

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

INTERIM RESULTS

The board of directors (the “**Board**”) of Wenye Group Holdings Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (together, the “**Group**”) for the period ended 30 June 2025 (“**1H2025**”) together with the comparative figures for the period ended 30 June 2024 (“**1H2024**”).

FINANCIAL HIGHLIGHTS

| | For the six months ended 30 June | |
|---|---|--------------------|
| | 2025 | 2024 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Revenue | 4,176 | 13,524 |
| Gross profit margin | 12.0% | 5.9% |
| Profit/(loss) for the period attributable to owners of the Company | 885,804 | (21,685) |
| Basic and diluted profit/(loss) per share (RMB) | 1.32 | (0.04) |

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | Six months ended 30 June | |
|--|-------|--------------------------|-----------------|
| | | 2025 | 2024 |
| | Notes | RMB'000 | RMB'000 |
| | | (Unaudited) | (Unaudited) |
| Revenue | 5 | 4,176 | 13,524 |
| Cost of sales | | <u>(3,674)</u> | <u>(12,727)</u> |
| Gross profit | | 502 | 797 |
| Other income | 13 | 951,651 | 1 |
| Other gains/(losses), net | | 92 | (5,726) |
| Selling and marketing expenses | | — | — |
| General and administrative expenses | | (6,698) | (9,771) |
| Recognition of financial liability at fair value through profit or loss | | (59,534) | — |
| Finance costs, net | | <u>(209)</u> | <u>(6,993)</u> |
| Profit/(loss) before tax | | 885,804 | (21,692) |
| Income tax expense | 6 | <u>—</u> | <u>—</u> |
| Profit/(loss) for the period | | <u>885,804</u> | <u>(21,692)</u> |
| Other comprehensive income/(loss) | | | |
| <i>Item that may be reclassified to profit or loss:</i> | | | |
| Exchange differences on translation of foreign operations | | <u>—</u> | <u>3</u> |
| OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX | | <u>—</u> | <u>3</u> |
| TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD | | <u>885,804</u> | <u>(21,689)</u> |
| PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY | | | |
| — Basic and diluted (RMB) | 8 | <u>1.32</u> | <u>(0.04)</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | As at 30 June 2025 | As at 31 December 2024 |
|--|--------------|-------------------------------|------------------------------|
| | <i>Notes</i> | RMB'000 (Unaudited) | RMB'000 (Audited) |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | — | 7,434 |
| Right-of-use assets | | 1,622 | — |
| Investment properties | | — | — |
| Intangible assets | | — | — |
| Trade and other receivables | 9 | — | — |
| | | <u>1,622</u> | <u>7,434</u> |
| CURRENT ASSETS | | | |
| Trade and other receivables | 9 | 3,769 | 114,290 |
| Contract assets | 10 | 3,809 | 63,268 |
| Restricted cash | | — | 16,908 |
| Bank and cash balances | 11 | 10,699 | 507 |
| Amounts due from related parties | | 629 | 679 |
| | | <u>18,906</u> | <u>195,652</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 17,851 | 874,929 |
| Contract liabilities | 10 | — | 62,999 |
| Bank borrowings | | — | 28,774 |
| Other borrowings | | 10,000 | 84,049 |
| Lease liabilities | | 540 | — |
| Amount due to related parties | | 2,190 | 25,642 |
| Current income tax liabilities | | — | 38,747 |
| Financial liability at fair value through PL | | 59,534 | — |
| | | <u>90,115</u> | <u>1,115,140</u> |
| NET CURRENT LIABILITIES | | <u>(71,209)</u> | <u>(919,488)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>(69,587)</u> | <u>(912,054)</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CON'T)

| | As at 30 June 2025 <i>RMB'000</i> (Unaudited) | As at 31 December 2024 <i>RMB'000</i> (Audited) |
|---|---|---|
| NON-CURRENT LIABILITIES | | |
| Other borrowings | — | 18,388 |
| Lease liabilities | (1,108) | — |
| | <u>(1,108)</u> | <u>18,388</u> |
| NET LIABILITIES | <u>(70,695)</u> | <u>(930,442)</u> |
| CAPITAL AND RESERVES | | |
| Share capital | 73 | 51 |
| Reserves | (70,768) | (932,148) |
| | <u>(70,695)</u> | <u>(932,097)</u> |
| Equity attributable to owners of the Company | (70,695) | (932,097) |
| Non-controlling interests | — | 1,655 |
| | <u>—</u> | <u>1,655</u> |
| TOTAL EQUITY | <u>(70,695)</u> | <u>(930,442)</u> |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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. GOING CONCERN BASIS

