



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

2025

ANNUAL REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Kong Guojing (孔國競) (*Co-Chairman*)
Ms. Fan Shuying (范舒穎) (*Appointed as Co-Chairwoman and Chief Executive Officer on 7 April 2025*)
Mr. Chen Zhouyu (陳宙宇) (*Appointed as Co-Chairman on 30 May 2025*)
Mr. Peng Jiwei (彭及偉) (*Appointed on 7 April 2025*)
Mr. Fan Shaozhou (范少周) (*Resigned on 7 April 2025*)

Non-Executive Directors

Mr. Mak Ho Fai (麥浩輝)
Ms. Jia Yuanyuan (賈園園) (*Appointed on 24 July 2025*)
Mr. Chen Li (陳立) (*Resigned on 30 May 2025*)
Mr. Shen Peng (譚鵬) (*Resigned on 7 April 2025*)
Mr. Li Hongxing (黎紅星) (*Resigned on 24 July 2025*)

Independent Non-Executive Directors

Mr. Ma Kin Ling (馬健凌)
Mr. Huang Wei (黃偉)
Ms. Ye Jinyu (葉金玉)

BOARD COMMITTEES

Audit Committee

Mr. Ma Kin Ling (馬健凌) (*Chairman*)
Mr. Huang Wei (黃偉)
Ms. Ye Jinyu (葉金玉)

Remuneration Committee

Mr. Huang Wei (黃偉) (*Chairman*)
Ms. Fan Shuying (范舒穎)
Mr. Ma Kin Ling (馬健凌)

Nomination Committee

Ms. Fan Shuying (范舒穎) (*Chairwoman*)
Mr. Ma Kin Ling (馬健凌)
Mr. Huang Wei (黃偉)

LEGAL ADVISER AS TO HONG KONG LAW

C&T Legal LLP
10/F & 22/F, Shum Tower,
268 Des Voeux Road Central,
Sheung Wan, Hong Kong

AUDITOR

Beijing Xinghua Caplegend CPA Limited
Certified Public Accountants and Registered Public Interest Entity Auditors
1/F, GR8 Inno Tech Centre,
No. 46 Tsun Yip Street,
Kwun Tong, Hong Kong

REGISTERED OFFICE

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P.O. Box 31119,
Grand Pavilion,
Hibiscus Way,
802 West Bay Road,
Grand Cayman,
KY1-1205,
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN PRC

4th Floor, Caiwuwei Development Building,
No. 3083, Baoan South Road,
Guiyuan Street, Luohu District,
Shenzhen

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

10/F, Shum Tower,
268 Des Voeux Road Central,
Sheung Wan, Hong Kong

COMPANY SECRETARY

Mr. Law Man Hei Eugene (羅文僖)

AUTHORISED REPRESENTATIVES

Ms. Fan Shuying (范舒穎)
Mr. Law Man Hei Eugene (羅文僖)

CORPORATE INFORMATION *(continued)*

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Hengfeng Bank Co., Ltd. Shenzhen Branch
Floors 25–28, North Tower (Tower B), and a portion of
the North Tower Lobby
CEC Great Wall Building
No. 3 Kefa Road
Science and Technology Park
Yuehai Subdistrict
Nanshan District, Shenzhen

COMPANY'S WEBSITE

www.szwyzs.com.cn

STOCK CODE

1802

DEFINITION

“Articles of Association”	:	the amended and restated articles of association of the Company (as amended from time to time)
“Board”	:	board of Directors of the Company
“BVI”	:	British Virgin Islands
“CG Code”	:	Corporate Governance Code set out in Appendix 14 of the Listing Rules
“Company”	:	Wenye Group Holdings Limited
“Director(s)”	:	director(s) of the Company
“ESOP Holdings”	:	Wenye Innovator Holdings Limited, a company incorporated under the laws of BVI with limited liability on 29 November 2018 and is one of the Company’s Shareholders
“Global Offering”	:	the offer of Shares by the Company for subscription by the public, the details of which are set out in the Prospectus
“Group”	:	the Company and its subsidiaries
“Hong Kong”	:	the Hong Kong SAR
“HK\$”	:	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Date”	:	14 January 2020, the Shares in issue were initially on the Main Board of the Stock Exchange
“Listing Rules”	:	Rules Governing the Listing of Securities and the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Model Code”	:	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules

DEFINITION *(continued)*

“PRC or China”	:	The People’s Republic of China
“Prospectus”	:	the prospectus of the Company dated 31 December 2019 in connection with the Global Offering
“R&D”	:	research and development
“RMB”	:	Renminbi, the lawful currency of the People’s Republic of China
“RSU Scheme”	:	restricted share unit scheme
“Share(s)”	:	ordinary share(s) of HK\$0.0001 each in the share capital of the Company
“Shareholder”	:	shareholder of the Company
“Sosang”	:	Sosang (HK) Holdings Limited, a former subsidiary of the Company incorporated in Hong Kong
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“Wenye Construction Decoration”	:	Wenye Construction Decoration (Shenzhen) Limited* (文業建築裝飾(深圳)有限公司)
“Wenye Decoration”	:	Shenzhen Wenye Decoration Design Engineering Co., Ltd* (深圳文業裝飾設計工程有限公司), a former subsidiary of the Company incorporated in the PRC
“Wenye Elite Holdings”	:	Wenye Elite Holdings Limited, a company incorporated under the laws of the BVI with limited liability on 1 November 2018 and one of the Company’s substantial Shareholders
“Wenye Intelligent”	:	Shenzhen Wenye Intelligent Construction Technology Co., Ltd.* (深圳文業智能建設科技有限公司), a subsidiary of the Company
“Wenye Talent Holdings”	:	Wenye Talent Holdings Limited, a company incorporated under the laws of the BVI with limited liability on 1 November 2018 and one of our Shareholders
“WFOE”	:	Shenzhen Wenye Construction Group Co., Ltd.* (深圳市文業建築工程集團有限公司), a former subsidiary of the Company incorporated in the PRC

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors of the Group, I would like to present the audited consolidated financial statements of the Group for the year ended 31 December 2025 (the "Year").

The Group is a building decoration services provider operated over 30 years, with our headquarter located in Shenzhen City, Guangdong Province. The Group possesses professional qualifications and permits for the building decoration industry in the PRC. Our projects cover a wide range of buildings and properties, including public infrastructure, commercial buildings and residential buildings. Shares of the Group were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 14 January 2020.

FINANCIAL PERFORMANCE

During the Year, the operation and financial performance of the Group both demonstrated improvement. Benefited from debt reorganization and implementation of asset divestiture as well as the gradual recovery of its principal businesses, revenue of the Group significantly increased from approximately RMB13.5 million in 2024 to approximately RMB106.5 million for the Year, representing an increase of just under sevenfold. Gross profit margin increased from 9.5% to 12.2%.

Benefited from debt reorganization and implementation of asset divestiture as well as the gradual recovery of its principal businesses, profit for the year of the Company amounted to approximately RMB846.1 million, with basic earnings per share of RMB1.11. The net liability position of the Company significantly improved from approximately RMB930.4 million as at the end of 2024 to approximately RMB73.9 million as at the end of the Year.

BUSINESS REVIEW

During the Year, the Group faced various challenges including weak macroeconomic recovery, fluctuation in the needs for building decoration and design as well as intensified market competition. Meanwhile, the Group also seized the opportunities from industry structure optimization and needs for high-value added services, strived for steady operation, structure optimization, risks mitigation and core target development, precise implementation of measures focusing on principal businesses:

1. Focuses on Principal Businesses and Gradual Recovery of Operation

The Group strived to ensure normal operation of its core business of interior and exterior building decoration and design, actively expanded quality project resources. During the Year, we entered into 13 new contracts, with a total in-progress value of approximately RMB370 million (excluding VAT). The business scope covers various areas including offices, public infrastructure, hotels and residential buildings. The continuous optimization of customer structure effectively lowered the fluctuation risk of a single area.

2. Promotes Asset Reorganization, Divestiture of Segments with Heavy Liabilities

In June 2025, the Group completed the sale of equity interests in a subsidiary as part of the debt restructuring of the Group, divested debt burdened assets, and realized an one-off revenue of approximately RMB859.8 million. The Group was significantly relieved from its overall debt pressure and resources was further reallocated to high quality principal businesses.

CHAIRMAN'S STATEMENT *(continued)*

3. Enhances Financial Control and Improves Cash and Debt Structure

The Group strictly controlled various costs and expenses, optimized control over account receivables and cash inflow, actively promoted debt reorganization, maintained close communication with debtors and stabilized the financing environment. Cash and cash equivalent at the end of the year amounted to approximately RMB36.60 million, demonstrating a significant improvement in liquidity position.

4. Compliance Operation and Resumption of Trading

The Group endeavoured to comply with the Listing Rules and other regulatory requirements, promoted satisfaction of resumption of trading in full force and safeguarded the legal interests of all Shareholders. On 5 December 2025, Shares of the Company suspended trading due to non compliance with Rule 13.24 of the Listing Rules. The management team is carrying out rectification and resumption of trading related work in full force.

MARKET CONDITIONS

The overall building decoration and design industry of the PRC demonstrated characteristics including weak recovery, intensified competition and structure optimization. Under the influence of adjustments in the macroeconomy and the real estate industry, market needs was under pressure. Pricing competition within the industry intensifies created pressure on the profitability for enterprises. Meanwhile, consumption upgrade and development of industry standardization both drive the market structure transformation. As the clients' need for quality, environmental friendly, intelligent and high value added services continued to increase, enterprises with core competitiveness, qualification possession and healthy financials would benefit from highly concentrated development opportunities.

KEY MEASURES

During the Year, the Group implemented the following key measures focusing on risks mitigation and business recovery:

1. Assets and Debt Reorganization: sale of subsidiaries with heavy debt, divest from historical burden, optimize asset and liability structure, relief from financial pressure.
2. Focus on Core Business: exit from non-core business with low efficiency, allocate resources to expand high quality building decoration and design projects, enhance projects quality and profitability.
3. Strengthen Cash Flow Management: strictly control cost and expense, accelerate collection of receivables, optimize credit terms for suppliers and customers, safeguard the stability of operating cash flow.
4. Optimize Internal Management: streamline organizational structure, enhance operation efficiency, perfect risk management and control and compliance system, stabilize core management and key personnel.
5. Promote Resumption of Trading and Communication with the Capital Market: implement various resumption requirements, enhance information communication with Shareholders and investors and transparency.

CHAIRMAN'S STATEMENT *(continued)*

OUTLOOK OF THE GROUP

In 2026, in light of the gradual recovery of the macroeconomy and stabilized real estate industry adjustment, needs for the building decoration and design industry is expected to steadily increase. The further demonstration of developmental trends of industry standardization, professionalization and intelligent provides the Group with opportunities for steady development.

The Group adheres to the following development strategies:

1. **Promote Resumption of Trading in Full Force:** complete various rectification measure in strict compliance with regulatory requirement, strive for resumption of trading as soon as possible, safeguard our position in the capital market as well as Shareholders' value.
2. **Steadily Expand the Core Businesses:** deepen our principal business of building decoration and design, focus on public infrastructure, commercial buildings and high quality residential buildings projects expansion, increase market share and enhance project quality.
3. **Continuous Optimization of Financial Structure:** solidify the results of debt reorganization, maintain reasonable debt level and sufficient cash reserves, promote financial stability.
4. **Enhance Service Capability:** enhance professional capabilities in relation to design, construction and project management, provide more service upgrades leverage on the experiences accumulated from professionalism deepening.
5. **Strict Compliance and Risk Barrier:** optimize internal control and risk management system, adhere to compliance operation, steadily promote high quality development of our business.

APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation to the Shareholders for their trust and support. I would also like to extend my gratitude to the management team and all our staff for their dedication and overcoming the difficulties together and to our customers, partners and debtors for their understanding and support for the Group.

In the future, the Group will continue to focus on our principal businesses and steady operation, strive for business recovery and high quality development, in order to realize maximum Shareholders' value.

Kong Guojing

Chairman

31 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

THE BOARD'S RESPONSE TO THE DISCLAIMER OF OPINION

The Auditor expressed a disclaimer of opinion in the independent auditors' report on the 2025 Financial Statements (the “**Independent Auditors' Report**”). As stated in the “Basis for Disclaimer of Opinion” section in the Independent Auditors' Report, the basis for the Auditor to express a disclaimer of opinion was material uncertainty related to going concern. The Board and the audit committee of the Board have reviewed and agreed with the disclaimer of opinion on the Independent Auditors' Report.

DETAILS OF THE MODIFICATIONS AND THEIR ACTUAL OR POTENTIAL IMPACT ON THE COMPANY'S FINANCIAL POSITION

As of 31 December 2025, the Group had net current liabilities and net liabilities of approximately RMB74,279,000 and RMB73,873,000 respectively. The Group's total other borrowings amounted to approximately RMB35,000,000 and the Group's financial guarantee contracts, arising from the guarantee of certain bank and other borrowings, amounted to approximately RMB62,189,000 as of 31 December 2025 while its cash and cash equivalents amounted to approximately RMB36,595,000.

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 implemented debt restructuring by way of members' voluntary winding up of Sosang which deconsolidated liabilities of the debt burdened Wenye Decoration from the Group and substantially reduced liabilities of the Group;
- (ii) the Group has been actively seeking and communicating with new customers on the projects of interior and exterior building decoration and design and focused on projects which are expected to general stable income to the Group to ensure business sustainability and income quality;
- (iii) the Group has been actively negotiating with the Group's existing lenders for the renewal, extension and/or settlement of overdue other borrowings; and
- (iv) 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 are of the opinion that, taking into account the above plans and measures details of which are set out in the section headed “Management's View and Position On The Disclaimer and Action Plan to Address the Disclaimer” below, 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 2025. 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 2025 on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

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 buildings decoration and design;
- (ii) successfully negotiation with the Group's existing lenders for the renewal, extension and/or settlement of overdue 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.

MANAGEMENT'S VIEW AND POSITION ON THE DISCLAIMER AND ACTION PLAN TO ADDRESS THE DISCLAIMER

In order to address the disclaimer, the Group has taken and will continue to implement the following measures to improve the Group's liquidity position:

- (i) The Group has been actively seeking and communicating with new customers on building interior and exterior decoration and design projects. During the reporting period, principal businesses of the Group has shown gradual recovery. The core business of building decoration has regained momentum and the Group has undertaken certain new projects. Revenue of the Group demonstrated substantial improvement from approximately RMB13.5 million for 2024 to approximately RMB106.5 million for 2025.

As of 31 December 2025, the Company had commenced work on 13 new contracts with a total value of approximately RMB370 million (exclude VAT), providing solid support for the Company's full-year revenue growth in 2025 and laying a strong foundation for business operations in 2026. As at the date of this report, the Company has secured 9 additional contracts with an aggregate project sum of RMB220,000,000 (VAT excluded).

- (ii) The Group has been actively negotiating with other lenders over the settlement of other borrowings. For the financial year ended 31 December 2025, the Group no longer have any bank borrowings and the Group's other borrowings significantly reduced from approximately RMB102,437,000 for 2024 to approximately RMB35,000,000. The negotiation includes extension of repayment timelines as well as reduction of principal repayable and interest rates;
- (iii) The Group has been actively seeking potential new fundings through various channels, including but not limited to issuance of new shares of the Company and seek new financing from potential investors. The new funds from issuance of new shares will strengthen the Group's working capital and is intended to be used for repayment of the Group's debts and liabilities and for the new projects signed by the Group;

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

- (iv) The Group will enhance the management over account receivables and contract assets, including the acceleration of project settlement, strengthen collection follow-up and customer communication to enhance recoverability of relevant receivables; and
- (v) The Group will enhance cashflow management and cost control, continuously evaluate financing and debt reorganization plans, to improve liquidity and financial stability of the Group.

Considering the successful and continued implementation of the measures, the Directors are of the opinion that the Group will have sufficient working capital and hence it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

AUDIT COMMITTEE'S VIEW TOWARDS THE DISCLAIMER

The audit committee of the Company had critically reviewed the basis for the disclaimer. The audit committee had also discussed with the auditor the financial position of the Group, the measures taken and to be taken by the Company, and considered the auditor's rationale and understood their consideration in arriving to the disclaimer. The audit committee agreed with the management of the Group that the Group is able to continue as a going concern.

Accordingly, the consolidated financial statements for the year ended 31 December 2025 have been prepared on a going concern basis. The audit committee requested the management to take all necessary actions to address the disclaimer of opinion to procure no such disclaimer of opinion to be made in the next financial year.

BUSINESS REVIEW

In 2025, the Company's management focused on the principal business of the Company, making every effort to ensure the smooth operation of core business and actively expanding high-quality project resources. As a result, the business demonstrated a positive trend of "gradual recovery and healthy operation".

The PRC macroeconomic recovery remained sluggish, and the building decoration and design industry faced multiple challenges, including fluctuations in market demand and intensified industry competition.

On 5 December 2025, trading of the Company's shares on the Stock Exchange was suspended due to its failure to comply with Rule 13.24 of the Listing Rules. Faced with a complex and severe operating environment, the Company's management, under the strategic guidance of the Board, firmly focused on the core objectives of "stabilizing operations, optimizing structure, mitigating risks, and pursuing development". By fulfilling their duties with diligence and taking proactive measures, they coordinated key initiatives including business expansion, asset optimization, debt restructuring, financing assurance, and efforts to resume trading. These efforts effectively alleviated debt pressures, ensured the normal operation of core business and laid a solid foundation for the Company's future steady development.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

The building decoration and design industry as a whole is exhibiting a development trend characterized by “sluggish recovery, intensifying competition, and structural optimization”. Affected by the slowdown in macroeconomic growth, the real estate sector continues to undergo adjustments, with demand for commercial and residential property renovations contracting, exerting pressure on the industry’s overall demand side. At the same time, the large number of small and medium-sized enterprises in the industry has led to increasingly fierce market competition, with price-based competition remaining the dominant form of competition, which has squeezed corporate profit margins to some extent.

On the other hand, driven by consumption upgrades and the standardization of the industry, clients are placing increasingly higher demands on the quality, environmental friendliness, and intelligent features of decoration and design. As a result, demand for high-value-added, specialized decoration design and construction services is gradually increasing, and industry concentration is trending upward, creating development opportunities for enterprises with core competitiveness.

Throughout 2025 the Company’s core efforts have focused on three key areas: (1) divesting subsidiaries with heavy debt burdens and concentrating on the main business of interior and exterior building decoration and design; (2) alleviate debt pressure and improve financial position through asset disposals, financing expansion and other initiatives; and (3) making every effort to resume trading by fulfilling the resumption guidance and effectively safeguarding the legitimate rights and interests of shareholders. Through the collective efforts of all employees, the Company’s operational performance has gradually improved, and phased results have been achieved across all areas of work.

Business Expansion and Contract Pipeline

In 2025, the Company’s management actively expanded its business market. Leveraging on years of industry experience and professional service capabilities, the Company steadily advanced its project expansion efforts and achieved positive results. As of 31 December 2025, the Company had commenced work on 13 new contracts with a total value of approximately RMB370 million (exclude VAT), providing solid support for the Company’s full-year revenue growth in 2025 and laying a strong foundation for business operations in 2026.

In terms of business structure, the Company’s operations continue to focus primarily on interior and exterior building decoration construction, with design services advancing in parallel. The business scope covers multiple sectors, including offices, public facilities, hotels, and residential properties. The client base remains diversified, effectively mitigating operational risks associated with demand fluctuations in any single sector. At the same time, the Company prioritizes enhancing service quality and optimizing project management processes to ensure the smooth progress of ongoing projects and improve client satisfaction, thereby building a strong reputation for future business expansion.

