of proxy.

SCOPE OF WORK OF BEIJING XINGHUA CAPLEGEND CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Beijing Xinghua Caplegend CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Beijing Xinghua Caplegend CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Beijing Xinghua Caplegend CPA Limited on the preliminary announcement.

REVIEW OF THE ANNUAL RESULTS BY AUDIT COMMITTEE

As at the date of this announcement, the audit committee of the Board (the "**Audit Committee**") comprises all the independent non-executive Directors, namely Mr. Ma Kin Ling (the Chairman), Mr. Huang Wei and Ms. Ye Jinyu.

The Audit Committee has reviewed together with the management and the independent auditor the accounting principles and practices adopted by the Group and has discussed auditing, internal control and financial reporting matters, including the review of the consolidated financial statements. The Audit Committee has also reviewed the annual results of the Group for the year ended 31 December 2024.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.szwyzs.com.cn) in due course. The 2024 annual report of the Company will be despatched to the shareholders and published on the aforesaid websites in due course.

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

Shenzhen, PRC, 31 March 2025

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, Ms. Ma Kin Ling and Ms. Ye Jinyu.