As at 30 June 2025, the Group had net current liabilities and net liabilities of approximately RMB71,209,000 and RMB70,695,000 respectively. The Group’s total financial liabilities at fair value through Profit or Loss (“**FVPL**”) amounted to approximately RMB59,534,000 as at 30 June 2025 while its cash and cash equivalents amounted to approximately RMB10,699,000. Financial liability at FVPL of approximately RMB28,774,000 and RMB12,910,000 are repayable on demand or within one year.

As of the date of this announcement, the Group is involved in 2 litigations due to its inability to repay its outstanding bank and other borrowings. The expected penalty and interest arising from abovementioned litigations amounted to approximately RMB17,849,000.

The above conditions indicate the existence of material uncertainties which cast significant doubt regarding the Group’s ability to continue as a going concern.

2. GOING CONCERN BASIS (CON'T)

The Directors 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 bank and other lenders on the extension of overdue bank borrowing and overdue other borrowings; and (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.

The directors of the Company, taking into account the above plans and measures, are in the opinion that, they are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust 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.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current half year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2022. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the consolidated financial statements of the Group.

3.1. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, investments and derivatives which are carried at their fair values/fair values less costs to sell.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies.

4. 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.

The Group’s revenue was mainly derived in the PRC during the six months ended 30 June 2025 and 2024.

As at 30 June 2025 and 2024, all of the non-current assets were located in the PRC (31 December 2024: Same).

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.

5. REVENUE

| | For the six months ended 30 June | |
|------------------------------------|---|--------------------|
| | 2025 | 2024 |
| | RMB’000 | RMB’000 |
| | (Unaudited) | (Unaudited) |
| Revenue from construction services | 4,176 | 13,524 |
| Design service income | — | — |
| | 4,176 | 13,524 |

6. INCOME TAX EXPENSE

| | For the six months ended 30 June | |
|---------------------|---|--------------------|
| | 2025 | 2024 |
| | RMB’000 | RMB’000 |
| | (Unaudited) | (Unaudited) |
| Current income tax | — | — |
| Deferred income tax | — | — |
| Income tax expense | — | — |

6. INCOME TAX EXPENSE (CON'T)

Current taxation primarily represented the provision for PRC Corporate Income Tax (“CIT”) for companies operating in the PRC. These companies are subject to CIT on their taxable income as reported in their respective statutory financial statements adjusted in accordance with the relevant tax laws and regulations in the PRC. Pursuant to the PRC Corporate Income Tax Law, the CIT rate for domestic enterprises and foreign invested enterprises is 25% (2024: 25%).

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.

7. DIVIDENDS

The directors do not recommend the payment of any dividend for each of the periods ended 30 June 2025 and 2024.

8. PROFIT/(LOSS) PER SHARE

(a) Basic profit per share

The calculation of basic profit per share attributable to owners of the Company is based on the profit for the period attributable to owners of the Company of approximately RMB885,804,000 (30 June 2024: loss of RMB21,685,000) and the weighted average number of ordinary shares of 673,200,000 (30 June 2024: 593,940,017, as adjusted to reflect the capitalisation of 444,510,000 shares which took place on 14 January 2020) and excluded shares held under the restricted share unit scheme (“RSU scheme”) in issue during the six months ended 30 June 2025 (30 June 2024: Same).

(b) Diluted profit per share

No diluted profit per share are presented as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2025 (30 June 2024: Same).