Improved Financial Performance

The Company’s key financial metrics improved significantly in 2025, with gradual recovery of the building decoration and design industry.

The revenue of the Company was approximately RMB106.5 million, representing an increase of just under sevenfold or by approximately RMB93.0 million from approximately RMB13.5 million for the financial year ended 31 December 2024, whilst the 2025 gross profit margin of approximately 12.2% as compared to 9.5% for 2024 was in line with the industry average, demonstrating stable profitability of the Company’s core business.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

The Company recorded profit after tax of approximately RMB845.8 million for 2025 as compared to loss after tax of approximately RMB95.4 million for 2024 due to a one off gain of approximately RMB859.9 million attributable to the disposal of (i) all equity interest in WFOE and (ii) 0.23% equity interest in Wenye Construction Decoration, together with its subsidiaries. The net liabilities position of the Company significantly improved from approximately RMB930.4 million for 2024 to approximately RMB73.9 million for 2025 following the segregation of the liabilities of Wenye Decoration upon completion of the disposal.

Debt Restructuring and Resource Integration

To improve the Company's financial position, divest the debt burden, and focus on the development of core businesses, the liquidator of Sosang holding equity interest in WFOE and Wenye Construction Decoration, together with its subsidiaries disposed of them for HK\$1.3 million on 12 June 2025, and transferred the relevant business to Wenye Intelligent. This move optimized and integrated the business resources, effectively reduced debt risks, and enhanced the operational efficiency of core businesses. Following this restructuring, the Company's focus on core business has been further strengthened, operating costs have been effectively controlled, and laying a solid foundation for future business development.

FUTURE PROSPECTS

In 2026, as the macroeconomy gradually recovers and the real estate sector's adjustment stabilizes, demand in the building decoration and design industry is expected to gradually rebound. At the same time, the industry's ongoing move toward standardization will further drive demand for high-value-added, specialized, and intelligent decoration design and construction services. The Company will seize these industry development opportunities, leveraging the strengths gained from its business restructuring to focus on its core business, strengthen its core competitiveness, and actively expand access to high-quality project resources. This will drive the Company's sustained business recovery and high-quality development, striving to maximize shareholder value.

The Company's core operational objectives for 2026 are as follows: to: (1) successfully resume trading of its shares; (2) to achieve steady growth in income from core businesses and continuously improve profitability; (3) to further optimize the balance sheet structure and significantly enhance financial stability; and (4) to gradually expand business scale and further strengthen market competitiveness.

2026 is a pivotal year for the Company to achieve steady development and facilitate the resumption of trading of its shares. The macroeconomic and industry environments are expected to gradually improve, providing favorable opportunities for the Company's business recovery. Under the strategic guidance of the Board, the Company's management will, based on the Company's actual circumstances, focus on core objectives, advance all tasks in a coordinated manner, and make every effort to achieve high-quality development of the Company.

Key Business Plans

1. Make every effort to advance resumption of trading

The Company will refine the resumption plan, promptly disclose progress on the resumption and make every effort to comply with resumption guidance to resume trading of its shares as soon as possible and safeguard the legitimate rights and interests of all shareholders.

2. Focus on primary responsibilities and core business to enhance operational quality

The Company will continue to focus on its core business of interior and exterior building decoration and design, and fully advance the implementation of projects under signed contracts to ensure timely project completion and smooth collection of receivables, thereby increasing business income and profitability. The Company will actively seek out high-quality project resources, with a focus on expanding high-value-added, low-risk decoration, design, and construction projects to optimize our business structure. It will strengthen project management, improve construction quality and service standards, enhance customer satisfaction, and promote sustained and healthy development of its business.

3. Strengthen risk prevention and internal control, and standardize business operations

The Company will continue to improve its risk prevention and internal control system over Listing Rules compliance, financial, debt, and operational risks. It will establish robust early risk warning and response mechanisms to promptly resolve various potential risks. The Company will strictly adhere to the Listing Rules and relevant regulatory requirements to standardize the Company's business operations, improve corporate governance structures, and enhance governance effectiveness. It will strengthen internal controls and intensify supervision over key areas such as financial operations, project management, and contract management to ensure the security of the Company's assets and the standardization of its operations.

4. Strengthen team building and enhance core capabilities

The Company will strengthen the development of the core management and business teams, and improve talent cultivation and incentive mechanisms to attract and retain outstanding talent, thereby enhancing the team's professional competence and operational capabilities. It will intensify employee training, with a focus on improving employees' compliance awareness, operational capabilities, and risk prevention and control skills, and build a professional, efficient, and pragmatic team to provide a solid talent foundation for the Company's development.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

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			
	2025		2024	
	RMB million	%	RMB million	%
Revenue from construction services	104.6	98.2	13.5	100.0
Design service income	1.9	1.8	—	—
Total	106.5	100.0	13.5	100.0

The Group's revenue increased to approximately RMB106.5 million for the year ended 31 December 2025 from approximately RMB13.5 million for the year ended 31 December 2024, representing an increase of approximately RMB93.0 million. Such increase was mainly due to recovery of industry conditions, which led to an increase in both the number on the newly projects and contracts value during the year.

Cost of sales

The cost of sales of the Group increased to approximately RMB93.4 million for the year ended 31 December 2025 from approximately RMB12.2 million for the year ended 31 December 2024, representing an increase of approximately RMB81.2 million, and in line with the increase in the Group's revenue.

Gross profit and gross profit margin

The gross profit of the Group increased to approximately RMB13.0 million for the year ended 31 December 2025 from approximately RMB1.3 million for the year ended 31 December 2024, representing an increase of approximately RMB11.7 million. Our gross profit margin increased from 9.5% for the year ended 31 December 2024 to 12.2% for the year ended 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Other gains and (losses), net

Other gains and (losses), net of the Group for the year ended 31 December 2025 is approximately RMB859.9 million, mainly comprised of the disposal of subsidiaries.

On 12 June 2025, the Group entered into sale and purchase agreements with an independent third party to sell all its equity interest in WFOE and Wenye Construction Decoration, together with its subsidiaries, for a total cash consideration of HK\$1.3 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 decreased to approximately RMB1,000 for the year ended 31 December 2025 from approximately RMB93,000 for the year ended 31 December 2024, representing an decrease of 98.9%.

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 and right-of-use assets.

General and administrative expenses decreased to approximately RMB16.0 million for the year ended 31 December 2025 from approximately RMB22.0 million for the year ended 31 December 2024, representing a decrease of approximately 27.3%. The decreased was mainly attributed to the decrease of the administrative employees and rental fee.

Impairment losses on financial assets, contract assets and financial guarantee contracts, net

Impairment losses on financial assets, contract assets and financial guarantee contracts, net decreased from approximately RMB44.1 million for the year ended 31 December 2024 to approximately RMB4.2 million for the year ended 31 December 2025, representing a decrease of approximately 90.5%.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Profit/(loss) for the year

Profit for the year of the Group increased significantly from loss of approximately RMB95.4 million for the year ended 31 December 2024 to profit of approximately RMB845.8 million for the year ended 31 December 2025, mainly attributable to the other gains arising from the disposal of WFOE, Wenye Construction Decoration and its subsidiaries.

Financial position, liquidity and financial resources

Trade and other receivables

Trade and other receivables decreased from approximately RMB114.3 million as of 31 December 2024 to approximately RMB48.0 million as of 31 December 2025, representing a decreased of approximately 58.0%. Trade and other receivables mainly represent the amounts due from customers and the prepayments to the suppliers and subcontractors.

Trade and other payables

Trade and other payables decreased by 93.0% from approximately RMB874.9 million as of 31 December 2024 to approximately RMB61.1 million as of 31 December 2025. Trade and other payables mainly represent the amounts due to suppliers (2024: amounts due to suppliers and the provision for litigation penalty).

Bank and other borrowings

As of 31 December 2025, the Group had no bank borrowings (2024: approximately RMB28.8 million) and other borrowings with carrying amount of RMB35.0 million (2024: approximately RMB102.4 million).

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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Liquidity ratios

As of 31 December 2025, the Group has cash and cash equivalents of approximately RMB36.6 million (2024: approximately RMB0.5 million). The Group's current ratio and gearing ratio are as follows:

	31 December 2025	31 December 2024
Current ratio	55.8%	17.5%
Gearing ratio	N/A*	N/A*

* As the Group recorded a net cash position and a capital deficiency as at 31 December 2025, the gearing ratio is not applicable (2024: same).

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

For the year ended 31 December 2025, as part of the members' voluntary winding up of Sosang whereby the liquidator is required to liquidate and settle its assets and liabilities, the liquidator (as agent of Sosang) and Very Big Win Limited (大贏家有限公司) as bidder entered into a sale and purchase agreement on 12 June 2025 upon floating of tenders to dispose Sosang's interest in the companies holding indirect interest in WFOE and Wenye Construction Decoration, together with its subsidiaries, for a cash consideration of HK\$1.3 million. Sosang ceased to have any interest in its subsidiaries upon completion.

Save for the above, 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 2025.

Capital commitments

As at 31 December 2025, the Group had no capital commitment.

Contingent liabilities

As at 31 December 2025, 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 2025.

Foreign currency exposure

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

As at 31 December 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Important events after the end of the period

The Group had no subsequent event after 31 December 2025 and up to the date of this report.

Charges on the Group's assets

As at 31 December 2025, no assets of the Group (2024: the Group's certain trade receivables) were pledged as collateral for the Group's certain borrowings.

Future plans for substantial investments or capital assets

As at 31 December 2025, the Group did not have any future plans for material investments or capital assets.

FIVE-YEAR FINANCIAL SUMMARY

	2025 RMB'000	Year ended 31 December			
		2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	106,452	13,524	81,343	378,119	1,031,361
Profit/(loss) before taxation	848,627	(95,440)	(63,524)	(193,417)	(1,162,866)
Income tax expense	(2,847)	—	—	(172)	(43,310)
Profit/(loss) for the year	845,780	(95,440)	(63,524)	(193,589)	(1,206,176)

ASSETS AND LIABILITIES

	2025 RMB'000	At 31 December			
		2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total assets	94,943	203,086	239,752	300,980	567,801
Total liabilities	(168,816)	(1,133,528)	(1,074,751)	(1,072,459)	(1,147,687)
	(73,873)	(930,442)	(834,999)	(771,479)	(579,886)

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and Senior Management as at the date of this annual report are as follows:

EXECUTIVE DIRECTORS

Mr. Kong Guojing (孔國競), 61 years old, is the chairman and executive Director of our Group. He joined the Group in June 2023 and has been engaged in social enterprises and corporate management and operation for more than 20 years. He has extensive experience in internal and external management such as company investment planning, policy deployment and asset management service and actively serve the society through charity and public welfare work. He also has extensive experience and resources in project management in the construction industry.

From 1995 to 1997, he was the general manager of the branch office of Shenzhen Tegeta Decoration Design & Engineering Co. Ltd* (深圳市特藝達裝飾設計工程有限公司) and was the general manager of the business development department of Shenzhen Ping Wing Construction Co. Ltd.* (深圳市坪榮建築有限公司) from 1998 to 2006.

In 2006, he served as the chairman of Zhikang Special Children's Rehabilitation Center* in Longgang District, Shenzhen (深圳市龍崗區智康特殊兒童康復中心). The center was rated as a 5A-level social organization and an advanced social organization for the disabled in Shenzhen. In 2007, he served as the vice president of Shenzhen Longgang Luhe Enterprise Association* (深圳市龍崗陸河企業協會) and served as the chairman of Shenzhen Weida Property Management Co., Ltd.* (深圳市偉達物業管理有限公司) from 2009 to 2020. In 2013, he became the honorary vice president of Shenzhen Business Red Cross Society* (深圳市商務紅十字會) and was awarded the honour of "Helping the Disabled and Caring Model" by Shenzhen Longgang District Disabled Persons' Federation* (深圳市龍崗區殘疾人聯合會) in 2016. In 2022, he became the honorary president of the Luhe County Table Tennis Association* (陸河縣乒乓球協會).

Ms. Fan Shuying (范舒穎), aged 30, is the Co-Chairwoman, executive Director, and Chief Executive Officer of the Company since 7 April 2025.

Ms. Fan Shuying holds dual master's degrees in Applied Finance and Professional Accounting from the University of Queensland, Australia. Ms. Fan worked at Shenzhen Capital Group Co., Ltd.* (深圳創新投資集團有限公司), one of China's leading venture capital firms, where she participated in various early-stage and growth-stage investment projects. Her responsibilities included investment research, due diligence, and post-investment management, enabling her to develop deep insights into emerging industries and accumulate practical experience in project analysis and investment evaluation.

Since 2022, Ms. Fan joined the Company as Assistant Company Secretary to the Board Office, where she primarily assists in the coordination and implementation of corporate governance, investor relations, and compliance matters. During her tenure, Ms. Fan supported the execution of various capital market initiatives, demonstrating high levels of professionalism and coordination skills. Ms. Fan possesses extensive practical experience in corporate governance and capital market operations.

Mr. Chen Zhouyu (陳宙宇), aged 38, is the Co-Chairman and Executive Director of our Group since 30 May 2025.

Mr. Chen holds a Bachelor's degree in Economics from the University of Manitoba, Canada, and has over 10 years of experience in architectural decoration and real estate project management. Previously, Mr. Chen served as the General Manager of a PRC subsidiary of the Company, Shenzhen Wenye Decoration Design Engineering Co., Ltd.* (深圳文業裝飾設計工程有限公司) ("**Wenye Decoration**"), where, since joining in November 2015, he has led numerous high-end projects, including the design and construction of star rated hotels, commercial properties, and residential real estate. Prior to this, Mr. Chen worked at 天津高銀集團 Tianjin Gaoyin Group* and was responsible for the design and construction of the Asia-Pacific Polo Club Hotel and boutique residential projects. He also served as a Marketing Manager for the interior decoration projects of Wuhan Airport Terminal 3 for China Southern Airlines Hubei Branch and for 咸寧香城泉都國際大酒店 Xianning Xiangcheng Qiandu International Hotel*.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

Mr. Chen possesses excellent project operation capabilities, strategic vision, and interpersonal skills, and is adept at establishing and maintaining relationships with clients. He is known for his proactive leadership and has accumulated substantial hands-on experience in competitive markets.

Mr. Peng Jiwei (彭及偉), aged 62, is an executive Director of the Company since 7 April 2025.

Mr. Peng joined the Group in December 1995 and possesses over 30 years of extensive experience in engineering management.

From December 1995 to September 2006, Mr. Peng served as Project Manager at the Jinan branch of Wenye Decoration, responsible for overall branch management and project execution. He was then promoted to General Manager of the same branch in October 2006 to oversee management and project implementation, a position he held until November 2015.

In December 2015, Mr. Peng was appointed General Manager of the Shandong branch of Wenye Decoration, where he continued to be responsible for overall branch operations and project management until April 2023. Since May 2023, he served as Vice President of Wenye Decoration, assisting the President in corporate strategy, management, internal controls, and project management. He is also the legal representative of Shenzhen Dongyuan Intelligent Construction Technology Co., Ltd.* (深圳東遠智能建設科技有限公司), a subsidiary of the Company.

Throughout his career, Mr. Peng has participated in numerous notable projects which received the China Construction Engineering Decoration Award from the China Building Decoration Association. He attended professional training at the Tsinghua International Engineering Management Research Institute in September 2006 and was officially recognized as a Senior Engineer by the Shenzhen Human Resources and Social Security Bureau in April 2021.

NON-EXECUTIVE DIRECTORS

Mr. Mak Ho Fai (麥浩輝), aged 30, is our non-executive Director. Mr. Mak has over 9 years of finance-related experience. He was the assistant to general manager of Shenzhen Chiyue Technology Co., Ltd.* (深圳市馳悅科技有限公司) from July 2013 to April 2015 and the investment manager of the same company from May 2015 to December 2017. From January 2018 to April 2020, he was the chief investment officer of Sino-German Smart HighTech Co., Ltd.* (中德智慧高科技有限公司). Since May 2020, he has been managing his own family assets.

Ms. Jia Yuanyuan (賈園園), aged 40, is our Non-Executive Director. She joined the Group on 24 July 2025.

Ms. Jia, holds a Bachelor's degree in Accounting from South China Agricultural University* (華南農業大學) and has over 15 years of financial management, cross-border financial and tax compliance and vocational education experience. Ms. Jia currently serves as the Finance Manager of Shouren Group Limited* (守仁集團), where, since joining in August 2021, she is in charge of financial management. Her responsibility included budgeting, cost control, financial planning and financial analysis. Prior to this, Ms. Jia worked at Heng Qi Education Group Limited* (恒企上市教育集團) as the team leader of the Accounting Learning Department where she was responsible for managing the work of the department and designed various financial and management courses. She also worked at Guangzhou Nan Qi Xing Wu Fang Bu Limited* (廣州市南柒星無紡布有限公司), where she was responsible for the financial management and reporting of the company.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Ye Jinyu* (葉金玉), aged 51, is our independent non-executive Director and a member of the Audit Committee. She has over 20 years of experience in the business management field. Ms. Ye was the President and Chief Executive Officer of Shenzhen Weiqi Industrial Co., Ltd.* (深圳市味奇實業有限公司) from March 2002 until December 2020. Previously, Ms. Ye worked as an assistant to the President at Shenzhen East-West Industrial Development Co., Ltd.* (深圳市東西方實業發展有限公司) from July 1997 to December 2001, as an office director at Shenzhen Huolibao Food Co., Ltd.* (深圳市活力寶食品有限公司) from March 1996 to October 1997 and as Secretary to the President at Samsung Electronics (Huizhou) Co., Ltd.* (三星電子(惠州)有限公司) from July 1994 to December 1995. Ms. Ye completed a course in business model innovation and capital operation delivered by Peking University in March 2015. She subsequently completed her studies in business administration from China Agricultural University by distance learning in January 2016. She obtained the qualification certificate for Secretary of the Board of Directors from the Shenzhen Stock Exchange in August 2015. Ms. Ye has been recognised for her professional achievements and contributions to the industry. She received the Certificate for High-Level Professional in Shenzhen* (深圳市高層次專業人才證書) in October 2014 and the Certificate for High-Caliber Personnel in Longhua New District* (深圳市龍華新區高層次人才證書) in October 2015.

Mr. Ma Kin Ling (馬健凌), aged 43, is our independent non-executive Director, Chairman of the Audit Committee, members of the Remuneration Committee and Nomination Committee. He joined the Group in July 2023.

Mr. Ma graduated from the City University of Hong Kong with a Bachelor of Business Administration (Honours) in Accounting and Law. He is a Member of Hong Kong Institute of Certified Public Accountants. Mr. Ma has held various positions in several companies listed on the Main Board of the Stock Exchange. He currently serves as the chief financial officer and company secretary of Ciprun Technology Holdings Company Limited (stock code: 1020) and an independent non-executive Director of Suncorp Technologies Limited (stock code: 1063).

Mr. Ma was also an independent non-executive Director of Wisdom Wealth Resources Investment Holding Group Limited (stock code: 7) from 10 May 2019 to 11 July 2024, an independent non-executive Director of Elife Holdings Limited (stock code: 223) from 24 December 2024 to 11 March 2025, and an executive director of World Super Holdings Limited (stock code: 8612) from 12 March 2025 to 30 June 2025.

