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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)

## QUARTERLY UPDATE ON IMPLEMENTATION OF ACTION PLAN TO ADDRESS DISCLAIMER OF OPINION

Reference is made to (i) the Company's announcement dated 2 January 2024 (the "**Resumption Guidance Fulfillment Announcement**") in relation to, amongst other things, the Company's action plan to address the disclaimer of opinion on going concern (the "**Disclaimer of Opinion**") in its annual results for the two financial years ended 31 December 2022; (ii) the Company's annual results announcements and annual reports for the two financial years ended 31 December 2024; and (iii) the announcements dated 30 November 2024 and 12 June 2025 in relation to members' voluntary winding up of Sosang (HK) Holdings Limited ("**Sosang**") and the deconsolidation of subsidiaries of the Company.

The board of directors (the "**Board**") would like to provide quarterly update on the implementation of the action plan to address the Disclaimer of Opinion in the annual results of the Company for the four financial years ended 31 December 2024.

### **Voluntary winding up of Sosang and deconsolidation of subsidiaries**

As disclosed in the Resumption Guidance Fulfillment Announcement, the Company may commence members' voluntary winding up of Sosang which indirectly held interest in Shenzhen Wenye Decoration Design Engineering Co., Ltd\* (深圳文業裝飾設計工程有限公司) ("**Wenye Decoration**") as part of its plan to address the Disclaimer of Opinion following unsatisfactory negotiation with creditors of the Group to restructure debts of Wenye Decoration. The majority of the Group's debts are primarily owed by Wenye Decoration.

The Company commenced members' voluntary winding up of Sosang and a liquidator was appointed for the winding up on 30 November 2024. Following the receipt of an offer by the liquidator for the disposal of companies ("**Sale Interests**") holding indirect interest in Wenye Decoration, Sosang (in members' voluntary winding up) entered into a sale and purchase agreement with Very Big Win Limited (大贏家有限公司) as the purchaser on 12 June 2025 for the disposal of the Sale Interests for a cash consideration of HK\$1,300,000. The disposal resulted in deconsolidation of the assets and liabilities of Wenye Decoration from the consolidated financial position of the Group and the net liability position of the Group significantly improved from a consolidated net liability position of approximately RMB930,442,000 to approximately RMB49,674,000.

## **Business operations of the Company**

The segregation of Wenye Decoration yielded immediate benefit to the Group with customers and subcontractors knowing that Wenye Decoration is no longer part of the Group and its encumbrance alleviated. Many of the former customer relationships of Wenye Decoration were reestablished and confidence of customers and subcontractors had in the business of the Group restored. The Company was able to secure new decoration and design projects through another subsidiary, Shenzhen Wenye Intelligent Construction Technology Co., Ltd.\* (深圳文業智能建設科技有限公司) (“**Wenye Intelligent Construction**”), which is equipped with the required decoration work licenses to take up the work from Wenye Decoration. Many of the skilled professionals of Wenye Decoration have remained with the Company following the segregation.

Since publication of the annual report of the Company for the financial year ended 31 December 2024 in which it was disclosed that the Company had secured renovation and interior decoration work for a hotel in Saipan and for a residential property project in Taiyuan, the PRC for a total contract sum of approximately RMB182,685,882, the Company had secured 7 more renovation and interior decoration and design projects for hotels and entertainment venue in the PRC for a total contract sum of approximately RMB84,442,288. Work for the projects in Saipan and Taiyuan have commenced and are ongoing as of the date of this announcement.

## **Financial resources and fund raising of the Company**

Shortly after the segregation of Wenye Decoration from the Group which allayed the concerns of potential lenders on the debt position of the Group, the Company managed to obtain and draw down two loans from independent third parties in the total amount of RMB30,000,000 as working capital of the Group. The Company has also been in active negotiations with potential investors to invest in the Company to improve the Company’s financial position and shall make further announcements in accordance with the Listing Rules once definitive agreement has been entered into.

## **Litigation**

The disposal of the Sale Interests as part of the winding up of Sosang disassociated the Group from the debts and litigation faced by Wenye Decoration, save for the debts of Wenye Decoration secured by corporate guarantee provided by the Company for approximately RMB41,684,236. The Company has been actively seeking ways to settle the outstanding litigation of the Group. The Company’s overdue bank borrowing consists of loans from China Construction Bank with a principal amount of approximately RMB28,774,236 and the Company has formulated a plan to settle the loans which is subject to endorsement of the arbitration tribunal. The Company will continue to use its best endeavors to resolve the remaining litigation.

## **Other matters**

The Company has continued to control administrative costs and minimize unnecessary capital expenditure to preserve liquidity as well as considering additional measures to further reduce discretionary spending. Furthermore, the Company has been in active discussions with existing lenders to extend or restructure the Group’s borrowings, while it has continued to seek new sources of financing to improve its financial position and for working capital requirements. These efforts are ongoing and would require time to implement in accordance with market conditions.

The Board will continue to use its best endeavors to implement the action plan with an aim to resolving the Disclaimer of Opinion as soon as possible. The Company will publish further announcement(s) to keep the Company’s shareholders and potential investors informed of any update on the implementation of the action plan as and when appropriate.

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

Shenzhen, PRC, 7 August 2025

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

*\*for identification purposes only*