9. TRADE AND OTHER RECEIVABLES

| | | As at 30 June 2025 <i>RMB'000</i> (Unaudited) | As at 31 December 2024 <i>RMB'000</i> (Audited) |
|-----------------------------------|--------------|---|---|
| | <i>Notes</i> | | |
| Trade receivables | (i) | — | 688,722 |
| Provision for loss allowance | | — | (638,091) |
| Trade receivables, net | | — | 50,631 |
| Retention receivables | (ii) | — | 222,585 |
| Provision for loss allowance | | — | (216,620) |
| Retention receivables, net | | — | 5,965 |
| Deposits | (iii) | — | 9,922 |
| Provision for loss allowance | | — | (9,881) |
| Deposits, net | | — | 41 |
| Prepayments | | 6 | 37,570 |
| Advances to staff | | 181 | 778 |
| Other receivables | | 3,582 | 19,305 |
| Total trade and other receivables | | 3,769 | 114,290 |
| Analysed as: | | | |
| Current assets | | 3,769 | 114,290 |
| Non-current assets | | — | — |
| | | 3,769 | 114,290 |

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 ageing analysis of the trade receivables based on the invoice date is as follows:

| | As at 30 June 2025 <i>RMB'000</i> (Unaudited) | As at 31 December 2024 <i>RMB'000</i> (Audited) |
|--------------------------------------|--|---|
| Unbilled revenue (<i>Note (i)</i>) | — | 473,236 |
| Within 30 days | — | — |
| 31 days to 6 months | — | 6,211 |
| 6 months to 1 year | — | 9,709 |
| 1 to 2 years | — | 18,047 |
| 2 to 3 years | — | 54,747 |
| Over 3 years | — | 126,772 |
| | <u>—</u> | <u>688,722</u> |

Note (i): 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.

9. TRADE AND OTHER RECEIVABLES (CON'T)

Note: (Con't)

- (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 of 30 June 2025 and 31 December 2024, the ageing analysis of the retention receivables based on the retention period expiry date, is as follows:

| | As at 30 June 2025 <i>RMB'000</i> (Unaudited) | As at 31 December 2024 <i>RMB'000</i> (Audited) |
|---------------|---|---|
| Within 1 year | — | 4,329 |
| 1 to 2 years | — | — |
| Over 2 years | — | 218,256 |
| | <u>—</u> | <u>222,585</u> |

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. CONTRACT ASSETS AND LIABILITIES

Disclosures of revenue-related items:

| | As at 30 June 2025 <i>RMB'000</i> (Unaudited) | As at 31 December 2024 <i>RMB'000</i> (Audited) |
|--|---|---|
| Contract assets — construction services | 3,809 | 766,797 |
| Contract assets — design services | — | 3,474 |
| | <u>3,809</u> | <u>770,271</u> |
| Less: Provision for loss allowance | (—) | (707,003) |
| | <u>(—)</u> | <u>(707,003)</u> |
| Total contract assets | <u><u>3,809</u></u> | <u><u>63,268</u></u> |
| Contract liabilities — construction services | — | 54,254 |
| Contract liabilities — design services | — | 8,745 |
| | <u>—</u> | <u>62,999</u> |
| Total contract liabilities | <u><u>—</u></u> | <u><u>62,999</u></u> |
| Contract receivables (include in trade receivables) | <u><u>—</u></u> | <u><u>50,631</u></u> |
| | <u><u>—</u></u> | <u><u>50,631</u></u> |
| | Six months ended 30 June | |
| | 2025 | 2024 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (Unaudited) | (Unaudited) |
| Revenue recognized in the period that was included in contract liabilities at beginning of year: | | |
| — Construction services | — | — |
| — Design services | — | — |
| | <u>—</u> | <u>—</u> |
| | <u><u>—</u></u> | <u><u>—</u></u> |

11. BANK AND CASH BALANCES

| | As at 30 June 2025 <i>RMB'000</i> (Unaudited) | As at 31 December 2024 <i>RMB'000</i> (Audited) |
|-----------------|---|---|
| Cash at bank | <u>10,699</u> | <u>507</u> |
| | As at 30 June 2025 <i>RMB'000</i> (Unaudited) | As at 31 December 2024 <i>RMB'000</i> (Audited) |
| Denominated in: | | |
| RMB | 10,699 | 507 |
| HK\$ | <u>—</u> | <u>—</u> |
| | <u>10,699</u> | <u>507</u> |

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.