Mr. Huang Wei (黃偉), aged 41, is our independent non-executive Director, Chairman of the Remuneration Committee and members of the Audit Committee and Nomination Committee. He joined the Group in October 2023. Mr. Huang is a registered lawyer admitted in the PRC since November 2011 and has over 10 years of experience in advising corporations in capital markets and in corporate governance. Mr. Huang has been the senior partner of Hylands Law Firm Shenzhen Office* (北京浩天(深圳)律師事務所) since September 2022. From January 2018 to August 2022, Mr. Huang worked in Guanghe Law Firm* (廣東廣和律師事務所) as a senior partner. From July 2013 to December 2017, Mr. Huang worked in Yingke Law Firm Shenzhen Office* (北京市盈科(深圳)律師事務所) as a partner. From March 2010 to June 2013, Mr. Huang worked in China Commercial Law Firm* (廣東華商律師事務所). Mr. Huang graduated from The National Police University for Criminal Justice* (中央司法警官學院) in the PRC in June 2008 with a Bachelor's Degree in Law. He subsequently completed his postgraduate studies in civil and commercial law from Sun Yat-Sen University* (中山大學) in the PRC in July 2013.



BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

SENIOR MANAGEMENT

Mr. Law Man Hei Eugene (羅文僖), was appointed as our company secretary in July 2022 and is a practicing solicitor qualified in Hong Kong. He is experienced in corporate finance, corporate governance as well as litigation matters. Mr. Law holds a Bachelor of Laws degree from the London School of Economics and Political Science.

* *for identification purposes only*

DIRECTORS' REPORT

The Board is pleased to present its report together with the audited consolidated financial statements (the “**Consolidated Financial Statements**”) of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the provision of interior and exterior building decoration and design services and our projects mainly cover a wide range of buildings and properties, including industrial buildings, public infrastructure, commercial buildings and residential buildings.

Principal Risks and Uncertainties

The Group's performance is affected by a number of risks and uncertainties. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties which are not currently known to the Group or which may not be material now but could turn out to be material in the future.

Business concentration

The Group's operation and major assets are concentrated in the PRC. Accordingly, the Group's business performance, financial position and future prospects are largely dependent on the performance of the property market in the PRC which may be adversely affected by unfavourable changes in the political, social, economic and legal environment. Control measures taken of to mitigate such risks are as follows:

- continual monitoring of the operating and political environment in the PRC that any forthcoming anticipate issues that may affect the business activities of the Group could be addressed to promptly;
- ongoing focus to strengthen the Group's brand values and, within the fast-changing business environment in the PRC, make prompt adjustment to the Group's business strategies when necessary; and
- maintaining a comfortable level of gearing.

Risks pertaining to the building decoration and design services business

Our building decoration and design services business is subject to credit risk as there is no guarantee that our customers will make payment to us on time and in full for works done. Also, if we are unable to accurately estimate and control our project costs, we may achieve lower-than-expected profits on our projects and may even incur losses. In view of these, the Group is trying to develop and maintain a diversified customer base to reduce the risks of any downturn in any of the customers' industries causing a material adverse effect on the business.

Financial Risk

The Group is exposed to financial risks relating to foreign currency risk, interest rate risk, credit risk and liquidity risk in its ordinary course of business. Further details of such risks and relevant management policies are set out in Note 5 to the Consolidated Financial Statements.

DIRECTORS' REPORT *(continued)*

BUSINESS REVIEW

A review of the Group's business during this Year, which includes a discussion of the principal risks and uncertainties faced by the Group, an analysis of the Group's financial key performance, particulars of important events affecting the Group during this Year, and an indication of likely future developments in the Group's business that has a significant impact on the Company, an account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company and on which the Company's success depends, can be found in the section headed "Management Discussion and Analysis" set out on pages 9 to 19 of this annual report.

RESULTS AND FINAL DIVIDEND

The results of the Group for the year ended 31 December 2025 and the financial information of the Group as at 31 December 2025 are set out in the consolidated statement of profit or loss and other comprehensive income on page 59 of this annual report.

The Board does not recommend the payment of any final dividend for the year ended 31 December 2025.

DIVIDEND POLICY

The Company has established its dividend policy. When the Company records a profit and after taking into account other relevant factors, we would pay dividends to our shareholders according to the articles of association of the Company and applicable laws. However, such dividends are non-guaranteed. Our decision on dividend distribution depends on the financial situation of our Company, future market prospects, company funding needs and any other relevant factors which the Company thinks fit. The remaining net profits after dividend payout (if any) would be used for the development of the Company.

ANNUAL GENERAL MEETING

The annual general meeting of the Company 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 2025 (the "AGM") will be held on a date to be announced by the Company. 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 the AGM and the form of proxy despatched by the Company.

DIRECTORS' REPORT *(continued)*

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend and vote at the AGM, the register of members will be closed during a period to be announced by the Company, during which no transfer of the Shares will be registered. In order to be eligible to attend and vote at the AGM held on a date to be announced by the Company, non-registered shareholders must lodge all completed transfer forms accompanied by the relevant share certificates with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on a date to be announced by the Company.

SHARES ISSUED IN THE YEAR

Details of the shares issued in this Year are set out in Note 28 to the Consolidated Financial Statements.

DISTRIBUTABLE RESERVES

Details of the movements during this Year in the reserves of the Group are set out in the consolidated statement of changes in equity on page 62 of this annual report.

As at 31 December 2025, the Company has no reserves available for distribution to the shareholders.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last four financial years is set out on page 20 of this annual report.

This summary does not form part of the Consolidated Financial Statements.

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group as at 31 December 2025 are set out in Notes 25 and 26 to the Consolidated Financial Statements.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY'S LISTED SECURITIES

During the period from the Listing Date and up to the date of this report, the Company did not redeem its listed securities, nor did the Company or any of its subsidiaries purchase, or sell such shares.

DONATIONS

The Group did not make any charitable donations during the year ended 31 December 2025.

PRINCIPAL RISKS AND UNCERTAINTY

Risk associated with financial instruments of the Group

The financial risk management objectives and policies of the Group are set out in Note 5 to the Consolidated Financial Statements.

Key sources of estimation uncertainty

Details of the key sources of estimation uncertainty as at 31 December 2025 are set out in Note 4 to the Consolidated Financial Statements.

ENVIRONMENTAL POLICY AND ITS PERFORMANCE

The Group is fully aware of the importance of environmental protection and has adopted strict environmental protection measures to ensure compliance with current environmental protection laws and regulations.

During the reporting period and up to the date of this report, the Group has not suffered any fines or penalties for violation of China's environmental protection laws and regulations.

The environmental, social and corporate governance report will be published as an independent report on the websites of the Company and the Stock Exchange.

RSU SCHEME

On 13 March 2019, the restricted share unit scheme (the "**RSU Scheme**") was approved and adopted by the then Directors of the Company. The purpose of the RSU Scheme is to incentivize Directors, senior management and employees of the Group for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company. Persons eligible to receive RSUs under the RSU Scheme are existing employees, Directors (whether executive or non-executive, but excluding independent non-executive directors) or officers of the Company or any member of the Group and any person who, in the sole opinion of who Board, has contributed or will contribute to any member of the Group (the "**RSU Eligible Persons**"). The Board selects the RSU Eligible Persons to receive RSUs under the RSU Scheme at its discretion.

The RSU Scheme will be valid and effective for a period of ten (10) years, commencing from 13 March 2019 (unless it is terminated earlier in accordance with its terms). As at 31 December 2024, the remaining life of the RSU Scheme was approximately six years and nine months. The maximum number of RSUs that may be granted under the RSU Scheme in aggregate (excluding RSUs that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) shall be such number of Shares held or to be held by the trustee for the RSU Scheme for the purpose of the RSU Scheme from time to time. Further details of the principal terms of the RSU Scheme are set out in the Prospectus.

The Company has appointed Wenye Elite Holdings Limited as the trustee (the "**RSU Trustee**") to assist in the administration of the RSU Scheme. Our Company may (i) allot and issue Shares to the RSU Trustee to be held by the RSU Trustee and which will be used to satisfy the Shares underlying the RSUs upon exercise and/or (ii) direct and procure the RSU Trustee to receive existing Shares from any Shareholder or purchase existing Shares (either on-market or off-market) to satisfy the Shares underlying the RSUs upon exercise. The Company shall procure that sufficient funds are provided to the RSU Trustee by whatever means as the Board may in its absolute discretion determine to enable the RSU Trustee to satisfy its obligations in connection with the administration of the RSU Scheme.

DIRECTORS' REPORT *(continued)*

As at 31 December 2025, no RSU has been granted by the Company pursuant to the RSU Scheme.

EQUITY-LINKED AGREEMENTS

During the Year, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company or subsisting during this Year.

DIRECTORS

The Directors of the Company during the Year and up to the date of this report were:

Executive Directors

Mr. Kong Guojing (孔國競) (*Co-Chairman*)

Ms. Fan Shuying (范舒穎) (*Appointed as Co-Chairwoman and Chief Executive Officer on 7 April 2025*)

Mr. Chen Zhouyu (陳宙宇) (*Appointed as Co-Chairman on 30 May 2025*)

Mr. Peng Jiwei (彭及偉) (*Appointed on 7 April 2025*)

Mr. Fan Shaozhou (范少周) (*Resigned on 7 April 2025*)

Non-executive Director

Mr. Mak Ho Fai (麥浩輝)

Ms. Jia Yuanyuan (賈園園) (*Appointed on 24 July 2025*)

Mr. Chen Li (陳立) (*Resigned on 30 May 2025*)

Mr. Shen Peng (譔鵬) (*Resigned on 7 April 2025*)

Mr. Li Hongxing (黎紅星) (*Resigned on 24 July 2025*)

Independent Non-Executive Directors (the “INEDs”)

Mr. Ma Kin Ling (馬健凌)

Mr. Huang Wei (黃偉)

Ms. Ye Jinyu (葉金玉)

Mr. Huang Wei, Ms. Ye Jin Yu and Mr. Ma Kin Ling (the INEDs) shall retire by rotation and offer themselves for re-election at the AGM in accordance with articles 16.2 and 16.18 of the Articles of Association.

The biographical details of the Directors as at the date of this Report are disclosed the section headed “Biographies of Directors and Senior Management” on pages 21 to 24 in this annual report.

INDEPENDENCE OF THE INEDS

The Company has received, from each of the INEDs who were in service during the year ended 31 December 2025, a confirmation of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the INEDs are independent.

DIRECTORS' SERVICE CONTRACTS

The Company has entered into service contracts with all Directors, with a maximum term of 2 to 3 years. No service contract that can be terminated by the Group within one year without paying any compensation (other than statutory compensation) was entered or is to be entered into between Directors or Supervisors and members of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Save for the contracts described under the section headed "Related Party Transactions" below, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its holding company or subsidiaries or fellow subsidiaries was a party and in which a Director and his/her connected party had a material interest, whether directly or indirectly, subsisted at the end of this Year or at any time during this Year.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There was no transaction, arrangement or contract of significance (whether for the provision of services to the Group or not) in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of this year or at any time during this Year.

CONNECTED TRANSACTIONS

During the Year, the Group entered into connected transactions with certain connected persons of the Company.

On 10 March 2025, Longshin Investment Holdings Limited ("**Longshin**"), a subsidiary of the Company, entered into a construction contract (the "**Saipan Contract**") with The Palette Inc. pursuant to which The Palette Inc. agreed to engage Longshin for renovation and interior decoration service for a project in Saipan (the "**Saipan Project**") for a total consideration of USD20,250,000 (equivalent to approximately HK\$157,950,000). At the material time, The Palette Inc. was ultimately owned as to 35% by Mr. Chen Li, the then non-executive Director of the Company, and as to 30% by his son, Mr. Chen Zhouyu, an executive Director of the Company. As Mr. Chen Li was a connected person of the Company by virtue of his directorship, and The Palette Inc. was an associate of Mr. Chen Li under Rule 14A.12(2)(b) of the Listing Rules, the entering into of the Saipan Contract constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Pursuant to the Saipan Contract, Longshin is responsible for the interior and exterior decoration works and the installation of ancillary facilities and equipment based on the design and construction drawings confirmed by The Palette Inc.. The construction period is 365 calendar days and the quality assurance period is one year upon completion of the project. The contract price shall be paid by The Palette Inc. in stages, including an initial payment of 10% of the contract price within 7 days upon commencement of work by Longshin, progress payments on a monthly basis, payment up to 95% of the total contract price upon completion and inspection, and the remaining 5% as quality assurance deposit to be released upon expiry of the quality assurance period.

On 28 May 2025, Wenye Intelligent entered into a subcontract agreement (the "**Inner Mongolia Contract**") with Shenzhen Hengtuonengjian Technology Co., Ltd.* ("**SHTL**"), pursuant to which Wenye Intelligent agreed to provide interior decoration and design services for a hotel project in Tongliao City, Inner Mongolia (the "**Inner Mongolia Project**") for a consideration of approximately RMB6,619,058 (exclusive of VAT and equivalent to approximately HK\$7,611,917).

At the material time, Mr. Chen Zhouyu was the son and immediate family member of Mr. Chen Li, the then non-executive Director of the Company, and individually held 65% equity interest in SHTL. Accordingly, SHTL was an associate of Mr. Chen Li by being a 30%-controlled company under Rule 14A.12(1)(c) of the Listing Rules and therefore a connected person of the Company. The entering into of the Inner Mongolia Contract therefore constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

DIRECTORS' REPORT *(continued)*

Pursuant to the Inner Mongolia Contract, Wenye Intelligent agreed to carry out interior decoration works for the Inner Mongolia Project, including procurement of necessary materials and labour, on-site construction and installation, interior design and decoration works, completion testing and inspection, site clean-up and provision of warranty. The construction period is 120 calendar days and the contract sum is payable by SHTL upon presentation of invoice by Wenye Intelligent.

The Group also entered into certain transactions with parties regarded as “related parties” under the applicable accounting standards and the Company has complied with the requirements in Chapter 14A of the Listing Rules. Details of the related party transactions entered into by the Group during the Year are disclosed in the relevant note to the consolidated financial statements. The related party transactions disclosed therein were not regarded as connected transactions or were exempt from reporting, announcement and shareholders’ approval requirements under the Listing Rules.

VERY SUBSTANTIAL DISPOSAL

During the Year, as part of the members’ voluntary winding up of Sosang, the liquidator of Sosang, entered into a sale and purchase agreement as agent of Sosang with Very Big Win Limited on 12 June 2025 to dispose of Sosang’s interest in WFOE, Wenye Construction Decoration and its subsidiaries for a cash consideration of HK\$1.3 million (the “**Disposal**”). The Disposal, which took place during the course of the winding up of Sosang, constituted a transaction under the Listing Rules and a very substantial disposal of the Company.

Upon completion of the Disposal, Sosang ceased to have any interest in the disposal subsidiaries and their financial results, assets and liabilities ceased to be consolidated into the consolidated financial statements of the Group. The Group recognised a gain on disposal of subsidiaries of approximately RMB859.8 million during the Year as a result.

The Disposal formed part of the Group’s debt restructuring efforts to alleviate debt pressure and focus its resources on its principal business.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (the “SFO”), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO; or (b) pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the “Model Code”), were as follows:

Name of Directors	Capacity/ Nature of interest	Number of Shares held <i>(Note 1)</i>	Approximate percentage of issued share capital <i>(Note 2)</i>
Mr. Kong Guojing	Beneficial owner	55,500,000	6.67%
Mr. Mak Ho Fai	Beneficial owner	64,344,727	7.74%

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register of the Company pursuant to section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Notes:

- All interests stated are long positions.
- The percentage represents the total number of the Shares and the underlying Shares interested divided by the number of issued Shares of 831,600,000 as the date of this annual report.

DIRECTORS' REPORT *(continued)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, so far as the Directors and the chief executive of the Company are aware of, the following persons or entities had interests or short positions in the Shares or underlying Shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO and recorded in the register referred to Section 336 of the SFO.

Name of Shareholders	Capacity/Nature of interest	Numbers of Shares held <i>(Note 1)</i>	Approximate percentage of the issued share capital <i>(Note 2)</i>
Wenye Elite Holdings	Beneficial owner	72,000,000	8.66%
	Interest in a controlled corporation <i>(Note 3)</i>	26,992,350	3.25%

Notes:

1. All interests stated are long positions.
2. The percentage represents the total number of the Shares held by each shareholder divided by the number of issued Shares of the Company of 831,600,000 as the date of this annual report.
3. The entire share capital of ESOP Holdings is owned by Wenye Elite Holdings. Accordingly, Wenye Elite Holdings is deemed to be interested in such Shares held by ESOP Holdings for the purpose of Part XV of the SFO.

Save as disclosed above, as at 31 December 2025, so far as is known by or otherwise notified to the Directors, none of any person (other than a Director or the chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which were required to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO or to be recorded in the register referred to in section 336 of the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during this Year was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or their respective associates (as defined in the Listing Rules) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the businesses of the Group was entered into or existed during this Year.

MAJOR SUPPLIERS AND CUSTOMERS

The percentages of purchases and sales for this Year attributable to the Group's major suppliers and customers are as follows:

Purchases — raw material

- the largest supplier 32.3%
- five largest suppliers in aggregate 64.2%

Purchases — subcontractor

- the largest subcontractor 68.4%
- five largest subcontractors in aggregate 100%

Sales

- the largest customer 36.2%
- five largest customers in aggregate 81.2%

None of the Directors, their close associates or any shareholders (which to the knowledge of the Directors, own more than 5% of the Company's issued Shares) had any beneficial interest in the Group's five largest suppliers or customers.

DIRECTORS' REPORT *(continued)*

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the shareholders by reason of their holding the Company's securities.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in Note 15 to the Consolidated Financial Statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or under the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Board confirms that the Company has maintained a sufficient public float as required by the Listing Rules (i.e. at least 25% of the Company's issued Shares in public hands).

COMPETING BUSINESS

None of the Directors or the controlling Shareholders or their respective associates (as defined under the Listing Rules) has interests in any business apart from the Group's businesses, which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, during this Year.

IMPORTANT EVENTS AFTER THE END OF THE PERIOD

Saved as disclosed elsewhere in this Report, the Group had no subsequent event after 31 December 2025 and up to the date of this report.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision as defined in the Hong Kong Companies Ordinance for the benefit of the Directors is currently in force and was in force throughout this Year. The Company has maintained Directors' liabilities insurance which provides appropriate cover for the Directors.

Pursuant to the Articles of Association and the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duties.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Following a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the required standards as set out in the Model Code and the Own Code of Conduct during the Year. The Model Code also applies to other specified senior management of the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group had a total of 57 employees (31 December 2024: 71). For this Year, the Group incurred staff costs, including Directors' remuneration of approximately RMB5.2 million (2024: approximately RMB7.8 million).

The remuneration policy of the senior employees of the Group was tabled and recommended by the Remuneration Committee to the Board on the basis of the employees' merit, qualifications and competence.

The remuneration of the Directors are formulated and recommended by the Remuneration Committee to the Board, having regards to the Company's operating results, individual performance of the Directors and comparable market statistics.

The Company has implemented employee recognition schemes and awards, such as the restricted share unit scheme. At the same time, the group provides social security funds and related benefits for employers and provides appropriate training.

Details of the emoluments of the Directors and the five individuals with the highest emoluments for this Year are set out in Note 12 to the Consolidated Financial Statements.

CHANGES IN THE INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B OF THE LISTING RULES

The changes in Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules for the reporting period and up to the date of this annual report are set out below:

Mr. Fan Shaozhou and Mr. Shen Peng resigned as the Company's Executive Director and non-Executive Director with effect from 7 April 2025. Ms. Fan Shuying and Mr. Peng Jiwei were appointed as the Company's Executive Directors on the same day. Please see the announcement of the Company dated 8 April 2025 for details.

Mr. Chen Zhouyu was appointed as the Company's Co-Chairman and Executive Director with effect from 30 May 2025. Please see the announcement of the Company dated 30 May 2025 for details.

Mr. Chen Li resigned as the Company's Non-Executive Director with effect from 30 May 2025. Please see the announcement of the Company dated 30 May 2025 for details.

Mr. Li Hongxing resigned as the Company's Non-Executive Director with effect from 24 July 2025. Please see the announcement of the Company dated 24 July 2025 for details.

Ms. Jia Yuanyuan was appointed as the Company's Non-Executive Director with effect from 24 July 2025. Please see the announcement of the Company dated 24 July 2025 for details.

Save as disclosed above, there is no other information required to be disclosed under Rule 13.51B(1) of the Listing Rules.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a high level of corporate governance. Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report as set out on pages 39 to 56 of this annual report.

DISCLOSURE UNDER RULE 13.20 OF THE LISTING RULES

The Directors were not aware of any circumstances resulting in their responsibility of disclosure under Rule 13.20 of the Listing Rules regarding the provision of advances by the Company to an entity.

AUDIT COMMITTEE

The Audit Committee of the Company which was established with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision D3 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules (the “**CG Code**”) for the purpose of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises three members who are the INEDs, namely Mr. Huang Wei, Ms. Ye Jinyu and Mr. Ma Kin Ling. Mr. Ma Kin Ling is the chairman of the Audit Committee.

The Audit Committee and the Management have reviewed the accounting principles and practices adopted by the Group, as well as the audited Consolidated Financial Statements. The Audit Committee has reviewed the audited Consolidated Financial Statements and is of the view that such statements have been prepared in compliance with the applicable accounting standards, the Listing Rules and other applicable legal requirements, and that adequate disclosures have been made. The Audit Committee has recommended the same to the Board for approval.

CHANGE OF INDEPENDENT AUDITOR

Beijing Xinghua Caplegend CPA Limited (“**Beijing Xinghua**”) was appointed as auditor of the Company on 11 September 2024 following the resignation of Zhonghui Anda CPA Limited on 26 August 2024. Beijing Xinghua was reappointed as auditor of the Company by the shareholders of the Company in the annual general meeting held on 30 June 2025.

The Consolidated Financial Statements for the year ended 31 December 2025 have been audited by Beijing Xinghua whose term of office will expire upon the conclusion of the forthcoming annual general meeting. A resolution to re-appoint Beijing Xinghua as the Independent Auditor will be proposed to the shareholders at the forthcoming annual general meeting.

By order of the Board

Wenye Group Holdings Limited

Kong Guojing

Chairman and Executive Director

Shenzhen, PRC, 31 March 2026

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

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 Listing Rules.

The Company has been listed on the Main Board of the Stock Exchange since the Listing Date and has complied with the principles and code provisions as set out in the CG Code during the Year, except for the deviation from code provision C.2.1 of the CG Code which provides that the roles of chairman and chief executive office should be separated and performed by different individuals. During the Year, the roles of chairman and chief executive officer of the Company were not separated and Mr. Fan Shaozhou held both positions until his resignation on 7 April 2025. Since then, the roles of co-chairwoman and chief executive officer is held by Ms. Fan Shuying. Nonetheless, 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 Board, which currently comprises of experienced and high calibre individuals with sufficient number of independent non-executive Directors.

The Company will continue to review and enhance its corporate governance practice to ensure compliance with the CG Code. Our Board is also responsible for performing the functions set to Code Provision A.2.1 of the Part 2 of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors of the Company, all Directors have confirmed that they have strictly complied with the required standards set out in the Model Code during the Year.

The Board has also adopted the Model Code to regulate all dealings by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees has been noted during the Year upon making reasonable enquiry.

DUTIES OF THE BOARD

The Board is responsible for leading and controlling the Company and overseeing the Group's businesses, strategic decisions and performance, and is collectively responsible for facilitating the success of the Company by directing and supervising its affairs.

The Board directly, and indirectly through its committees, leads and provides directions to the management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that effective internal control and risk management systems are in place. The Board has delegated responsibilities to the Board committees as set out in their respective terms of reference.

CORPORATE GOVERNANCE REPORT *(continued)*

CORPORATE GOVERNANCE FUNCTIONS OF THE BOARD

During the Year, the Board is responsible for performing the corporate governance functions set out in the provision A.2.1 of the CG Code, including at least the following:

- (1) to develop and review the Company's policies and practices on corporate governance;
- (2) to review and monitor the training and continuous professional development of directors and senior management;
- (3) to review and monitor the Company's policies and practices on legal and regulatory compliance;
- (4) to develop, review and monitor code of conduct and compliance manual (if any) for employees and Directors; and
- (5) to review the Company's compliance with the CG Code and disclosure made in the Company's annual report.

DELEGATION OF MANAGEMENT FUNCTIONS

The major powers and functions of the Board include, but not limited to, convening general meetings, reporting its work at general meetings, implementing resolutions passed at general meetings, considering and approving operating and investment plans of the Company, formulating the Company's strategic development plans, formulating annual financial budgets and final accounts, formulating profit distribution plans and plans on making up losses, and exercising other powers and functions as conferred by the Articles of Association.

All Directors have full and timely access to all the information of the Company and advice from the company secretary and senior management of the Company, and may, where appropriate, request to seek independent professional advice at the Company's expenses for discharging their duties to the Company.

The Board is responsible for making decisions on strategic plans, major investment decisions and other significant operational issues of the Company, while responsibilities for implementing decisions of the Board, day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions and tasks are subject to regular review. Prior approvals shall be obtained from the Board for any major transaction.

COMPOSITION OF THE BOARD

As at the date of this report, the Board consists of nine Directors, comprising four executive Directors, two non-executive Directors and three independent non-executive Directors.

Executive Directors

Mr. Kong Guojing (孔國競) (*Co-Chairman*)

Ms. Fan Shuying (范舒穎) (*Co-Chairwoman and Chief Executive Officer*)

Mr. Chen Zhouyu (陳宙宇) (*Co-Chairman*)

Mr. Peng Jiwei (彭及偉)

Non-executive Directors

Mr. Mak Ho Fai (麥浩輝)

Ms. Jia Yuanyuan (賈園園)

Independent Non-executive Directors

Mr. Ma Kin Ling (馬健凌)

Mr. Huang Wei (黃偉)

Ms. Ye Jinyu (葉金玉)

CORPORATE GOVERNANCE REPORT *(continued)*

The biographies of the Directors as at the date of this report are set out in the section headed “Biographies of Directors and Senior Management”.

Save as disclosed in the biographies of the Directors set out in the section headed “Biographies of Directors and Senior Management” in this annual report, none of the Directors has any personal relationship (including business, financial, family or other material/relevant relationship) with any other Director or chief executive.

All Directors, including non-executive Directors and independent non-executive Directors, contribute a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under code provision C.2.1 of Part 2 the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Fan Shaozhou has been performing both the roles of chairman and chief executive officer of the Company until his resignation from the Company on 7 April 2025. 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 has the benefit of ensuring consistent internal leadership within the Group and enables effective and efficient general strategic planning for the Company. Since Mr. Fan’s resignation on 7 April 2025, Ms. Fan Shuying is acting as the co-chairwoman and chief executive officer of 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

As at the date of this report, the Company complied with Rules 3.10 and 3.10A of the Listing Rules. The Company has three independent non-executive Directors and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. The number of independent non-executive Directors accounts for one-third of the number of Board members.

All independent non-executive Directors of the Company have confirmed in writing to the Company regarding their independence during the Year pursuant to Rule 3.13 of the Listing Rules. Based on the confirmations of the independent non-executive Directors, the Company has assessed their independence and considers each of them to be independent during the Year.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Under code provision B.2.2 of the CG Code, non-executive Directors should be appointed for a specific term and subject to re-election and those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In accordance with the Articles of Association, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first annual general meeting after his/her appointment. Any Director appointed as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association.

CORPORATE GOVERNANCE REPORT *(continued)*

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board and making recommendations and suggestions to the Board on the appointment, re-appointment and succession planning of Directors.

Ms. Fan Shuying, an executive Director of the Company, has entered into a service agreement with the Company for an initial term of one year commencing from 7 April 2025 and will thereafter be automatically renewed for one year upon expiry of her term of office until terminated by not less than one month's notice in writing served by either party on the other.

Mr. Kong Guojing, an executive Director of the Company, has entered into a service agreement with the Company for an initial term of one year commencing from 6 June 2023 and will thereafter be automatically renewed for one year upon expiry of his term of office until terminated by not less than one month's notice in writing served by either party on the other.

Mr. Peng Jiwei, an executive Director of the Company, has entered into a service agreement with the Company for an initial term of one year commencing from 7 April 2025 and will thereafter be automatically renewed for one year upon expiry of his term of office until terminated by not less than one month's notice in writing served by either party on the other.

Mr. Chen Zhouyu, an executive Director of the Company, has entered into a service agreement with the Company for an initial term of one year commencing from 30 May 2025 and will thereafter be automatically renewed for one year upon expiry of his term of office until terminated by not less than one month's notice in writing served by either party on the other.

Mr. Mak Ho Fai and Ms Jia Yuanyuan, being the non-executive Directors of the Company, have entered into a service agreement with the Company for an initial term of one year commencing from 13 February 2023 and 24 July 2025, respectively, and they will thereafter be automatically renewed for one year upon expiry of their term of office until terminated by not less than one month's notice in writing served by either party on the other.

Each of Mr. Huang Wei, Ms. Ye Jinyu and Mr. Ma Kin Ling, being the independent non-executive Directors of the Company, has entered into a letter of appointment with the Company, the terms and conditions of each of such letters of appointment are similar in all material respects, subject to termination in certain circumstances as stipulated in the relevant letters of appointment.

None of the Directors has a contract with the Company which is not expiring or determinable within one year without payment of compensation (other than statutory compensation).

BOARD MEETINGS

The Company adopts the practice of holding regular Board meetings at least four times a year and on average at least once each quarter. Notices of not less than 14 days are given for all regular Board meetings to provide all Directors with an opportunity to attend the meetings and discuss matters included in the agenda therein.

For other meetings of the Board and the Board committees, reasonable notices are generally given. The agenda and related Board meeting papers are despatched to the Directors or members of the Board committees at least three days before the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. Where the Directors or members of the Board committees are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of the meetings are kept by the secretary of the Board with copies of such meeting minutes circulated to all Directors for their perusal and record purposes.

CORPORATE GOVERNANCE REPORT *(continued)*

Minutes of meetings of the Board and the Board committees are recorded in full detail about the matters considered by the Board and the Board committees and the decisions reached, including any concern raised by the Directors. Draft minutes of each meeting of the Board and the Board Committees are sent to the Directors for comments within a reasonable time after the date of the meeting. Minutes of Board meetings are open for inspection by Directors.

The following table summarizes the attendance of individual Directors and committee members at each meeting during the Year:

	Number of Board meetings attended/ eligible to attend	Number of Audit Committee meetings attended/ eligible to attend	Number of Remuneration Committee meetings attended/ eligible to attend	Number of Nomination Committee meetings attended/ eligible to attend	Number of annual general meetings attended/ eligible to attend
Executive Directors					
Mr. Fan Shaozhou <i>(Note 1)</i>	1/1	0/0	1/1	1/1	1/1
Mr. Kong Guojing	5/5	0/0	0/0	0/0	1/1
Ms. Fan Shuying <i>(Note 2)</i>	3/3	0/0	3/3	3/3	1/1
Mr. Chen Zhouyu <i>(Note 3)</i>	3/3	0/0	0/0	0/0	1/1
Mr. Peng Jiwei <i>(Note 4)</i>	3/3	0/0	0/0	0/0	1/1
Non-Executive Directors					
Mr. Mak Ho Fai	5/5	0/0	0/0	0/0	1/1
Mr. Chen Li <i>(Note 5)</i>	2/2	0/0	0/0	0/0	0/0
Mr. Li Hongxing <i>(Note 6)</i>	3/3	0/0	0/0	0/0	1/1
Ms. Jia Yuanyuan <i>(Note 7)</i>	2/2	0/0	0/0	0/0	0/0
Independent Non-Executive Directors					
Ms. Ye Jinyu	5/5	4/4	0/0	0/0	0/1
Mr. Huang Wei	5/5	4/4	4/4	4/4	1/1
Mr. Ma Kin Ling	5/5	4/4	4/4	4/4	0/1

Notes:

- Mr. Fan Shaozhou resigned as an Executive Director on 7 April 2025.
- Ms. Fan Shuying was appointed as an Executive Director on 7 April 2025.
- Mr. Chen Zhouyu was appointed as an Executive Director on 30 May 2025.
- Mr. Peng Jiwei was appointed as an Executive Director on 7 April 2025.
- Mr. Chen Li resigned as Non-Executive Director on 30 May 2025.
- Mr. Li Hongxing resigned as Non-Executive Director on 24 July 2025.
- Ms. Jia Yuanyuan was appointed as Non-Executive Director on 24 July 2025.

CORPORATE GOVERNANCE REPORT *(continued)*

DIRECTORS' TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to Code Provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and update their knowledge and skills to ensure that their contribution to the Board remains fully informed and relevant.

Each newly appointed Director has been provided with necessary induction training and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant ordinances, laws, rules and regulations. Ms. Fan Shuying, Mr. Peng Jiwei, Mr. Chen Zhouyu and Ms. Jia Yuanyuan have each obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law on 7 April 2025, 30 May 2025 and 30 July 2025, respectively, as regards the requirements under the Listing Rules that are applicable to him or her as a director of the Company and the possible consequences of making a false declaration or giving false information to the Stock Exchange. They each have confirmed that they understand their obligations as director of the Company. All the Directors confirmed that they had complied with code provision C.1.4 of the CG Code during the year ended 31 December 2025, that all Directors had participated in the continuous professional developments in relation to regulatory update, the duties and responsibility of the Directors and the business of the Group including reading materials in relation to regulatory update and/or attending seminar to develop professional skills.

All Directors are encouraged to participate in continuous professional development and their participation and training records during the year ended 31 December 2025 are as follows:

	Participation in Directors' training	Reading materials relating to the latest development of applicable regulatory requirements and the Listing Rules
Executive Directors		
Mr. Fan Shaozhou <i>(Note 1)</i>	✓	✓
Mr. Kong Guojing	✓	✓
Ms. Fan Shuying <i>(Note 2)</i>	✓	✓
Mr. Chen Zhouyu <i>(Note 3)</i>	✓	✓
Mr. Peng Jiwei <i>(Note 4)</i>	✓	✓
Non-Executive Directors		
Mr. Mak Ho Fai	✓	✓
Mr. Chen Li <i>(Note 5)</i>	✓	✓
Mr. Li Hongxing <i>(Note 6)</i>	✓	✓
Ms. Jia Yuanyuan <i>(Note 7)</i>	✓	✓
Independent Non-Executive Directors		
Ms. Ye Jinyu	✓	✓
Mr. Huang Wei	✓	✓
Mr. Ma Kin Ling	✓	✓

CORPORATE GOVERNANCE REPORT *(continued)*

Notes:

1. Mr. Fan Shaozhou resigned as an Executive Director on 7 April 2025.
2. Ms. Fan Shuying was appointed as an Executive Director on 7 April 2025.
3. Mr. Chen Zhouyu was appointed as an Executive Director on 30 May 2025.
4. Mr. Peng Jiwei was appointed as an Executive Director on 7 April 2025.
5. Mr. Chen Li resigned as Non-Executive Director on 30 May 2025.
6. Mr. Li Hongxing resigned as Non-Executive Director on 24 July 2025.
7. Ms. Jia Yuanyuan was appointed as Non-Executive Director on 24 July 2025.

CORPORATE GOVERNANCE REPORT *(continued)*

LIABILITY INSURANCE OF DIRECTORS AND SENIOR MANAGEMENT

The Company has purchased liability insurance for all Directors and members of the senior management to minimize risks that may be incurred in their normal performance of responsibilities.

DIRECTORS' RESPONSIBILITY IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the financial year ended 31 December 2025.

The Directors are responsible for overseeing the preparation of financial statements of the Company to ensure that such financial statements give a true and fair view of the state of affairs of the Group and relevant statutory and regulatory requirements and applicable accounting standards are complied with.

The Board has received from the senior management the management accounts and such accompanying explanation and information as necessary to enable the Board to make an informed assessment for approving the financial statements.

COMPANY SECRETARY

The Company Secretary is Mr. Law Man Hei Eugene. The biographical details of the Company Secretary are set out in the section headed "Biographies of Directors and Senior Management" of this annual report. The Company Secretary took not less than 15 hours of relevant professional trainings in the Year as required under Rule 3.29 of the Listing Rules.

BOARD COMMITTEES

Audit Committee

As of the date of this report, the Audit Committee of the Company consists of three independent non-executive Directors, namely Mr. Huang Wei, Ms. Ye Jinyu and Mr. Ma Kin Ling. All members of the Audit Committee are independent non-executive Directors.

Mr. Ma Kin Ling is the chairman of the Audit Committee, who meets the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit Committee include independently examining the financial positions of the Company, overseeing the financial reporting system, the risk management system and the internal control system of the Company, the audit procedures and the proposals of internal management, independently communicating with, monitoring and verifying the work of, internal auditors and external auditors. The Audit Committee is also responsible for reviewing the financial reporting system, compliance procedures, internal control (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function), the risk management system and procedures and the re-appointment of the external auditor and the performance of duties as required aforesaid. The Board did not deviate from any recommendation given by the Audit Committee on the selection, appointment, removal or dismissal of the external auditor. The Audit Committee also reviewed the annual results of the Company and its subsidiaries for the financial year as well as the audit report prepared by the external auditor relating to accounting issues and major findings in course of audit. The Audit Committee also makes appropriate arrangements for employees to raise concerns in a confidential way about possible improprieties in financial reporting, internal control and other matters. The written terms of reference of the Audit Committee are available for inspection on the websites of the Company and the Stock Exchange.

CORPORATE GOVERNANCE REPORT *(continued)*

The Audit Committee has reviewed the year-end audit plan for the year 2025 and has reviewed the audited Consolidated Financial Statements of the Group for the financial year ended 31 December 2025 with the management and the independent auditor. The Audit Committee has also reviewed the unaudited consolidated interim financial information of the Group for the six months ended 30 June 2025. The Audit Committee is of the opinion that the preparation of the underlying financial statements complied with the applicable accounting standards and requirements and that adequate disclosures have been made. In addition, the Audit Committee has also reviewed significant internal audit issues, the re-appointment of external auditors and relevant scope of work and continuing connected transactions. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the selection and appointment of the external auditors, and reviewed the effectiveness of the risk management and internal control systems of the Group for the Year.

The Audit Committee has reviewed the audited Consolidated Financial Statements of the Group for the year ended 31 December 2025.

Remuneration Committee

As of the date of this report, the Remuneration Committee comprises three members, namely Mr. Huang Wei (Chairman), Ms. Fan Shuying and Mr. Ma Kin Ling, and the majority of them are independent non-executive Directors.