12. TRADE AND OTHER PAYABLES

| | As at 30 June 2025 <i>RMB'000</i> (Unaudited) | As at 31 December 2024 <i>RMB'000</i> (Audited) |
|------------------------------------|---|---|
| Trade payables | 3,917 | 690,887 |
| Bills payables | — | — |
| | <u>3,917</u> | <u>690,887</u> |
| Accruals and other payables | | |
| — Accrued staff benefits | 1,329 | 20,091 |
| — Other payables and accruals | 12,605 | 97,024 |
| — Provision for litigation penalty | — | 66,927 |
| | <u>13,934</u> | <u>184,042</u> |
| | <u>17,851</u> | <u>874,929</u> |

As at 30 June 2025 and 31 December 2024, the carrying amounts of trade and other payables approximate their fair values and are denominated in the following currencies:

| | As at 30 June 2025 <i>RMB'000</i> (Unaudited) | As at 31 December 2024 <i>RMB'000</i> (Audited) |
|------|---|---|
| RMB | 17,851 | 874,929 |
| HK\$ | — | — |
| | <u>17,851</u> | <u>874,929</u> |

12. TRADE AND OTHER PAYABLES (CON'T)

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

| | As at 30 June 2025 <i>RMB'000</i> (Unaudited) | As at 31 December 2024 <i>RMB'000</i> (Audited) |
|---------------------|---|---|
| Within 30 days | 3,917 | — |
| 31 days to 6 months | — | — |
| 6 months to 1 year | — | 9,019 |
| 1 to 2 years | — | 14,659 |
| 2 to 3 years | — | 138,944 |
| Over 3 years | — | 528,265 |
| | <u>3,917</u> | <u>690,887</u> |

13. OTHER INCOME

The Company commenced a voluntary winding up of a former subsidiary, Sosang (HK) Holdings Limited (“**Sosang**”) holding interest in the debt burdened Shenzhen Wenye Decoration Design Engineering Co., Ltd* (深圳文業裝飾設計工程有限公司) (“**Wenye Decoration**”). On 12 June 2025, the liquidator disposed the companies holding interest in Wenye Decoration to Very Big Win Limited (大贏家有限公司) as purchaser as part of the winding up process of Sosang during which the liquidator had to settle the assets and liabilities of Sosang.

The net liabilities disposed of at the disposal date are set out as follows:

| Net liabilities disposed of: | RMB'000 |
|---|-------------------------|
| Property, plant and equipment | 7,222 |
| Trade and other receivables | 177,032 |
| Cash and cash equivalents | 429 |
| Bank and other borrowings | (130,735) |
| Trade and other payables | <u>(1,004,392)</u> |
| | <u><u>(950,444)</u></u> |
| Gain on disposal of subsidiaries: | |
| Consideration receivable (<i>note</i>) | 1,207 |
| Net liabilities disposed of | <u>(950,444)</u> |
| | <u><u>(951,651)</u></u> |
| Net cash inflow arising on disposal: | |
| Cash consideration received | 1,207 |
| Bank balances and cash disposed of | <u>(429)</u> |
| | <u><u>778</u></u> |

Note: Consideration receivable of HKD1,300,000 (equivalent to RMB1,207,000) was received in full during the period ended 30 June 2025.

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.

IMPLEMENTATION OF THE RESTRUCTURING PLAN

The Company commenced the voluntary winding up of a former subsidiary, Sosang (HK) Holdings Limited (“**Sosang**”), holding interest in the debt burdened subsidiary Shenzhen Wenye Decoration Design Engineering Co., Ltd* (深圳文業裝飾設計工程有限公司) (“**Wenye Decoration**”). Such move was to segregate Wenye Decoration from the Group, being part of the restructuring plan (the “**Restructuring Plan**”) to address the going-concern disclaimer opinion of the auditor and mitigate negative impacts on the Group's operations and financing ability, as anticipated upon resumption of trading as announced by the Company on 2 January 2024 if the debt restructuring negotiations with creditors do not progress to the Company's satisfaction.

On 12 June 2025, as part of the winding up of Sosang during which the liquidator is required to settle the assets and liabilities, the liquidator entered into a sale and purchase agreement with Very Big Win Limited (大贏家有限公司) as purchaser to dispose the companies holding interest in Wenye Decoration for a cash consideration of HK\$1,300,000. At the same time, the Company transferred the related business, operations and core personnel of Wenye Decoration to another wholly-owned subsidiary of the Company with the required license for the building decoration and design business, Shenzhen Wenye Intelligent Construction Technology Co., Ltd.* (深圳文業智能建設科技有限公司) (“**Wenye Intelligent**”).