The primary duties of the Remuneration Committee are to recommend the Board on the Group's remuneration policy and structure for the remuneration of the Directors and senior management of the Group, to establish formal and transparent procedures for developing the remuneration policy, to review and approve proposals for remuneration of the management, and to approve the terms of service contracts between the Company and our executive directors, with reference to the Board's corporate goals and objectives, to review and/or approve matters relating to share schemes (if any) and to make recommendations to the Board on the remuneration packages of the executive Directors and senior management. The written terms of reference of the Remuneration Committee are available for inspection on the websites of the Company and the Stock Exchange.

During the Year, the remuneration committee held 2 meetings to consider and recommend to the Board the remuneration packages paid by the Company to the Directors and other related issues.

Pursuant to the Code Provision E.1.5 of the CG Code, the following table sets forth the remuneration band (excluding equity-settled share expenses) of the Directors and members of senior management for the year ended 31 December 2025 categorized by band(s):

Emolument Band	Remuneration	Number of Directors
1	HK\$Nil – HK\$1,000,000	4

Further details on remuneration of the Directors and the five highest paid employees required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in Note 12 to the Consolidated Financial Statements.

CORPORATE GOVERNANCE REPORT *(continued)*

Nomination Committee

As of the date of this report, the Nomination Committee comprises three members, namely Ms. Fan Shuying (Chairwoman), Mr. Huang Wei and Mr. Ma Kin Ling. Mr. Fan Shaozhou resigned as Chairman of the Nomination Committee on 7 April 2025 and Ms. Fan Shuying was appointed Chairwoman on the same day.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board at least once a year, to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, to make recommendations to the Board on candidates to fill vacancies of the Board and/or the management, and to assess the independence of independent non-executive Directors. The written terms of reference of the Nomination Committee are available for inspection on the websites of the Company and the Stock Exchange.

The Company has adopted nomination policy ("**Nomination Policy**"). According to the Nomination Policy, the Nomination Committee duly considers (including but not limited to) the following criteria to assess, select and recommend candidates of directors to the Board:

1. Diversity in all its aspects, including but not limited to gender, age, experience, cultural and educational background, professional level, skill, and knowledge;
2. Sufficient time to effectively carry out their duties; their services on other listed and non-listed companies should be limited to reasonable numbers;
3. Qualifications, including skills, accomplishment and experience in the relevant industries where the Company's business is involved in;
4. Independence;
5. Integrity and reliability;
6. Potential contributions that the individual(s) can bring to the Board; and
7. Commitment to enhance and maximize Shareholders' value.

The Nomination Committee will assess the candidates or existing Directors on such criteria as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for approval.

During the Year, the Nomination Committee held a meeting to review the structure, size and composition of the Board, assess the independence of independent non-executive Directors and make recommendations to the Board on the re-election of retiring Directors.

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy (the “**Board Diversity Policy**”) on 21 December 2019, which sets out the objective of achieving and maintaining a high level of diversity on the Board and the approach to achieve the said goal. The Company recognises the benefits of having a diversified Board because this will ensure that the Board members are able to maintain an appropriate balance of skills, experience and diversity that are necessary to support the Group’s business strategies and sustainable development. The Company seeks to achieve a diversified Board by selecting candidates with reference to a number of factors, including but not limited to skills, knowledge, professional experience and qualifications, cultural and educational background, age, gender, ethnicity and length of service. All appointments to the Board will be based on meritocracy, and candidates will be considered against objective criteria having due regard to the benefits of a diversified Board.

The nominations and appointments of members of the Board will continue to be made on merit basis based on its business needs from time to time and the contribution which the selected candidates will bring to the Board while taking into account diversity.

The Nomination Committee has primary responsibility for identifying candidates, formulating selection standards and procedures, and examining candidates for directors and senior management of the Company, and providing recommendations on the selection. The Nomination Committee will give adequate consideration to this policy in identifying and selecting suitably qualified candidates to become Directors of the Company.

The Nomination Committee is delegated to be responsible for compliance with relevant codes governing board diversity under the CG Code. The Nomination Committee will review the Board Diversity Policy from time to time to ensure the consistent effectiveness of which, and where necessary, will make required revisions and recommend any such revision to the Board for consideration and approval.

For the year ended 31 December 2025, the workforce of the Company, including senior management, totaled 57 employees, of which 70% are male and 30% are female. The Company aims to avoid any form of harassment and discrimination in the workplace regarding age, gender, race, nationality, religion, marital status or disability through the implementation of human resources management policies and to ensure that all employees are treated equally and fairly. The Company will also ensure that gender diversity is promoted in the recruitment of middle and senior level employees and that they are provided with more appropriate on-the-job training and development, job promotion and compensation benefits, thereby achieving greater gender diversity.

CORPORATE GOVERNANCE REPORT *(continued)*

DIVIDEND POLICY

The Company adopts a dividend policy on 21 December 2019 that aims to provide shareholders of the Company with dividends out of the Group's profit attributable to shareholders in any financial year, subject to the criteria set out below.

Such declaration and payment of dividends shall remain to be determined at the discretion of the Board and subject to all applicable requirements (including without limitation, restrictions on dividend declaration and payment) under the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), the Companies Act (2023 Revision), Cap. 22 of the Cayman Islands (the "**Companies Act**") and the Articles of Association.

In proposing any dividend payout, the Board shall take into account, inter alia: (i) the Group actual and expected financial performance; (ii) shareholders' interests; (iii) retained earnings and distributable reserves of the Company and each of the other members of the Group; (iv) the level of the Group's debts to equity ratio, return on equity and financial covenants to which the Group is subject; (v) possible effects on the Group's creditworthiness; (vi) any restrictions on payment of dividends that may be imposed by the Group's lenders; (vii) the Group's expected working capital requirements and future expansion plans; (viii) liquidity position and future commitments at the time of declaration of dividend; (ix) taxation considerations; (x) statutory and regulatory restrictions; (xi) general business conditions and strategies; (xii) general economic conditions, business cycle of the Group's business and other internal or external factors that may have an impact on the business or financial performance and position of the Company; and (xiii) other factors that the Board deems appropriate.

Subject to the Companies Act and the Memorandum of Association and Articles of Association, the Company in general meetings may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.

The dividends, interest and bonuses and any other benefits and advantages in the nature of income receivable in respect of the Company's investments, and any commissions, trusteeship, agency, transfer and other fees and current receipts of the Company shall, subject to the payment thereof of the expenses of management, interest upon borrowed money and other expenses which in the opinion of the Board are of a revenue nature, constitute the profits of the Company available for distribution.

The Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company and, in particular (but without prejudice to the generality of the foregoing), if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide, the Board shall not incur any responsibility to the holders of shares conferring any preferential rights.

CORPORATE GOVERNANCE REPORT *(continued)*

The Board may also pay half-yearly or at other intervals to be selected by it any dividend which may be payable at a fixed rate if the Board is of the opinion that the profits available for distribution justify the payment.

The Board may in addition from time to time declare and pay special dividends on shares of any class of such amounts and on such dates as they think fit, and the provisions as regards the powers and the exemption from liability of the Board as relate to declaration and payment of interim dividends shall apply, *mutatis mutandis*, to the declaration and payment of any such special dividends.

The Company will continually review the Policy and reserves the right in its sole and absolute discretion to update, amend and/or modify the dividend policy at any time, and the dividend policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

COMPANY SECRETARY

Mr. Law Man Hei Eugene has been the company secretary and authorized representative of the Company since 15 July 2022. Mr. Law is a practicing solicitor qualified in Hong Kong. He holds a Bachelor of Laws degree from the London School of Economics and Political Science. He is experienced in corporate finance, corporate governance as well as litigation matters. He confirmed that he has complied with all the qualifications and experience requirements as required by the Listing Rules.

AUDITORS

The financial statements set out in this annual report have been audited by Beijing Xinghua Caplegend CPA Limited. For the year ended 31 December 2025, the fees payable by the Group to Beijing Xinghua Caplegend CPA Limited in respect of audit services provided by them were as follows:

	RMB (<i>million</i>)
Audit services	
— annual audit on the consolidated financial statements of the Company for the year ended 31 December 2025	1.39
— other service	0.17
<hr/>	
Total	1.56

The audit services conducted by the external auditor mainly comprise of statutory audits and reviews for the Group and its certain subsidiaries. The responsibility statement of the Company's external auditor on preparing reports on the Consolidated Financial Statements is set out in the Independent Auditor's Report in pages 57 to 58.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company is committed to establishing high quality risk management and internal control systems to safeguard shareholders' investment and corporate interests, and with the support of the Audit Committee, reviewing the effectiveness of such systems annually. The Company has designated a special department to be responsible for the internal audit function and established a sound system.

The Group makes use of an integrated risk management system to minimise and protect against a range of strategic, business, financial and legal risks. Through the risk management system, we seek to manage and reduce risks, encourage effective and reliable communication, maintain legal compliance and improve the efficiency of our business and management.

In order to formulate and implement policies in an effective way, our risk management system emphasises continuous information gathering. Our risk management system collects data on a variety of business, financial and legal risks, such as market demand, technological trends and innovations, comparisons with our competitors, our financial performance and operating results, costs of services, changes in intellectual property laws and company laws and possible legal disputes.

Process used to Identify, Evaluate and Manage Significant Risks

The processes used to identify, evaluate and manage significant risks by our Group are summarised as follows:

Risk Identification

- Identifies risks that may potentially affect our Group's business and operations.

Risk Assessment

- Assesses the risks identified by using the assessment criteria developed by the management; and
- Considers the impact and consequence on the business and the likelihood of their occurrence.

Risk Response

- Prioritises the risks by comparing the results of the risk assessment; and
- Determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting

- Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place;
- Revises the risk management strategies and internal control processes in case of any significant change of situation; and
- Reports the results of risk monitoring to the management and the Board regularly.

CORPORATE GOVERNANCE REPORT *(continued)*

The information gathered is used for risk assessment. Our risk assessment procedures take into account the Company's general risk philosophy and seek to accurately evaluate how a potential risk may affect our objective in areas of strategies, business, compliance and financial reporting. We seek to identify both internal risks, such as employee ethics, our financial condition or product quality, as well as external risks, such as economic and legal development, technology advancement and environmental factors. Identified risks are assessed on the basis of likelihood of occurrence and the extent of influence it may have on our business. Risks with a high probability of occurring will be examined in a more stringent way to ensure accurate results. We then determine what countermeasures should be implemented in order to mitigate, absorb or reduce such risks and any negative consequence. Certain significant risks identified during the reporting period and the relevant risk mitigation plans are shown as below:

1. Global macroeconomic risks

The uncertainty of the global economic trend leads to changes in global markets. In the face of global economic changes, the Company adjusts its business development strategy accordingly, actively seeks and expands business development opportunities, and creates value for its shareholders. The Company also continuously improves its operational efficiency to confront uncertainties arising from the external environment.

2. Regulatory and compliance risk

As the Company continuously expands its businesses, the Company must abide by and comply with the relevant applicable laws and regulations in different jurisdictions, including but not limited to laws and regulations relating to privacy and data protection and labour protection and continue to pay attention to changes in industry laws and regulations. In addition, changes in international circumstances may affect the development of global policies and regulations and impact the development of various industries across different regions. The Company has taken practical steps to devote substantial resources in various areas to ensure the Company's compliance with regulatory requirements. The Company has engaged external professional consultants, kept abreast of the changes to relevant laws and regulations, adjusted strategies accordingly, taken appropriate actions or measures, improved internal training and the understanding of the laws and regulations, and enhanced the corresponding management system and policies to ensure that the Company is in compliance with such applicable laws and regulations.

During the Year, the Company has approved and reviewed the internal control system of the Group and the Board has conducted a review of the effectiveness of the risk management and internal control system of the Group.

The Group's business was greatly impeded by the COVID-19 outbreak, strict precautionary and control lock down measures imposed by the PRC government and the poor performance and sentiment of the PRC real estate industry in recent years which the Group's business is closely related to by nature. As such, the Group adopted a more conservative business approach and shrank its personnel, which includes finance staff who were responsible for assisting and liaising with the auditor for the audit of the Group's financial results.

CORPORATE GOVERNANCE REPORT *(continued)*

The Company has complied with the requirements under D.2.1 to D.2.7 of the CG Code relating to risk management and internal control and the Board confirmed that the internal control system is adequate and effective.

INSIDE INFORMATION

The Company has adopted an inside information policy in accordance with the SFO and the Listing Rules to ensure the confidentiality of the handling of inside information and to publish the relevant disclosure to the public as soon as practicable. For information that is difficult to maintain confidentiality, the Company timely discloses relevant information to ensure effective protection of the interests of investors and stakeholders.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution will be proposed by the Company for each issue, including the election of an individual director, at the general meeting. All resolutions put forward at the general meeting will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Procedures for Shareholders to Convene an Extraordinary General Meeting

According to Article 12.3 of the Articles of Association, general meetings can be convened on the written requisition of any two or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company which carries the right of voting at general meetings of the Company deposited at the principal office of the Company in Hong Kong. Where the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board, provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed by the Company.

Procedures for Shareholders to Propose a Person for Election as a Director

According to Article 16.4 of the Articles of Association, no person shall, unless recommended by the Board, be eligible for election to the office of the Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after despatching the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been a written notice given to the company secretary by a member of the Company (not being the person to be proposed) entitled to attend and vote at the said meeting of his intention to propose such person for election and also a written notice signed by the person to be proposed of his willingness for election.

CORPORATE GOVERNANCE REPORT *(continued)*

Procedures for Shareholders to send enquiries to the Board

The Company's corporate website provides email address, postal address, fax number and telephone number by which shareholders may at any time address their concerns or enquiries to the Company's Board.

Accordingly, where a shareholder intends to nominate a person for election as a director of the Company at a general meeting, the following documents shall be validly served at the registered office of the Company, namely: (1) his/her notice of intention to propose a resolution at the general meeting; (2) a notice signed by the nominated candidate of his/her willingness for election; (3) the nominated candidate's information as required to be disclosed under Rule 13.51(2) of the Listing Rules; and (4) the nominated candidate's written consent to the publication of his/her personal information.

Communication with Shareholders and Investor Relations

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable Shareholders and investors to make the best investment decisions.

To promote effective communication, the Company posts the latest information and updates on the Company's business operations and developments, financial information, corporate governance practice and other information in the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.szwyzs.com.cn for public access.

The general meeting of the Company provides a forum and an important channel for communication between the Board and the Shareholders. The chairman of the Board as well as the chairmen of the Nomination Committee, the Remuneration Committee and the Audit Committee or, in their absence, other members of the respective committee and, where applicable, the chairman of the independent Board committee, are available normally at the annual general meetings and other relevant general meetings to answer questions. Shareholders are also encouraged to attend general meetings held by the Company and are invited to express their views and raise questions therein.

Shareholders should direct their inquiries on their shareholdings to Tricor Investor Services Limited, the Company's branch share registrar in Hong Kong. For any enquiry, investors may also write to the Company through the following contact details, in order to facilitate the communication between Shareholders and the Company:

Postal address: 4th Floor, Caiwuwei Development Building, No. 3083, Baoan South Road, Guiyuan Street,
Luohu District, Shenzhen
Telephone: 86-0755-83288118
Email address: ir@szwyzs.com.cn

The Company reviewed the implementation and effectiveness of the shareholders' communication policy and considered it to be effective for the year ended 31 December 2025.

CORPORATE GOVERNANCE REPORT *(continued)*

Directors' responsibilities for the financial statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards.

As disclosed in Note 2 to the Consolidated Financial Statements and in the section headed "Details of the Modifications and their actual or potential impact on the Company's financial position" in the Management Discussion and Analysis section of this annual report, certain conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and certain adjustments will have to be made to the Group's financial statements in the event that the Group is unable to continue as a going concern. The effect of these adjustments has not been reflected in the Consolidated Financial Statements contained in this annual report. Considering the successful and continued implementation of the measures set out in the section headed 'Management's view and position on the disclaimer and action plan to address the disclaimer' in the Management Discussion and Analysis section of this annual report, the Directors are of the opinion that the Group will have sufficient working capital and hence it is appropriate to prepare the Group's Consolidated Financial Statements on a going concern basis.

The Audit Committee of the Company had critically reviewed the basis for the disclaimer. The Audit Committee had also discussed with the auditor the financial position of the Group, the measures taken and to be taken by the Company, and considered the auditor's rationale and understood their consideration in arriving to the disclaimer. The Audit Committee agreed with the management of the Group that the Group is able to continue as a going concern. Accordingly, the Consolidated Financial Statements for the year ended 31 December 2025 have been prepared on a going concern basis.

CHANGES IN CONSTITUTIONAL DOCUMENTS

The Memorandum of Association and the Articles of Association of the Company (the "**Memorandum and Articles**") have been amended and restated with effect from 10 October 2024 to comply with the core shareholder protection standards and the provisions on electronic dissemination of corporate communications in the Listing Rules. Save for the aforesaid disclosed, during the Year, no change has been made to the Memorandum and Articles.

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF WENYE GROUP HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Wenye Group Holdings Limited and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 59 to 116, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

We do not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2025. 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 to the consolidated financial statements which mentions that, as of 31 December 2025, the Group had net current liabilities and net liabilities of approximately RMB74,279,000 and RMB73,873,000 respectively. The Group's total other borrowings amounted to approximately RMB35,000,000 and the Group's financial guarantee contracts, arising from the guarantee of certain bank and other borrowings of approximately RMB62,189,000 as of 31 December 2025 while its cash and cash equivalents amounted to approximately RMB36,595,000. These conditions, together with other matters disclosed in Note 2 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 to the consolidated 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 buildings decoration and design; (ii) successfully negotiating with the Group's existing lenders for the renewal, extension and/or settlement of the Group's other borrowings and the financial guarantee contracts; (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.