Prior to the disposal, the Company's debts were mainly owed by Wenye Decoration and thereafter the Company only faces liabilities of approximately RMB41.68 million arising from the debts of Wenye Decoration for which the Company guaranteed, being loans to Wenye Decoration from Shenzhen Yueshang Loan Co., Limited and China Construction Bank. On a proforma basis, the Group's net liability position of RMB930.4 million had substantially improved following the disposal and deconsolidation of the liabilities of Wenye Decoration from the Group to RMB49.6 million as of 31 December 2024, assuming the deconsolidation of Wenye Decoration had taken place on 31 December 2024.

The Company's building decoration and design business in the PRC is by nature closely tied to the financial troubled real estate market, which together with COVID-19 has severely affected the Company's business. The Company's customers experienced defaults in payments whilst the Company faced credit crunch from financial institutions. As a result, Wenye Decoration was unable to settle payments when due and faced hundreds of lawsuits from creditors and led to bank accounts of the Group being frozen by the PRC court. This significantly disrupted operations and undermined confidence of customers, suppliers, investors and lenders on the Group.

The Restructuring Plan and the disposal address the burden brought about by Wenye Decoration and segregate its encumbrance from the Group. Wenye Intelligent with the transferred business, operations and core personnel of Wenye Decoration and equipped with the required license, is unaffected by litigation and bank account freezes and is able to operate smoothly.

BUSINESS REVIEW

The Group's revenue decreased from approximately RMB13.5 million for 1H2024 by approximately RMB9.3 million or approximately 69%, to approximately RMB4.2 million for 1H2025.

During 1H2025, the Group's overall performance was pressured primarily due to (i) weak macroeconomic conditions and prolonged property market downturn which the Group's decoration business is closely tied to; and (ii) Wenye Decoration's significant liabilities and numerous creditor lawsuits which undermined confidence in the Group and affected operations.

After the restructuring and disposal, the Group's financial position improved substantially from a net liability position of approximately RMB930.4 million to approximately RMB70.7 million as at 30 June 2025, significantly optimizing its capital structure. The confidence of customers and suppliers had in the Group was restored following segregation of the litigation and debts of Wenye Decoration from the Group.

The Group had thereafter successfully secured 17 contracts with an aggregate value of approximately RMB492.4 million (exclusive of VAT), of which 8 are expected to be completed in 2025, 7 in 2026 and the remaining 2 in 2027. As at the date of this announcement, work for 9 contracts had commenced and a contract has completed. Work for the remaining 7 contracts are to commence in the last quarter of 2025.

The Group recorded revenue of approximately RMB10 million in July 2025 alone, indicating a robust business recovery.

To support the execution of new projects, the Group has expanded its workforce from 26 employees at the end of June 2025 to currently 40 employees, with plans to further increase headcount to over 60 by the end of 2025.

A summary of the key terms of the 17 secured contracts of the Company is set out below.

| | Project Name | Commencement Date/Expected Commencement Date | Completion Date/Expected Completion Date | Project Sum (VAT included) (RMB) | Project Sum (VAT excluded) (RMB) |
|----|--|---|---|---|---|
| 1 | Crowne Plaza Saipan Landmark Resort Hotel | 2025-04-18 | 2026-04-18 | USD20,250,000 (equivalent to approximately RMB145,800,000) | USD20,250,000 (equivalent to approximately RMB145,800,000) |
| 2 | Taiyuan Binhe Shijia Project, Section VI Interior Finishing | 2025-04-03 | 2025-12-30 | 36,885,882 | 33,840,259 |
| 3 | Hong'an Golden Era KTV Decoration Project, Hubei | 2025-05-10 | completed | 1,988,239 | 1,824,073 |
| 4 | Tongliao Vienna International Hotel Interior Finishing, Inner Mongolia | 2025-06-03 | 2025-10-01 | 6,817,630 | 6,619,058 |
| 5 | Dongguan Lichi Haiyue Hotel Smart Energy Storage Cabinet Installation Project | 2025-07-10 | 2025-09-08 | 1,600,000 | 1,553,398 |
| 6 | Jiaozuo Xilaizi Hotel Smart New Energy System Installation Project | 2025-07-18 | 2025-09-16 | 1,000,000 | 970,874 |
| 7 | Yuzanhua Hotel Decoration Project | 2025-10-28 | 2026-10-28 | 61,790,000 | 56,688,073 |
| 8 | Yuzanhua Hotel Decoration Project (Design) | 2025-07-02 | 2025-08-31 | 2,100,000 | 1,926,606 |
| 9 | Yilvyanguang Express Hotel Renovation | 2025-07-06 | 2025-11-03 | 4,833,352 | 4,434,268 |
| 10 | Xinxiang July Sunshine Hotel Renovation | 2025-07-18 | 2025-11-15 | 4,313,066 | 3,956,942 |
| 11 | Xingning Sports Complex Athlete Apartment Decoration Project | 2025-12-01 | 2026-09-27 | 30,600,000 | 28,073,394 |
| 12 | Cultural & Sports Center, Sports Complex | 2025-12-01 | 2026-07-09 | 29,880,000 | 27,412,844 |
| 13 | Residential Units, Sports Complex | 2025-09-02 | 2027-01-08 | 81,144,000 | 74,444,037 |
| 14 | Landscaping & Outdoor Facilities, Sports Complex | 2025-11-01 | 2026-03-01 | 21,180,000 | 19,431,193 |
| 15 | Commercial & Supporting Facilities, Sports Complex | 2025-11-01 | 2026-03-01 | 15,559,500 | 14,274,771 |
| 16 | Suibao Yipinyuan Phase I, Tower C Finishing | 2025-08-20 | 2026-01-20 | 29,526,975 | 27,088,967 |
| 17 | Beijing Xishan Elderly Apartment Renovation Decoration Project | 2025-09-19 | 2027-01-03 | 48,000,000 | 44,036,697 |
| | | | | <hr/> 523,018,644.72 <hr/> | <hr/> 492,375,453.70 <hr/> |

FINANCIAL RESOURCES 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 million as working capital of the Group.

Further, the Company has been considering to conduct a rights issue fund raising exercise, and has secured an offer from an independent third party and underwriter for the fully-underwritten 4-for-1 rights issue of the Company's shares at HK\$0.045 per rights share to raise approximately HK\$150 million in gross proceeds. The funds are intended to be applied as to approximately HK\$80 to 90 million to repay Company's outstanding debts, and as to approximately HK\$60 to 70 million as general working capital. If such potential rights issue materializes, the Group is expected to restore from a net liability position of approximately RMB70 million to a net asset position of approximately RMB70 million upon completion.

As disclosed in the Company's announcements dated 15 July 2025 and 24 July 2025 (collectively referred as the "**Decision and Review Announcements**"), the Company has received a letter from the Listing Division of the Stock Exchange dated 15 July 2025 notifying the Company of its decision that the Company has failed to comply with Rule 13.24 of the Listing Rules and that trading in the Company's shares will be suspended under Rule 6.01(3) of the Listing Rules (the "**Decision**"). The Company has submitted a written request to the Stock Exchange on 24 July 2025 for the Decision to be referred to the Listing Committee for review (the "**Review**"). A hearing for the Review is scheduled to be held on 2 September 2025.

Given the Stock Exchange's concern on the Company's compliance with Rule 13.24 of the Listing Rules, the Stock Exchange is minded not to grant listing approval for any issue of new securities by the Company unless and until such concern has been satisfactorily addressed. Accordingly, the potential rights issue is subject to, among others, the approval from the Stock Exchange as well as the outcome of the Review, which is uncertain as at the date of this announcement. The Company believes that should the rights issue materialize, it will significantly strengthen the Group's capital base and strengthen its ability to secure future contracts, whilst enhancing the confidence of customer, suppliers and investors and therefore is in the best interests of the Company and its shareholders.