INDEPENDENT AUDITOR'S REPORT *(continued)*

Should the Group be unable to achieve the above mentioned plans and measures, it might not be 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.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing as issued by the HKICPA and to issue an auditor's report. We report solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code") as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Beijing Xinghua Caplegend CPA Limited

Certified Public Accountants

Wan Ho Yuen

Practising Certificate Number P04309

Hong Kong, 31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	7	106,452	13,524
Cost of sales		(93,422)	(12,235)
Gross profit		13,030	1,289
Other gains and (losses), net	8	859,853	(9,578)
Selling and marketing expenses		(1)	(93)
General and administrative expenses		(15,979)	(21,993)
Provision for impairment loss on financial assets, contract assets and financial guarantee contracts, net	11	(4,174)	(44,086)
Impairment losses of non-current assets	11	—	(13)
PROFIT/(LOSS) FROM OPERATIONS		852,729	(74,474)
Finance income		45	32
Finance costs		(4,147)	(20,998)
Finance costs, net	9	(4,102)	(20,966)
PROFIT/(LOSS) BEFORE TAX		848,627	(95,440)
Income tax expense	10	(2,847)	—
PROFIT/(LOSS) FOR THE YEAR		845,780	(95,440)
Other comprehensive income/(loss): <i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		15	(3)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		15	(3)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		845,795	(95,443)
Profit/(loss) for the year attributable to :			
Owners of the Company		846,078	(95,379)
Non-controlling interests		(298)	(61)
		845,780	(95,440)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		846,093	(95,382)
Non-controlling interests		(298)	(61)
		845,795	(95,443)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	14		
— Basic and diluted (RMB)		1.11	(0.16)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	—	7,434
Right-of-use assets	16	1,215	—
Intangible assets	17	—	—
		1,215	7,434
CURRENT ASSETS			
Contract assets	21	9,093	63,268
Trade and other receivables	20	47,981	114,290
Amounts due from related parties	34	—	679
Restricted cash	22	59	16,908
Cash and cash equivalents	23	36,595	507
		93,728	195,652
CURRENT LIABILITIES			
Trade and other payables	24	61,130	874,929
Contract liabilities	22	118	62,999
Bank borrowings	25	—	28,774
Other borrowings	26	35,000	84,049
Lease liabilities	27	411	—
Amounts due to related parties	33	2,412	25,642
Financial guarantee contracts	31	62,189	—
Current income tax liabilities		6,747	38,747
		168,007	1,115,140
NET CURRENT LIABILITIES		(74,279)	(919,488)
TOTAL ASSETS LESS CURRENT LIABILITIES		(73,064)	(912,054)
NON-CURRENT LIABILITIES			
Other borrowings	26	—	18,388
Lease liabilities	27	809	—
		809	18,388
NET LIABILITIES		(73,873)	(930,442)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CAPITAL AND RESERVES			
Share capital	28	73	51
Reserves	29	(73,938)	(932,148)
Equity attributable to owners of the Company			
Non-controlling interests		(8)	1,655
TOTAL EQUITY			
		(73,873)	(930,442)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 59 to 116 were approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

Mr. Kong Guojing
Director

Ms. Fan Shuying
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserves	Translation reserve	Accumulated losses	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At 1 January 2024	51	130,425	142,570	36,552	(2)	(1,146,311)	(836,715)	1,716	(834,999)
Loss for the year	–	–	–	–	–	(95,379)	(95,379)	(61)	(95,440)
Other comprehensive loss for the year	–	–	–	–	(3)	–	(3)	–	(3)
Total comprehensive loss for the year	–	–	–	–	(3)	(95,379)	(95,382)	(61)	(95,443)
At 31 December 2024	51	130,425	142,570	36,552	(5)	(1,241,690)	(932,097)	1,655	(930,442)
At 1 January 2025	51	130,425	142,570	36,552	(5)	(1,241,690)	(932,097)	1,655	(930,442)
Profit for the year	–	–	–	–	–	846,078	846,078	(298)	845,780
Other comprehensive income for the year	–	–	–	–	15	–	15	–	15
Total comprehensive income/(loss) for the year	–	–	–	–	15	846,078	846,093	(298)	845,795
Issuance of shares on placement (Note 28(iii))	22	12,117	–	–	–	–	12,139	–	12,139
Adjustment upon disposal of subsidiaries (Note 30(iii))	–	–	–	–	–	–	–	(1,365)	(1,365)
Transfer to retained profits	–	–	–	(36,257)	–	36,257	–	–	–
At 31 December 2025	73	142,542	142,570	295	10	(359,355)	(73,865)	(8)	(73,873)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		848,627	(95,440)
Adjustments for:			
Depreciation of property, plant and equipment		216	184
Depreciation of right-of-use assets		343	—
Finance income		(45)	(32)
Finance costs		4,147	20,998
Gain on early termination of a lease contract		(28)	(5,327)
Impairment of property, plant and equipment		—	13
Impairment losses on financial assets, contract assets and financial guarantee contracts, net		4,174	44,086
Gain on disposal of subsidiaries	8, 30(ii)	(859,829)	—
Penalty of lawsuits		—	14,428
Operating cash flows before movements in working capital		(2,395)	(21,090)
Change in contract assets		(9,336)	12,333
Change in trade and other receivables		(219,716)	(24,580)
Change in restricted cash		3,881	5,378
Change in trade and other payables		238,002	24,385
Change in contract liabilities		118	(603)
Cash generated from/(used in) operations		10,554	(4,177)
Net cash flows generated from/(used in) operating activities		10,554	(4,177)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		—	16
Net cash inflow on disposal of subsidiaries	30(ii)	1,196	—
Finance income received		45	32
Net cash flows generated from investing activities		1,241	48
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank and other borrowings		35,000	476
Proceeds from issuance of shares on placement		12,139	—
Payment for principal of lease liabilities		(259)	(2,065)
Payment for interest of lease liabilities		(51)	(435)
(Repayment to)/advance from a related party		(22,551)	6,473
Net cash flows generated from financing activities		24,278	4,449
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		507	177
Effect of foreign exchange rate changes		15	10
Cash and cash equivalents at end of year		36,595	507
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		36,595	507

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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 ultimate controlling shareholder is Mr. Fan Shaozhou, who has been controlling the group companies since their incorporation or establishment.

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. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as 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.

HKFRS Accounting Standards comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards;
- Hong Kong Accounting Standards; and
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

These consolidated financial statements have been prepared under the historical cost basis which are measured at fair values.

The preparation of the consolidated financial statements in conformity with HKFRS Accounting Standards 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES *(continued)*

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 4.

Going Concern Basis

As of 31 December 2025 the Group had net current liabilities and net liabilities of approximately RMB74,279,000 and RMB73,873,000 respectively. The Group's other borrowings amounted to approximately RMB35,000,000 and the Group's financial guarantee contracts, arising from the guarantee of certain bank and other borrowings amounted to approximately RMB62,189,000 as of 31 December 2025 while its cash and cash equivalents amounted to approximately RMB36,595,000.

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 negotiation with the Group's existing lenders for the renewal, extension and/or settlement of the Group's overdue other borrowings and the financial guarantee contracts;
- (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 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.

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 2025. 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 2025 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 other borrowings and the financial guarantee contracts;
- (iii) successfully obtaining potential new fundings as and when needed; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES *(continued)*

Going Concern Basis *(continued)*

- (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.

Adoption of new or amended HKFRS Accounting Standards and changes in other accounting policies

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

- Amendments to HKAS 21, The effects of changes in foreign exchange rates and HKFRS 1 — Lack of exchangeability

The adoption of new or amended HKFRS Accounting Standards has no material impact on the Group's results, financial position and accounting policies.

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 2025 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 HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures – Classification and measurement of financial instruments	1 January 2026
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures — Contracts referencing nature — dependent electricity	1 January 2026
Annual improvements to HKFRS Accounting Standards — 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 Hong Kong Interpretation 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 HKAS 21, Translation to a hyperinflationary presentation currency	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES *(continued)* **Adoption of new or amended HKFRS Accounting Standards and changes in other accounting policies *(continued)***

HKFRS 18 will replace HKAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated statements of profit or loss and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. The Group expects to apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

Except for the above-mentioned changes in presentation and disclosure, these pronouncements are not expected to have a material impact on the results or the financial position of the Group.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

This note provides a list of the accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date when control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Segment reporting

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year/period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within "Other gains and (losses), net".

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in the translation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets ("**cash-generating units**"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets

(i) Classification

The Group classifies its financial assets measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all of the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of profit or loss and other comprehensive income.

Debt instruments held at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Financial assets *(continued)*

(iv) Impairment

Expected credit losses (“**ECL**”s) are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets. The Group has the following types of assets that are subject to expected credit loss model:

- Trade and retention receivables
- Contract assets
- Deposits and other receivables
- Restricted cash
- Cash and cash equivalents

For trade and retention receivables and contract assets with no significant financing component, the Group applies the simplified approach permitted by HKFRS 9, which requires ECLs to be recognised from initial recognition of the assets. Trade and retention receivables and contract assets are disaggregated by different credit risk characteristics of customers that are representative of the customers’ abilities to pay all amounts due in accordance with the contractual terms. The provision matrix is determined based on historical observed default rates over the expected life of the trade and retention receivables and contract assets with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on deposits and other receivables, restricted cash, cash and cash equivalents and bank deposits are measured as either 12-month expected credit losses (“**a 12-month ECL**”) or lifetime expected credit losses (“**a lifetime ECL**”), depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as a lifetime ECL.

Assets are written off (either partially or in full) when there is no reasonable expectation of recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets *(continued)*

(v) Derecognition

The Group derecognises a financial assets, if the part being considered for derecognition meets one of the following conditions: (i) the contractual rights to receive the cash flows from the financial asset expire; or (ii) the contractual rights to receive the cash flows of the financial asset have been transferred, the Group transfers substantially all the risks and rewards of ownership of the financial asset; or (iii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to the eventual recipient in an agreement that meets all the conditions of de-recognition of transfer of cash flows (“**pass through**” requirements) and transfers substantially all the risks and rewards of ownership of the financial asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in the consolidated statement of profit or loss and other comprehensive income:

- the carrying amount of the financial asset transferred; and
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in equity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

Financial liabilities

(a) Recognition and measurement

Financial liabilities are classified as financial liabilities at amortised cost. Financial liabilities at amortised cost are recognised initially at fair value net of transaction costs incurred and subsequently stated at amortised cost. Any difference between proceeds net of transaction costs and the redemption value is recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the financial liabilities using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(b) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Credit losses from financial guarantees issued

The Group monitors the risk that the specified debtor will default on the contract and remeasures the above liability at a higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees.

A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group's historical experience and informed credit assessment, that includes forward-looking information.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated financial statements where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains right to receive consideration from the customer and assumes performance obligations to provide services to the customer. The combination of those rights and performance obligations give rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortised cost.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank deposits which are restricted to use are included in "Restricted cash". Restricted cash is excluded from cash and cash equivalents included in the consolidated statement of cash flows.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of profit or loss and other comprehensive income. over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the period-end date.

Current and deferred income tax

The income tax expense or credit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Current and deferred income tax *(continued)*

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reversing the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Employee benefits

Pension obligations

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “**MPF Scheme**”) under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme in accordance with the rules of the MPF Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Pension obligations *(continued)*

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The Group's contributions to these plans are expensed as incurred.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits.

Housing funds, medical insurances and other social insurances

Employees of the Group companies in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period. Contributions to these funds are expensed of as incurred.

Bonus entitlements

The expected cost of bonus payments are recognised as a liability when the Group has a present contractual or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is recognised when or as the control of the goods or service is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time.

Revenue is recognised when a performance obligation is satisfied by transferring control of the promised products or services to a customer in an amount that reflects the consideration expected to be collected in exchange for those products or services. The revenue recognition of the Group is determined through the following five steps:

- (i) Identification of the contract, or contracts, with a customer;
- (ii) Identification of the performance obligations in the contract;
- (iii) Determination of the transaction price;
- (iv) Allocation of the transaction price to the performance obligations in the contract;
- (v) Recognition of revenue when, or as, a performance obligation is satisfied.

At contract inception, it is performed that the assessment and the identification of a performance obligation for each promise to transfer to the customer a product or a service (or bundle of products or services) that is distinct. To identify the performance obligations, the Group considers all the products and services promised in the contract with the customer based on the Group's customary business practices, published policies, or specific statements.

The Group determines whether control of a product or a service is transferred to a customer over time or at a point in time based on the analysis of the following three criteria. Revenue is recognised over time if any of such criteria are met that the Group:

- provide all of the benefits received and consumed simultaneously by the customer; or
- create and enhances an asset that the customer controls as the Group perform; or
- do not create an asset with an alternative use of the Group and the Group has an enforceable right to payment for performance completed to

A performance obligation is satisfied at a point in time if none of the above criteria for satisfying a performance obligation over time are met.

The Group recognises costs incurred in obtaining contracts with customers that are directly associated with the contracts as contract costs if those costs are expected to be recoverable. The contract costs are amortised on a basis consistent with the pattern of the transfer of the goods or services to which the asset relates. Details of the revenue recognition policy of the Group are set out in Note 7 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Leases

The Group leases office premises for operation. Property leases are typically made for fixed period of 3 years. Lease terms are negotiated on an individual basis and contain various different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as right-of-uses assets and investment properties and the corresponding liability of the date of which the respective leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the Group, as a lessee, exercising an option to terminate the lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date, less any lease incentive received;
- any initial direct costs; and
- any restoration costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Group as a lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the terms of the relevant lease. Initial direct costs with more than a significant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred.

The lease receivable under lease arrangements are recognised as "trade and other receivables" in the consolidated statement of financial position.

Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated statement of profit or loss and other comprehensive income as part of finance income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

4. KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements apart from those involving estimations, which are dealt with below.

(a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the certain measures to improve the Group's liquidity and financial position. Details are explained in Note 2 to the consolidated financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Revenue recognition

The Group recognises the revenue according to the percentage of completion of the individual contract of construction. The percentage of completion is determined by the aggregated cost for the individual contract incurred at the end of each reporting period compared with the estimated budgeted cost. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting period. The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses and regularly reviews the progress of the contracts.

In addition, when determining the transaction price, the Group considers factors such as whether there is any financing component. The Group considers whether the payment schedule is commensurate with the Group's performance and whether the delayed payment is for finance purpose. The Group does not consider the arrangement with customers have significant financing component. The Group has, therefore, recognised revenue on progress confirmation over the period during which the services are rendered and transferred to customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

4. KEY ESTIMATES *(continued)*

Key sources of estimation uncertainty *(continued)*

(b) Impairment of trade and retention receivables and contract assets

The Group's management determines the provision for impairment of trade and retention receivables and contract assets on a forward-looking basis and the expected lifetime losses are recognised from initial recognition of the assets. The provision is determined based on the Group's historical observed default rates over the expected life of the trade and retention receivables and contract assets with similar credit risk characteristics and is adjusted for forward-looking estimates. In making the judgement, management considers available reasonable and supportive forward-looking information such as actual or expected significant changes in the operating results of customers, actual or expected significant adverse changes in business and customers' financial position. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed by the Group's management.

5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currency of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Interest rate risk

The Group's exposure to interest-rate risk arises from its bank deposits and borrowings. These deposits and borrowings bear interests at variable rates varied with the then prevailing market condition.

As at 31 December 2025, the Group did not hold variable borrowings, if the interest rates on bank deposits and borrowings had been 50 basis-points higher/lower with all other variables held constant, pre-tax profit for the year would be RMB8,000 (2024: loss of RMB57,000) lower/higher (2024: higher/lower).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

5. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Credit risk

The Group is exposed to credit risk in relation to its cash at bank, restricted cash, trade and retention receivables, contract assets, deposits and other receivables. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets.

The Group expects that there is no significant credit risk associated with cash at bank and restricted cash since they are deposited with credit worthy financial institutions. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

The Group accounts for its credit risk by appropriately providing for ECLs on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

(i) Trade receivables, retention receivables and contract assets

The Group applies the simplified approach to provide ECLs prescribed by HKFRS 9, which permits the use of a lifetime ECL provision for all trade and retention receivables and contract assets.

Contract assets are related to unbilled work in progress which have substantially the same risk characteristics as the trade receivables for the same types of contract. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

5. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Credit risk *(continued)*

(i) Trade receivables, retention receivables and contract assets *(continued)*

Individually impaired trade receivables are related to customers who are experiencing unexpected economic difficulties. The Group expects that the entire amounts of the receivables will have difficulty to be recovered and has recognised impairment losses.

To measure the ECLs of trade receivables, retention receivables and contract assets, they have been grouped based on shared credit risk characteristics. The expected credit losses for invoiced trade receivables and unbilled revenue balances were determined based on the ageing by due date and project completion date adjusted by the estimated invoicing procedures time, respectively.

The expected loss rates are based on the payment profiles of sales over a period of 3 to 5 years before 31 December 2025 and 2024 and the corresponding historical credit losses experienced within this period. The loss allowance also incorporates forward looking information.

The information about the exposure to credit risk and ECL for trade receivables, retention receivables and contract assets as at 31 December 2025 and 2024 are summarised as follows:

Trade receivables

As at 31 December 2025	Expected loss	Gross carrying amount RMB'000	Loss allowance provision RMB'000
Within 6 months	2%	44,861	(725)
6 months to 1 year	2.93%	2,560	(75)
		47,421	(800)
As at 31 December 2024		RMB'000	RMB'000
Current	0%	—	—
Within 6 months	100%	6,211	(6,211)
6 months to 1 year	95.94%	9,709	(9,315)
1 to 2 years	34.68%	28,780	(9,982)
2 to 3 years	84.70%	123,377	(104,497)
Over 3 years	97.59%	520,645	(508,086)
		688,722	(638,091)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

5. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Credit risk *(continued)*

(i) Trade receivables, retention receivables and contract assets *(continued)*

Retention receivables

	Expected loss	Gross carrying amount	Loss allowance provision
As at 31 December		RMB'000	RMB'000
2024	97.32%	222,585	(216,620)

Contract assets

	Expected loss	Gross carrying amount	Loss allowance provision
As at 31 December		RMB'000	RMB'000
2025	2.59%	9,335	(242)
2024	91.79%	770,271	(707,003)

Reconciliation of the loss allowance for trade receivables, retention receivables and contract assets as at 31 December 2025 and 2024 are as follows:

	2025			2024		
	Trade receivables	Retention receivables	Contract assets	Trade receivables	Retention receivables	Contract assets
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 20)	(Note 20)	(Note 21)	(Note 20)	(Note 20)	(Note 21)
At 1 January	638,091	216,620	707,003	619,220	212,877	700,231
Impairment loss	800	–	242	18,871	3,743	6,772
Disposal of subsidiaries	(637,291)	(216,620)	(706,761)	–	–	–
At 31 December	800	–	242	638,091	216,620	707,003

Trade receivables, retention receivables and contract assets are written off when there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are credited into profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

5. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Credit risk *(continued)*

(ii) Deposits and other receivables

Impairment on deposits and other receivables is measured as either a 12-month ECL or a lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition.

Reconciliation of the loss allowance for deposits:

	2025 RMB'000	2024 RMB'000
At 1 January	9,881	9,221
Impairment loss	—	660
Disposal of subsidiaries	(9,881)	—
At 31 December	—	9,881

Reconciliation of the loss allowance for other receivables:

	2025 RMB'000	2024 RMB'000
At 1 January	14,040	—
Impairment loss	34	14,040
Disposal of subsidiaries	(14,040)	—
At 31 December	34	14,040

As at 31 December 2025 and 2024, the maximum exposure to credit risk of these financial assets were as follows:

	2025 RMB'000	2024 RMB'000
Deposits and other receivables	1,023	20,124

(iii) Financial guarantee contracts

For financial guarantee contracts, the maximum amount that the Group guaranteed under the respective contracts was approximately RMB62,189,000 as at 31 December 2025, which represents 100% of the aggregated amount of bank facilities granted to the disposed subsidiaries.

The credit risk on financial guarantee contracts represents the risk of default of the disposed subsidiaries. The Group assessed the default risk and measured the ECL arising from such financial guarantee contracts. Details of the financial guarantee contracts are set out in Note 31 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

5. FINANCIAL RISK MANAGEMENT *(continued)*

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis, based on undiscounted cash flows, of the Group's financial liabilities is as follows:

	On demand or within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
31 December 2025						
Trade and other payables	61,130	—	—	—	61,130	61,130
Amounts due to related parties	2,412	—	—	—	2,412	2,412
Lease liabilities	463	463	386	—	1,312	1,220
Other borrowings	37,641	—	—	—	37,641	35,000
	101,646	463	386	—	102,495	99,762
Financial guarantee issued: Maximum amount guarantee	63,189	—	—	—	62,189	62,189

	On demand or within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
31 December 2024						
Trade and other payables	874,929	—	—	—	874,929	874,929
Amounts due to related parties	25,642	—	—	—	25,642	25,642
Bank borrowings	34,089	—	—	—	34,089	28,774
Other borrowings	114,580	18,388	—	—	132,968	102,437
	1,049,240	18,388	—	—	1,067,628	1,031,782

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

5. FINANCIAL RISK MANAGEMENT *(continued)*

(e) Categories of financial instruments

	2025 RMB'000	2024 RMB'000
Financial assets:		
Financial assets at amortized cost		
– Trade and other receivables	47,644	76,720
– Amounts due from related parties	–	679
– Restricted cash	59	16,908
– Cash and cash equivalents	36,595	507
	84,298	94,814
Financial liabilities:		
Lease Liabilities	1,220	–
Financial guarantee contracts	62,189	–
Financial liabilities at amortized cost		
– Trade and other payables	61,130	874,929
– Amounts due to related parties	2,412	25,642
– Bank borrowings	–	28,774
– Other borrowings	35,000	102,437
	161,951	1,031,782

(f) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long term.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the owner, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank and other borrowings and lease liabilities (including "current and non-current bank and other borrowings and lease liabilities" as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

5. FINANCIAL RISK MANAGEMENT *(continued)*

(f) Capital risk management *(continued)*

Due to the significant uncertainty of going concern (Note 2), The Group was not able to maintain the gearing ratio at a reasonable level. The gearing ratios at 31 December 2025 and 2024 were as follows:

	2025 RMB'000	2024 RMB'000
Total bank borrowings (Note 25)	—	28,774
Total other borrowings (Note 26)	35,000	102,437
Total lease liabilities (Note 27)	1,220	—
	36,220	131,211
Less: Cash and cash equivalents (Note 23)	(36,595)	(507)
Net debt	(375)	130,704
Total equity	(73,873)	(930,442)
Gearing ratio	N/A*	N/A*

* As the Group recorded a net cash position and a capital deficiency as at 31 December 2025, the gearing ratio is not applicable (2024: same).

(g) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

6. 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 all derived in the PRC during the years ended 31 December 2025 and 2024.

As at 31 December 2025 and 2024, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

6. SEGMENT INFORMATION *(continued)*

Revenue from major customers:

	2025 RMB'000	2024 RMB'000
Customer A	N/A*	4,854
Customer B	N/A*	1,468
Customer C	N/A*	2,585
Customer D	21,256	N/A*
Customer E	11,823	N/A*
Customer F	38,557	N/A*

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

7. REVENUE

	2025 RMB'000	2024 RMB'000
Revenue from construction services	104,506	13,524
Design service income	1,946	—
	106,452	13,524

Disaggregation of revenue from contracts with customers:

	2025 RMB'000	2024 RMB'000
Type of goods or services		
Construction services	104,506	13,524
Design services	1,946	—
Total	106,452	13,524
Timing of revenue recognition		
Over time	106,452	13,524
Total	106,452	13,524

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

7. REVENUE *(continued)*

Revenue from construction services

The Group engages in construction of indoor and outdoor decoration and fitment for office buildings, public facilities, high-end star hotels, traffic hubs, commercial properties, residential properties and curtain wall. The Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract (input method for measuring progress). Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the progress towards complete satisfaction of the performance obligation.

The payment terms differed for different customers due to the variety of projects. Most of the payment is payable according to the stage of construction with credit term of up to 60 days, while 10% to 20% of payments will be payable upon the completion of construction, such portion of payment is recognised as contract assets before the completion of the projects and transfer to trade receivables when the Group has the right to bill the customers which is usually upon completion of construction; 5% to 10% of the contract price are recognised as retention money receivables, which would be paid after the warranty period expires. The Group does not intend to give a financing to customers and the Group make efforts to collect the receivables and timely monitor the credit risk.

The Group accounts for a modification if the customers to a contract approve a change in the scope and/or the price of a contract. A contract modification is approved when the modification creates or changes the enforceable rights and obligations of the customers to the contract. If the customers have approved a change in scope, but have not yet determined the corresponding change in price, the Group estimates the change to the contract price as a variable consideration.

The estimated amount of the variable consideration is included in the contract price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable considerations is subsequently resolved.

The Group records contract liability for non-refundable advance payment from customer before rendering of services since there is still performance obligation to complete. The contract liabilities are recognised as revenue over the period during which the relevant services are rendered to customers.

Design service income

The Group provides customised interior design and curtain wall design services. Design service income is recognised over time as the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. The measure of progress is determined based on the proportion of specific costs incurred to-date to the estimated total costs for each service (input method for measuring progress).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

8. OTHER GAINS AND (LOSSES), NET

	Notes	2025 RMB'000	2024 RMB'000
Termination of lease liability	(i), 16	28	5,327
Penalty of lawsuits	(ii)	—	(14,848)
Others		(4)	(57)
Gain on disposal of subsidiaries	30(ii)	859,829	—
		859,853	(9,578)

Notes:

- (i) In April 2022, the Group entered into a lease agreement with a lease term from April 2022 to April 2027, recognising a right-of-use asset of RMB9,648,000. In December 2022, the Group fully impaired this right-of-use asset by RMB8,361,000. In December 2024, the Group terminated the lease agreement and recognised a gain on termination of RMB5,327,000.
- (ii) The Group has provided interest on penalty of lawsuits of approximately RMB14,848,000 for the year ended 31 December 2024 since the directors of the Company are of the opinion that it is probable that an outflow of resources embodying economic benefits would be required to settle the lawsuits.

9. FINANCE COSTS, NET

	2025 RMB'000	2024 RMB'000
Finance income:		
Interest income	45	32
	45	32
Finance costs:		
Interest expense on bank and other borrowings	(4,096)	(17,251)
Interest expense on lease liabilities	(51)	(435)
Imputed interest expense on other borrowings	—	(3,312)
	(4,147)	(20,998)
Finance costs, net	(4,102)	(20,966)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

10. INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000
Current income tax		
– Hong Kong Profits Tax	247	–
– PRC Corporate Income Tax (“CIT”)	2,600	–
Deferred income tax	–	–
Income tax expense	2,847	–

Current taxation primarily represented the provision for 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%).

Hong Kong Profits Tax is calculated at the rate of 16.5% on the estimated assessable profit arising in Hong Kong, except for the first HK\$2,000,000 of a qualified entity’s assessable profit is calculated at 8.25%, which is in accordance with the new two-tiered profits tax rates regime with effect from the year of assessment 2018/2019. (2024: 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.)

The tax on the Group’s profit/(loss) before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the entities as follows:

	2025 RMB'000	2024 RMB'000
Profit/(loss) before tax	848,627	(95,440)
Tax calculated at weighted average tax rate	211,666	(15,662)
Tax effect of income that is not taxable	(229,559)	–
Tax effect of expenses that are not deductible	20,740	2,993
Tax effect of temporary differences not recognised	–	12,669
	2,847	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

11. PROFIT/(LOSS) FOR THE YEAR

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

	Notes	2025 RMB'000	2024 RMB'000
Auditors' remuneration			
– Audit services		1,390	1,380
– Other services		171	20
Cost of sales		93,422	12,235
Depreciation of property, plant and equipment	15	216	–
Depreciation of right-of-use assets	16	343	–
Impairment of trade receivables	5(c)(i)	800	18,871
Impairment of contract assets	5(c)(i)	242	6,772
Impairment of on retention receivables	5(c)(i)	–	3,743
Impairment of other receivables	5(c)(ii)	34	14,040
Impairment of deposits	5(c)(ii)	–	660
Impairment of financial guarantee contracts	5(c)(iii)	3,098	–
		4,174	44,086
Impairment losses of non-current assets			
– Impairment of property, plant and equipment	15	–	13
Staff costs including directors' remuneration:			
– Salaries, wages and bonuses		4,664	6,497
– Housing funds, medical insurances and other social insurances		500	1,119
– Other welfare and allowances		6	210
		5,170	7,826

12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS

The emoluments paid or payable to each directors' and chief executive's remuneration for the year are set out below:

	2025 RMB'000	2024 RMB'000
Fees	1,464	354
Other emoluments:		
– Salaries, allowances and benefits in kind	632	784
– Retirement benefit scheme contribution	11	10
	643	794
	2,107	1,148

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS *(continued)*

(a) Directors' Emoluments

		For the year ended 31 December 2025				
		Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Employer's contribution to a retirement benefit scheme	Total
Notes		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:						
Mr. Kong Guojing		141	136	—	—	277
Ms. Fan Shuying	(iv)	120	125	—	8	253
Mr. Peng Jiwei	(iv)	479	159	—	—	638
Mr. Chen Zhouyu	(vi)	117	5	—	3	125
Mr. Fan Shaozhou	(v)	43	207	—	—	250
		900	632	—	11	1,543
Non-executive directors:						
Mr. Mak Ho Fai	(i)	80	—	—	—	80
Ms. Jia Yuanyuan	(viii)	35	—	—	—	35
Mr. Chen Li	(vii)	34	—	—	—	34
Mr. Shen Peng	(v)	21	—	—	—	21
Mr. Li Hongxing	(ix)	45	—	—	—	45
		215	—	—	—	215
Independent non-executive directors:						
Mr. Ma Kin Ling		165	—	—	—	165
Mr. Huang Wei		92	—	—	—	92
Ms. Ye Jinyu	(iii)	92	—	—	—	92
		349	—	—	—	349
		1,464	632	—	11	2,107

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS *(continued)*

(a) Directors' Emoluments *(continued)*

For the year ended 31 December 2024						
	Notes	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Total RMB'000
Executive directors:						
Mr. Kong Guojing		—	160	—	—	160
Mr. Fan Shaozhou	(v)	—	256	—	5	261
		—	416	—	5	421
Non-executive directors:						
Mr. Mak Ho Fai	(i)	—	47	—	—	47
Mr. Chen Li	(vii)	—	82	—	—	82
Mr. Shen Peng	(v)	—	80	—	—	80
Mr. Li Hongxing	(ix)	—	159	—	5	164
		—	368	—	5	373
Independent non-executive directors:						
Mr. Ma Kin Ling		165	—	—	—	165
Mr. Huang Wei		92	—	—	—	92
Ms. Ye Jinyu	(iii)	33	—	—	—	33
Ms. Lau Chui Ping Soey	(ii)	64	—	—	—	64
		354	—	—	—	354
		354	784	—	10	1,148

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS *(continued)*

(a) Directors' Emoluments *(continued)*

Notes:

- (i) Appointed on 29 May 2024.
- (ii) Resigned on 31 July 2024.
- (iii) Appointed on 19 August 2024.
- (iv) Appointed on 7 April 2025.
- (v) Resigned on 7 April 2025.
- (vi) Appointed on 30 May 2025.
- (vii) Resigned on 30 May 2025.
- (viii) Appointed on 24 July 2025.
- (ix) Resigned on 24 July 2025.

The remuneration shown above represented remuneration received from the Group by these directors in their capacity as employees to the Group and no directors waived any emolument during the years ended 31 December 2025 and 2024.

(b) Directors' retirement and termination benefits

None of the directors received any other retirement benefits or termination benefits during the year ended 31 December 2025 (2024: Nil).

(c) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2025, no consideration was provided to or receivable by third parties for making available directors' services (2024: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the year (2024: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the year end or at any time during the year (2024: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

12. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUAL EMOLUMENTS *(continued)*

(f) Five highest paid individual emoluments

The five highest paid individuals of the Group included four (2024: one) directors, details of whose remuneration are set out above. The emoluments of the remaining one (2024: four) highest paid employees are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, wages and bonuses	198	955
Housing funds, medical insurances and other social insurances	16	29
	214	984

Emoluments of these employees were within the following bands:

	Number of employees	
	2025	2024
Emolument band:		
HK\$Nil to HK\$1,000,000	1	4

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any of the five highest paid individuals during the year (2024: Nil).

13. DIVIDENDS

The directors do not recommend the payment of any dividend for each of the years ended 31 December 2025 and 2024.

14. EARNINGS/(LOSSES) PER SHARE

Basic earnings/(losses) per share

The calculation of basic earnings/(losses) per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately RMB846,078,000 (2024: loss of RMB95,379,000) and the weighted average number of ordinary shares of 762,598,356 (2024: 593,940,017), and excluded shares held under the restricted share unit scheme ("**RSU scheme**") in issue during the year ended 31 December 2025 (2024: same).

Diluted earnings/(losses) per share

No diluted earnings/(losses) per share are presented as the Company did not have any dilutive potential ordinary sharing during the two years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost					
At 1 January 2024	9,032	3,783	1,072	1,774	15,661
Additions	–	–	16	–	16
At 31 December 2024 and 1 January 2025	9,032	3,783	1,088	1,774	15,677
Written-off	–	–	(16)	–	(16)
Disposal of subsidiaries <i>(Note 30(ii))</i>	(9,032)	(3,783)	(1,072)	(1,774)	(15,661)
At 31 December 2025	–	–	–	–	–
Accumulated depreciation and impairment					
At 1 January 2024	1,417	3,783	1,072	1,774	8,046
Charge for the year <i>(Note 11)</i>	181	–	3	–	184
Impairment loss	–	–	13	–	13
At 31 December 2024 and 1 January 2025	1,598	3,783	1,088	1,774	8,243
Charge for the year <i>(Note 11)</i>	216	–	–	–	216
Written-off	–	–	(16)	–	(16)
Disposal of subsidiaries <i>(Note 30(ii))</i>	(1,814)	(3,783)	(1,072)	(1,774)	(8,443)
At 31 December 2025	–	–	–	–	–
Carrying amount					
At 31 December 2025	–	–	–	–	–
At 31 December 2024	7,434	–	–	–	7,434

As at 31 December 2024, the net book value of land and buildings which have not obtained the housing title certificates amounted to RMB2,967,000.

The depreciation expenses of the property, plant and equipment for the year has been charged into administrative expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

16. LEASES AND RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2025 RMB'000	2024 RMB'000
At 31 December:		
Right-of-use assets		
— Properties	1,215	—
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
— Less than 1 year	463	—
— Between 1 and 2 years	463	—
— Between 2 and 5 years	386	—
	1,312	—
Year ended 31 December:		
Depreciation charge of right-of-use assets		
— Properties	343	—
Lease interests	51	435
Expenses related to short-term leases	76	2
Total cash outflow for leases	386	2,500
Additions of right-of-use assets	2,961	—

Note: On 20 April 2022, the Group entered into a lease agreement with an individual third party ("the landlord") for the leasing of office premises in the PRC with a lease term of 5 years and certain of the office premises were sub-leased by the Group (the "Lease Agreement"). Pursuant to the Lease Agreement, the landlord agreed to waive the rental payments for the period from 20 April 2022 to 19 June 2022 and from 20 April 2023 to 19 May 2023.

The Group carried out reviews of the recoverable amount of its leases and right-of-use assets in 2023, as a result of the deterioration of the markets of the Group's products and the performance of the Group, and full impairment loss has been recognised in the consolidated statement of profit or loss and other comprehensive income.

On 23 December 2024, the Group terminated the Lease Agreement, resulting in a gain amounting to RMB5,327,000 (Note 8).

On 9 April 2025, a subsidiary of the Group (the "Subsidiary") entered into a lease agreement with an individual third party for leasing of office premises in the PRC with a lease term of 3 years. On 4 November 2025, the Subsidiary terminated the Lease Agreement, resulting in a gain amounting to approximately RMB28,000 (Note 8).

On 4 November 2025, a subsidiary of the Group entered into a lease agreement with an individual third party for leasing of office premises in the PRC with a lease term of 3 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

17. INTANGIBLE ASSETS

	Computer software RMB'000	Patents RMB'000	Total RMB'000
Cost			
At 1 January 2024, 31 December 2024 and 1 January 2025	2,479	385	2,864
Disposal of subsidiaries	(2,479)	(385)	(2,864)
At 31 December 2025	—	—	—
Accumulated amortisation and impairment			
At 1 January 2024, 31 December 2024 and 1 January 2025	2,479	385	2,864
Disposal of subsidiaries	(2,479)	(385)	(2,864)
At 31 December 2025	—	—	—
Carrying amount			
At 31 December 2025	—	—	—
At 31 December 2024	—	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

18. SUBSIDIARIES

Particulars of the major subsidiaries are as follows:

Company name	Place of incorporation or registration	Registered/ paid up share capital	Percentage of equity interests attributable to the Company		Principal activities
			2025	2024	
Shenzhen Wenye Construction Group Co., Ltd.* ("WFOE") 深圳市文業建築工程集團有限責任公司	PRC	RMB132,800,000/ RMB98,854,400	N/A (Note (ii))	100%	Investment holding
Shenzhen Wenye Industrial Co., Ltd.* ("Wenye Industrial") 深圳文業實業有限公司	PRC	RMB129,800,000/ RMB99,374,400	N/A (Note (ii))	100%	Investment holding
Shenzhen Wenye Decoration Design Engineering Co., Ltd.* ("Wenye Decoration") 深圳文業裝飾設計工程有限公司	PRC	RMB263,800,000/ RMB233,374,400	N/A (Note (ii))	100%	Provision of interior and exterior building decoration and design services
Shenzhen Wenye Decoration Design Institute Co., Ltd.* ("Wenye Design Institute") 深圳市文業裝飾設計院有限責任公司	PRC	RMB12,000,000/ RMB2,000,000	N/A (Note (ii))	83%	Provision of interior and exterior building decoration and design services
Longshin Investment Holding Limited (龍新投資有限公司)	Hong Kong	HK\$100	100%	100%	Building Decoration, Renovation, and Other Construction Industries
Shenzhen Wenye Intelligent Construction Technology Co., Ltd.* ("Wenye Intelligent") 深圳文業智能建設科技有限公司	PRC	RMB30,800,000/ RMB21,560,000 (Note (i))	100%	100%	Building Decoration, Renovation, and Other Construction Industries

* The English names of these companies represent the best effort made by management of the Company to directly translate the Chinese names as these companies do not register any official English names.

Notes:

- (i) Wenye Intelligent was registered as domestic enterprises under the PRC law on 15 February 2022. As at 31 December 2025, the registered capital of Wenye Intelligent is RMB30,800,000, of which RMB21,560,000 (2024: RMB30,800,000, of which RMB21,560,000) has been paid by the Company.
- (ii) The companies were disposed by the Group on 12 June 2025. Details of the disposal of subsidiaries on Note 30(ii) to the consolidated financial statements.

The directors are of the opinion that a complete list of the subsidiaries of the company will be of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the results or assets of the Group.

The Group had no subsidiary which has material non-controlling interests for the years ended 31 December 2025 and 2024, accordingly financial information regarding the non-controlling interests is not presented in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

19. DEFERRED TAX

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As of 31 December 2025, no deferred income tax assets are recognised by the Group in respect of tax losses and other temporary differences that can be carried forward against future taxable income for 5 years (2024: deferred income tax assets of RMB39,198,000 in respect of tax losses and other temporary differences amounting to RMB234,503,000 at 31 December 2024 that can be carried forward against future taxable income for 5 years).

20. TRADE AND OTHER RECEIVABLES

	Notes	2025 RMB'000	2024 RMB'000
Trade receivables	(i)	47,421	688,722
Provision for loss allowance	5(c)(i)	(800)	(638,091)
Trade receivables, net		46,621	50,631
Retention receivables	(ii)	—	222,585
Provision for loss allowance	5(c)(i)	—	(216,620)
Retention receivables, net		—	5,965
Deposits	(iii)	—	9,922
Provision for loss allowance	5(c)(ii)	—	(9,881)
Deposits, net		—	41
Other receivables		1,057	33,345
Provision for loss allowance	5(c)(ii)	(34)	(14,040)
Other receivables, net		1,023	19,305
Prepayments		337	37,570
Advances to staff		—	778
Total trade and other receivables		47,981	114,290
Analysed as:			
Current assets		47,981	114,290
Non-current assets		—	—
		47,981	114,290

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

20. TRADE AND OTHER RECEIVABLES *(continued)*

The maximum exposure to credit risk at the reporting date is the carrying amounts of each class of receivable mentioned above.