OUTLOOK AND STRATEGY

Driven by policy measures, the PRC property market is expected to gradually stabilize and recuperate. The PRC government has implemented different supportive measures for the real estate sector, such as abolishing various restrictive home purchase policies and allow market forces to determine the supply of real estate to deter high borrowing levels among real estate developers. These initiatives have helped to stabilize the PRC real estate market, enabling market participants (including the Company) to revitalize operations, and now finally move beyond the severe impact of COVID-19 and the financial fallout of the real estate market in recent years, as evidenced by the Company's robust business recovery. Together with contracts on hand and the development of overseas business in Saipan being the first step, the management of the Company maintains cautiously optimistic for the second half of 2025 and for 2026.

The Company, learning from past experience with larger projects such as government contracts with longer completion timeline and required substantial capital with higher risk of delayed payment, currently focuses on subcontracting projects which offer shorter cycles and eliminate bid bond and payment guarantee requirements to reduce upfront cash outlays. Additionally, these projects feature faster payment cycles, ensuring timely capital replenishment and less bad debt. This approach significantly eases financial pressure, maintains smooth cash flow, and provides strong support for stable operations. Leveraging years of industry expertise and a solid reputation, the Company fosters long-term partnerships with developers, commercial clients, and engineering firms, securing projects through direct engagements.

The business model of the Company's building decoration and design business is asset-light by nature and has remained consistent since listing. The Company now operates a subcontracting model whereby when projects are secured, these providers supply both skilled workers and construction materials, enabling the Company to significantly reduce procurement costs for raw materials and equipment. This collaborative model eliminates labour expenses during idle periods while enhancing operational flexibility. By outsourcing workforce and material provisioning, the Company minimizes inventory carrying costs and optimizes labour expenditures, ultimately driving stronger profitability.

The Company's personnel are primarily responsible for project management. The project department staff primarily handle administrative and design tasks for projects, with their main duties include coordinating on-site construction teams and project clients. The Company will continue optimizing operational efficiency by maintaining its third-party outsourcing model for project execution in the PRC and overseas while retaining full project management control. This strategic approach delivers multiple cost advantages and streamlined organizational structure decreases fixed overheads including office expenses. Together, these measures strengthen the Company's financial position and create a platform for sustainable growth and market expansion.

FINANCIAL REVIEW

Revenue

The Group principally derives its revenue from provision of building decoration works and design services in the PRC. Revenue generated by service type was set out below:

| | Six months ended 30 June | | | |
|-------------------------------------|--------------------------|------------|--------------------|------------|
| | 2025 | | 2024 | |
| | <i>RMB million</i> | <i>%</i> | <i>RMB million</i> | <i>%</i> |
| | <i>(Unaudited)</i> | | <i>(Unaudited)</i> | |
| Revenue from construction contracts | 4.2 | 100 | 13.5 | 100 |
| Design service income | — | — | — | — |
| Total | 4.2 | 100 | 13.5 | 100 |

The Group's revenue decreased by approximately RMB9.3 million to approximately RMB4.2 million for 1H2025 from approximately RMB13.5 million for 1H2024 mainly due to the (i) macroeconomic conditions and prolonged recovery of the real estate market in the PRC which the Group's construction decoration business is closely tied to; and (ii) the debt and litigation of Wenye Decoration and the bank accounts freeze brought upon the Group which made it difficult to secure new contracts and operate the building decoration and design business.

Cost of sales

The cost of sales of the Group decreased to approximately RMB3.7 million for 1H2025 from approximately RMB12.7 million for 1H2024, representing a decrease of approximately 70.9% which is in line with the decrease of revenue.

Gross profit and gross profit margin

The gross profit of the Group decreased to approximately RMB0.5 million for 1H2025 from approximately RMB0.8 million for 1H2024, representing a decrease of approximately 37.5%.

Our gross profit margin increased from 5.9% for 1H2024 to 12% for 1H2025 mainly due to the nature of new contracts undertaken being interior decoration. Such projects generally carry lower subcontracting and material cost, resulting in increased gross profit margin.

Other income

The Group recorded other income of approximately RMB951,651,000 for 1H2025 which mainly resulting from the disposal of Wenye Decoration and related companies on 12 June 2025.

Other gains/(losses), net

The Group recorded net other gains of approximately RMB0.1 million for 1H2025 (Other losses for 1H2024: RMB5.7million).

Selling and marketing expenses

The selling and marketing expenses of the Group primarily consist of marketing and advertising expenses, employee benefit expenses and travel and entertainment expenses.

There is no selling and marketing expenses for 1H2025 (1H2024: RMB0).

General and administrative expenses

The 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.

The general and administrative expenses decreased to approximately RMB6.7 million for 1H2025 from approximately RMB9.8 million for 1H2024, representing an decrease of approximately 31.6%. The decrease was mainly attributed to the decrease of employee expenses.

Recognition of financial liability at fair value through profit or loss

The amount of RMB59,534,000 recognised as financial liability at fair value through profit or loss represented the fair value of the financial guarantee provided by the Company to certain bank and other borrowing by a then subsidiary of the Company as at 30 June 2025. The subsidiary was disposed on 12 June 2025.

Net impairment losses on financial and contract assets

There were no net impairment losses on financial and contract assets incurred in 1H2025.

Profit/(Loss) for the period

The Group turned from a loss of approximately RMB21.7 million for 1H2024 to a profit of approximately RMB885.8 million for 1H2025, mainly due to the other income recorded of approximately RMB951.7 million arising from the disposal of Wenye Decoration and related companies.

Financial position, liquidity and financial resources

Trade and other receivables

The trade and other receivables decreased from approximately RMB114.3 million as at 31 December 2024 to approximately RMB3.8 million as at 30 June 2025, representing a decrease of 96.7%. The trade receivables are the amount due from customers.

Trade and other payables

The trade and other payables decreased from approximately RMB874.9 million as at 31 December 2024 to approximately RMB17.9 million as at 30 June 2025. The trade payables are the amount due to suppliers.

Bank Borrowings

As at 30 June 2025, the Group had no bank borrowings (31 December 2024: approximately RMB28.8 million).

Working capital management

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

Liquidity ratios

As at 30 June 2025, the Group had cash and cash equivalents of approximately RMB10.7 million (31 December 2024: approximately RMB0.5 million). The Group's current ratio and gearing ratio are as follows:

| | 30 June 2025 (Unaudited) | 31 December 2024 (Audited) |
|---------------|---|---|
| Current ratio | 21.0% | 17.5% |
| Gearing ratio | 0.2% | (14.1)% |

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

On 12 June 2025, as part of the winding up of Sosang, the liquidator entered into a sale and purchase agreement with Very Big Win Limited (大贏家有限公司) as purchaser to dispose the companies holding interest in Wenye Decoration for a cash consideration of HK\$1,300,000.

Capital commitments

As at 30 June 2025, the Group had no capital commitment.

Contingent Liabilities

As at the date of this announcement, the Group and the Company did not have any significant contingent liabilities (31 December 2024: Nil).

Dividends

The Board does not recommend the payment of an interim dividend for the period ended 30 June 2025.

Foreign currency exposure

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

As at 30 June 2025, 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

As disclosed in the Decision and Review Announcements, the Company has received a letter from the Stock Exchange dated 15 July 2025 notifying the Company of its Decision. The Company has submitted a written request to the Stock Exchange on 24 July 2025 for the Decision to be referred to the Listing Committee for Review. A hearing for the Review is scheduled to be held on 2 September 2025.

OTHER INFORMATION

Purchases, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2025.

Compliance with the code or corporate governance practices

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 Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules.

During the six months ended 30 June 2025, the Company has fully complied with all the applicable code provisions of the CG Code as set out in Appendix C1 to the Listing Rules. The Company will continue to review and enhance its corporate governance practice to ensure compliance with the CG Code. As at the date of this announcement, the roles of chairman and chief executive officer of the Company are not separated and Ms. Fan Shuying currently holds both positions. The Board believes that vesting the roles of co-chairwoman and chief executive officer in Ms. Fan Shuying 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 as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct for dealing in securities in the Company. Having made specific enquiry to all Directors of the Company, all Directors have confirmed that they have strictly complied with the required standard set out in the Model Code during the six months ended 30 June 2025.

REVIEW OF THE INTERIM 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 (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 interim results of the Group for the six months ended 30 June 2025.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.szwyzs.com.cn). The interim report of the Company for the six months ended 30 June 2025 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and made available on the same websites in due course.

By order of the Board
Wenye Group Holdings Limited
KONG Guojing
Chairman

Shenzhen, PRC, 29 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.