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:

	2025	2024
	RMB'000	RMB'000
Unbilled revenue <i>(Note (a))</i>	45,864	473,236
31 days to 6 months	842	6,211
6 months to 1 year	715	9,709
1 to 2 years	—	18,047
2 to 3 years	—	54,747
Over 3 years	—	126,772
	47,421	688,722

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, certain trade receivables were pledged as collateral for the Group's certain bank borrowings (Note 25).

- (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 2025 and 2024, the aging analysis of the retention receivables, based on the retention period expiry date, is as follows:

	2025	2024
	RMB'000	RMB'000
Within 1 year	—	4,329
1 to 2 years	—	—
Over 2 years	—	218,256
	—	222,585

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

21. CONTRACT ASSETS AND LIABILITIES *(continued)*

(i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the respective years related to carried forward contract liabilities.

	2025	2024
	RMB'000	RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
— Construction services <i>(Note)</i>	—	602
— Design services	—	—
	—	602

(ii) Unsatisfied contracts related to construction and design services

	2025	2024
	RMB'000	RMB'000
Aggregate amount of the transaction price allocated to construction and design services that are partially or fully unsatisfied		
— Construction services <i>(Note)</i>	238,092	78,225
— Design services	—	6,164
	238,092	84,389

Note: The amounts do not include the transaction price for those contracts awarded but the Group had not commenced construction work at the year end date.

Management expects all of the transaction price allocated to unsatisfied performance obligations as of 31 December 2025 will be recognised as revenue more than one year. The amount disclosed above does not include variable consideration which is constrained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

22. RESTRICTED CASH

As at 31 December 2025 and 2024, restricted cash comprises (i) deposits held at banks as collateral for the issuance of the bills payable, and (ii) deposits held at banks under litigation claims.

As at 31 December 2025 and 2024, the carrying amounts of restricted cash approximate their fair values and denominated in the following currencies:

	2025	2024
	RMB'000	RMB'000
RMB	—	16,908
HK\$	59	—
	59	16,908

The Group's restricted cash balances 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.

23. CASH AND CASH EQUIVALENTS

	2025	2024
	RMB'000	RMB'000
Cash at bank	36,595	507

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

24. TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	43,157	690,887
Accruals and other payables		
Accrued staff benefits	2,612	20,091
Other payables and accruals	15,361	97,024
Provision for litigations penalty	—	66,927
	17,973	184,042
	61,130	874,929

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

	2025 RMB'000	2024 RMB'000
Within 30 days	33,699	—
31 days to 6 months	9,458	—
6 months to 1 year	—	9,019
1 to 2 years	—	14,659
2 to 3 years	—	138,944
Over 3 years	—	528,265
	43,157	690,887

The Group's trade and other payables denominated in RMB.

25. BANK BORROWINGS

	2025 RMB'000	2024 RMB'000
Bank borrowings	—	28,774

The average interest rates at 31 December were as follows:

	2025	2024
Bank borrowings	N/A	5.5%

The carrying amounts of the Group's bank borrowings approximate their fair value and are denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

25. BANK BORROWINGS *(continued)*

Notes:

- (i) On 18 December 2020, the Group entered into a loan agreement with China Construction Bank, the loan is secured and repayable in 12 months (i.e. December 2021), the loan term is extended for 12 months upon maturity(i.e. December 2022). As at 31 December 2024, the carrying amount of loan was approximately RMB8,774,000.
- (ii) On 8 January 2021, the Group entered into a loan agreement with China Construction Bank, the loan is secured and repayable in 12 months (i.e. January 2022), the loan term is extended for 12 months upon maturity(i.e. January 2023). As at 31 December 2024, the carrying amount of loan was approximately RMB20,000,000.

As at 31 December 2024, the Group had aggregate banking loan principal of RMB28,774,000. The Group's banking loans are subject to annual review and are secured and guaranteed by:

- (a) The Group's certain trade receivables (Note 20);
- (b) Limited personal guarantee executed by the shareholders, Mr. Fan Shaozhou, Mr. Chen Li, Mr. Deng Guanghui, Mr. Wan Neng, Mr. Peng Weizhou and related parties, Ms. Ye Jinhua of the Group (Note 33(iv)); and
- (c) Company guarantee executed by the subsidiaries: WFOE, Wenye Industrial, Wenye International (HK) Holdings Limited, Wenye Design Institute, Wenye Decoration and Wenye Building Decoration (Shenzhen) Co., Ltd..

26. OTHER BORROWINGS

	2025 RMB'000	2024 RMB'000
Other borrowings	35,000	102,437
The borrowings are repayable as follows:		
On demand or within one year	35,000	84,049
In the second year	—	18,388
Less: Amount due for settlement within 12 months (shown under current liabilities)	35,000 (35,000)	102,437 (84,049)
Amount due for settlement after 12 months	—	18,388

Notes:

- (i) As at November 2018, the Group had a financing arrangement with a supply chain finance company, an independent third party in the PRC, which acts as an agent to finance certain procurement of raw materials and consumables. Under the arrangement, the Group bears the interest at a rate of 1.5% per month on the outstanding borrowing amounts of such other borrowings, which are unsecured and have a term of repayment of 60 days after the settlement of the relevant purchase (i.e. January 2019). As at 31 December 2024, this borrowing is overdue, and the carrying amount of such other borrowing was approximately RMB554,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

26. OTHER BORROWINGS *(continued)*

Notes: *(continued)*

- (ii) On 27 May 2020 and 16 September 2020, the Group entered into two loan agreements with a financing company which granted loan principal of RMB15,000,000 and RMB10,000,000, respectively. All loans bear interest at a rate of 15.4% per annum. The loans are guaranteed by the shareholder, Mr. Fan Shaozhou. As at 31 December 2024, the carrying amounts of such loans were approximately RMB12,910,000 and RMB10,000,000, respectively and were overdue by the Group due to a shortage of funds.
- (iii) On 19 November 2021, 30 December 2021 and 31 December 2021, the Group entered into four loan agreements with four independent third parties in the PRC which granted loan principal of RMB2,500,000, RMB2,000,000, RMB35,000,000 and RMB2,800,000, respectively. The loans bear interest at a rate of 7.92% per annum. The loans are unsecured and repayable in eighteen months from the drawdown date (i.e. May 2023, June 2023 and June 2023). As at 31 December 2024, these loans were overdue by the Group due to a shortage of funds and the carrying amount of such loan were RMB1,500,000, RMB2,000,000, RMB34,500,000 and RMB368,000, respectively.
- (iv) On 12 August 2021, the Group entered into a loan agreement with an independent third party which was granted a loan facility of RMB1,247,000. The unsecured loans is interest-free and repayable in 48 months (i.e. August 2025). As at 31 December 2024, the carrying amount of such long-term loan was approximately RMB1,178,000.

An imputed interest expense of approximately RMB112,000 were recognised as “Finance costs, net” (Note 9) in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024.

- (v) On 11 March 2022, 1 April 2022, 22 September 2022, 11 October 2022 and 9 December 2022, the Group entered into five loan agreements with five independent third parties in the PRC which granted loan principal of approximately RMB8,800,000, RMB5,000,000, RMB4,590,000, RMB15,000,000 and RMB500,000, respectively. The loans are interest-free, unsecured and repayable in thirty-six months (i.e. March 2025), thirty-six months (i.e. April 2025), thirty-four months (i.e. July 2025), six months (i.e. April 2023) and thirty-one months (i.e. June 2025), respectively. As at 31 December 2024, the carrying amount of such long-term loan were RMB4,216,000, RMB1,484,000, RMB4,385,000, RMBNil and RMB478,000, respectively.

An imputed interest expense of approximately RMB983,000 were recognised as “Finance costs, net” (Note 9) in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024.

- (vi) On 19 May 2022 and 31 May 2022, the Group entered into two loan agreements with two independent third parties in the PRC which granted loan principal of RMB8,000,000 and RMB2,000,000, respectively. The loans bear interest at a rate of 10% and 7% per annum, respectively. The loans are unsecured and repayable in six months (i.e. November 2022) and 10 days (i.e. June 2022), respectively. As at 31 December 2024, the loans were overdue by the Group due to a shortage of funds and the carrying amount of such loans were RMB8,000,000 and RMB2,000,000, respectively.
- (vii) On 17 February 2023, 20 February 2023 and 28 March 2023, the Group entered into three loan agreements with three independent third parties in the PRC which granted loan principal of RMB8,000,000, RMB9,500,000 and RMB3,430,000, respectively. These loans are interest free, unsecured and repayable in the early of 2026. As at 31 December 2024, the carrying amount of such long-term loan were approximately RMB7,047,000, RMB8,359,000 and RMB2,982,000, respectively.

An imputed interest income of approximately RMBNil and an imputed interest expense of approximately RMB2,217,000 were recognised as “Finance costs, net” (Note 9) in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024.

- (viii) On 23 March 2024, the Company entered into a new loan agreement with a financial credit company which granted loan principal of HKD525,000 (approximately equal to RMB476,000) with a one-month term, expiring in April 2024. The loan bears interest at a rate of 34.28% per annum. As of 31 December 2024, the carrying amount of the loan was RMB476,000. Such loan was repaid during the year 2025.
- (ix) On 30 October 2025 and 29 December 2025, the Group entered into new loan agreements with independent third party in the PRC which granted loan principal of RMB20,000,000 and RMB15,000,000, respectively. The loans bear interest at a rate of 8.4% per annum. The loans are unsecured and repayable in 1 year (i.e. 29 October 2026 and 28 December 2026), respectively. As of 31 December 2025, the carrying amount of the loans were RMB20,000,000 and RMB15,000,000 respectively.

The carrying amounts of the Group’s other borrowings approximate their fair value and are denominated in RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

27. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Within 1 year	463	—	411	—
Between 1 and 2 years	463	—	432	—
Between 2 and 5 years	386	—	377	—
	1,312	—		
Less: Future finance charges	(92)	—		
Present value of lease liabilities	1,220	—	1,220	—
Less: Amount due for settlement within 12 months (shown under current liabilities)			(411)	—
Amount due for settlement after 12 months			809	—

The Group leased office premises for operation. Property leases are typically made for fixed period of 3 years. Lease terms are negotiated on an individual basis and contain various different terms and conditions.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in the consolidated statement of profit or loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

28. SHARE CAPITAL

	<i>Notes</i>	Number of shares	Equivalent nominal value of shares RMB'000
Authorized:			
3,800,000,000 shares of HK\$0.0001 each	<i>(i)</i>	3,800,000,000	327
Issued and fully paid:			
At 1 January 2024, 31 December 2024 and 1 January 2025	<i>(ii)</i>	594,000,000	51
Issuance of shares on placement	<i>(iii)</i>	237,600,000	22
At 31 December 2025		831,600,000	73

Notes:

- (i) The Company was incorporated on 13 November 2018 with an initial authorised share capital of HK\$380,000 divided into 3,800,000,000 shares of a par value of HK\$0.0001 each. On the date of incorporation, 1 ordinary share of HK\$0.0001 was allocated and issued by the Company.
- (ii) Wenye Innovator Holdings Limited holds 59,983 shares of the Company under the RSU Scheme. The directors are of the view that such shares are with the Company's control until the shares are vested unconditionally to the participants and hence are considered as treasury shares in substance. As at 31 December 2025 and up to the report date, no RSU has been granted by the Company pursuant to the RSU Scheme (2024: same).
- (iii) On 7 June 2024, the Company and Amasse Capital Limited entered into a placing agreement in respect of the placement of 237,600,000 ordinary shares of HK\$0.0001 each to independent investors at a price of HK\$0.0055 per share. The placement was completed on 17 April 2025 and the premium on the issue of shares, amounting to approximately HK\$12,117,000, was credited to the Company's share premium account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

29. RESERVES

(i) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(ii) Company

	Share premium RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	130,425	15,727	(182,595)	(36,443)
Loss for the year	–	–	(68,369)	(68,369)
At 31 December 2024 and 1 January 2025	130,425	15,727	(250,964)	(104,812)
Profit for the year	–	–	12,171	12,171
Issuance of shares on placement (Note 28(iii))	12,117	–	–	12,117
At 31 December 2025	142,542	15,727	(238,793)	(80,524)

(iii) Nature and purpose of reserves

(a) Share premium account

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is distributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchase of shares.

(b) Capital reserve

Capital reserve of the Company represented the difference between the net assets value of the subsidiaries acquired over the nominal value of the share capital of the Company issued in exchange thereof.

(c) Statutory reserves

The statutory reserve, which is non-distributable, is appropriated from the profit after taxation of the Group's PRC subsidiaries under the applicable laws and regulations in the PRC.

(d) Translation reserves

The translation reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 3 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(i) Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

	Amount due to related parties RMB'000	Bank and other borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	19,169	127,423	7,392	153,984
Change in cash flows	6,473	476	(2,500)	4,449
Non-cash changes:				
– Interest expenses of lease rentals paid	–	–	435	435
– Imputed interest expense on other borrowings	–	3,312	–	3,312
– Early termination of a lease contract	–	–	(5,327)	(5,327)
At 31 December 2024 and 1 January 2025	25,642	131,211	–	156,853
Change in cash flows	(23,230)	35,000	(259)	11,511
– Interest expenses	–	–	(51)	(51)
– Disposal of subsidiaries	–	(131,211)	–	(131,211)
– Additions	–	–	2,961	2,961
– Early termination of a lease contract	–	–	(1,431)	(1,431)
At 31 December 2025	2,412	35,000	1,220	38,632

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(ii) Disposal of subsidiaries

On 12 June 2025, the Group entered into sale and purchase agreements with an independent third party to sell (i) all its equity interest in WFOE and (ii) its 0.23% equity interest in Wenye Construction Decoration (Shenzhen) Limited (“文業建築裝飾(深圳)有限責任公司”), together with its subsidiaries, for a total cash consideration of HK\$1.3 million (equivalent to approximately RMB1,207,000) (the “Disposal”).

Net liabilities at the date of disposal were as follows:

	RMB'000
Property, plant and equipment (<i>Note 16</i>)	7,218
Trade and other receivables	285,191
Contract assets	63,269
Restricted cash	12,968
Cash and cash equivalents	11
Trade and other payables	(1,035,619)
Contract liabilities	(62,999)
Bank and other borrowings	(131,211)
Current income tax liabilities	(55,176)
	<hr/>
Subtotal	(916,348)
Financial guarantee contracts	59,091
Non-controlling interests	(1,365)
Gain on disposal of subsidiaries (<i>Note 8</i>)	859,829
	<hr/>
Total consideration	1,207
	<hr/>
Net cash inflow arising on disposal:	
Cash consideration received	1,207
Cash and cash equivalents disposed of	(11)
	<hr/>
	1,196
	<hr/>

31. FINANCIAL GUARANTEE CONTRACTS

As at 31 December 2025, the Group had a corporate financial guarantee amounting to approximately RMB62,189,000 in respect of 100% of the aggregated amount of bank facilities granted to the disposal subsidiaries.

As at 31 December 2025, loss allowance of appropriately RMB3,098,000 recognised by the Group in accordance with ECL model under HKFRS 9.

32. CONTINGENT LIABILITIES

As at 31 December 2025, the Group and the Company did not have any significant contingent liabilities (2024: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

33. RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholder and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The directors are of the view that the following companies were related parties that had material transactions or balances with the Group during the year ended 31 December 2025:

(i) The directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group during the year:

Name of related parties	Relationship with the Group
Mr. Fan Shaozhou	Substantial Shareholder
Mr. Peng Weizhou	Shareholder
Mr. Wan Neng	Shareholder
Mr. Kong Guojing	Executive Director
Mr. Chen Li (Resigned on 20 May 2025)	Non-Executive Director
Mr. Li Hongxing (Resigned on 24 July 2025)	Non-Executive Director
Ms. Ye Jinhua	Spouse of Mr. Fan Shaozhou, the substantial shareholder
Mr. Kong Nianshun	Son of Mr. Kong Guojing (Executive Director)
Mr. Mak Ho Fai	Non-Executive Director

(ii) Key management compensation

Key management includes the directors of the Group. The compensation paid or payable to key management for employee services is disclosed in Note 12 to the consolidated financial statements.

(iii) Amount due from a related party

	2025 RMB'000	2024 RMB'000
Mr. Li Hongxing	—	679

As at 31 December 2024, non-trade receivable balance to a related party was reserve fund of construction project.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

33. RELATED PARTY TRANSACTIONS *(continued)*

(iv) Amount due to related parties

	2025 RMB'000	2024 RMB'000
Non-trade payables to		
Mr. Kong Guojing <i>(Note a)</i>	1,716	21,710
Mr. Fan Shaozhou <i>(Note a)</i>	466	1,673
Mr. Chen Li <i>(Note a)</i>	—	585
Mr. Peng Weizhou <i>(Note b)</i>	—	268
Ms. Ye Jinhua <i>(Note a)</i>	—	10
Mr. Wan Neng <i>(Note a)</i>	—	1
Mr. Mak Ho Fai <i>(Note a)</i>	230	1,395
	2,412	25,642

As at 31 December 2025 and 2024, non-trade payables balance to a related party was unsecured, interest-free and repayable on demand and approximate their fair values.

The balances with related parties are denominated in RMB.

Notes:

- (a) During the year ended 31 December 2024, the Group had funds of approximately RMB25,374,000 loaned from Mr Fan Shaozhou, Mr Kong Guojing, Mr Chen Li, Mr Kong Nianshun, Mr. Mak Ho Fai, Ms Ye Jinhua and Mr Wan Neng to increase the company's liquidity.
- (b) On 18 September 2021, Mr. Peng Weizhou and an independent third party A entered into a loan agreement with an independent third party B, who granted loan facilities of RMB8,100,000. The loan bears interest at a rate of 14.6% per annum and is repayable in 6 months. The loan facility is secured by certain properties owned by Mr. Peng Weizhou and the independent third party A, respectively and guaranteed by Mr. Fan Shaozhou, and a subsidiary of the Group.

On 18 September 2021, Mr. Peng Weizhou and the independent third party A transferred RMB4,100,000 and RMB4,000,000 to the Group to support its daily operation. Such amounts are interest-free and the repayment terms are consistent with the above-mentioned loan agreement. As at 31 December 2024, the amount due to the independent third party A was fully repaid. An amount of approximately RMB268,000 was not settled to Mr. Peng Weizhou.

(v) Guaranteed by shareholders and related parties

Certain banking facilities available to the Group were secured by limited guarantees provided by the shareholders, who are Mr. Fan Shaozhou, Mr. Wan Neng, Mr. Chen Li, Mr. Deng Guanghui, Mr. Peng Weizhou and related parties, who are Ms. Ye Jinhua as at 31 December 2024 as disclosed in Note 25 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

For the year ended 31 December 2025

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSET		
Investment in a subsidiary	—	—
CURRENT ASSETS		
Prepayment and other receivables	—	3,253
Restricted cash	59	59
Cash and cash equivalents	75	7
	134	3,319
CURRENT LIABILITIES		
Other payables	15,022	15,095
Other borrowings	—	476
Amounts due to subsidiaries	3,374	35,630
Financial guarantee contracts	62,189	56,879
	80,585	108,080
NET CURRENT LIABILITIES	(80,451)	(104,761)
NET LIABILITIES	(80,451)	(104,761)
EQUITY		
Share capital	73	51
Reserves	(80,524)	(104,812)
TOTAL EQUITY	(80,451)	(104,761)

The statement of financial position of the Company was approved by the Board of Directors on 31 March 2026 and was signed on its behalf:

Mr. Kong Guojing

Ms. Fan Shuying

35. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized for issue by the Board of Directors on 31 March 2026.