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

2024
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Fan Shaozhou (范少周) *(Chairman and chief executive officer) (Resigned on 7 April 2025)*
Mr. Kong Guojing (孔國競) *(Co-Chairman) (Redesignated as Chairman on 7 April 2025)*
Ms. Fan Shuying (范舒穎) *(Appointed as Co-Chairwoman, Executive Director and Chief Executive Officer on 7 April 2025)*
Mr. Peng Jiwei (彭及偉) *(Appointed on 7 April 2025)*

Non-Executive Directors

Mr. Chen Li (陳立)
Mr. Shen Peng (諶鵬) *(Resigned on 7 April 2025)*
Mr. Li Hongxing (黎紅星)
Mr. Mak Ho Fai (麥浩輝) *(Appointed on 29 May 2024)*

Independent Non-Executive Directors

Mr. Ma Kin Ling (馬健凌)
Mr. Huang Wei (黃偉)
Ms. Lau Chui Ping Soey (柳翠萍) *(Resigned on 31 July 2024)*
Ms. Ye Jin Yu (葉金玉) *(Appointed on 19 August 2024)*

BOARD COMMITTEES

Audit Committee

Mr. Ma Kin Ling (馬健凌) *(Chairman)*
Mr. Huang Wei (黃偉)
Ms. Lau Chui Ping Soey (柳翠萍) *(Resigned on 31 July 2024)*
Ms. Ye Jin Yu (葉金玉) *(Appointed on 19 August 2024)*

Remuneration Committee

Mr. Huang Wei (黃偉) *(Appointed Chairman on 19 August 2024)*
Mr. Ma Kin Ling (馬健凌)
Ms. Lau Chui Ping Soey (柳翠萍) *(Resigned on 31 July 2024)*
Mr. Fan Shaozhou (范少周) *(Resigned on 7 April 2025)*
Ms. Fan Shuying (范舒穎) *(Appointed on 7 April 2025)*

Nomination Committee

Mr. Fan Shaozhou (范少周) *(Chairman) (Resigned on 7 April 2025)*
Ms. Fan Shuying (范舒穎) *(Appointed Chairwoman on 7 April 2025)*
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

VISTRA (CAYMAN) LIMITED
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)

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

China Construction Bank
Shenzhen Branch, Zhenhua sub-branch
1/F, Design Tower
No. 8 Zhenhua Road
Futian District, Shenzhen, PRC

Bank of Hangzhou
Shenzhen Branch
Room 1701, 17/F, Block B
CNOOC Building
No. 3168 Houhaibin Road
Nanshan District, Shenzhen, PRC

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
"Chenli Holdings"	:	Chenli Holdings Limited, a company incorporated under the laws of the BVI with limited liability on 16 October 2018 and is one of the Company's Shareholders
"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
"Fanshaozhou Holdings"	:	Fanshaozhou Holdings Limited, a company incorporated under the laws of the BVI with limited liability on 16 October 2018 and is one of the Company's Controlling 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
"NEEQ"	:	the National Equities Exchange and Quotations Co., Ltd. (全國中小企業股份轉讓系統), a PRC over-the-counter system for trading shares of public companies

"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
"Stock Exchange"	:	The Stock Exchange of Hong Kong Limited
"Wenye Decoration"	:	Shenzhen Wenye Decoration Design Engineering Co., Ltd, a wholly owned subsidiary of the Company
"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 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

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors of Wenye Group Holdings Limited (the "**Company**") and its subsidiaries (together, the "**Group**"), I would like to present the audited consolidated financial statements of the Group for the year ended 31 December 2024 (the "**Year**").

The Group is a building decoration services provider based in Shenzhen City, Guangdong Province, the PRC. The Group's projects cover a wide range of buildings and properties, including public infrastructure, commercial buildings and residential buildings. Wenye Group was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 14 January 2020.

FINANCIAL PERFORMANCE

China's real estate market continued to be sluggish, and the decoration industry, which is closely related to the real estate industry, has not recovered after a long period. The Group strived to survive and develop in such a difficult environment. The Group published an announcement on resumption of trading on 2 January 2024. The Group's revenue decreased from approximately RMB81.3 million for the year ended 31 December 2023 to approximately RMB13.5 million for the year ended 31 December 2024.

BUSINESS REVIEW AND OUTLOOK

Throughout 2024, the Group has undertaken a total of 11 indoor repair projects with a total contract value of RMB13.5 million. Compared with last year, the total number of new projects significantly declined due to macroeconomic pressures, prolonged weakness in PRC real estate sector, and liquidity constraints.

The indoor decoration industry is being transformed by technology, sustainability and cultural innovations. To distinguish itself from the market, the Group will adopt digital tools, environment-friendly practices and hybrid design styles. Despite the persisting challenges, the focus on domestic consumption and the demand for high-quality lifestyle ensures our long-term resilience. Aging housing and urbanization in rural areas in first and second tier cities in China provide undeveloped potential for the Group. Furthermore, demands for sustainable materials and smart household technology have been rising. As the disposable income in small cities increases, emerging markets will also provide growth opportunities.

CORPORATE RISK AND GOVERNANCE

The Group strictly complies with relevant laws and regulations in the course of business operation. The Group manages and controls operational risks by formulating relevant rules and regulations and holding regular management meetings. In accordance with the relevant Listing Rules of the Hong Kong Stock Exchange, the Group has also established the Remuneration Committee, the Nomination Committee and the Audit Committee, and has strictly complied with the Corporate Governance Code of the Hong Kong Stock Exchange and the code of conduct of directors, which effectively reduced the compliance risk of the Group. In addition, the Group will also continue to improve its corporate structure and enhance its risk management capabilities to minimize the risks arising from its business operations.

MARKET CONDITIONS

The indoor decoration industry of China saw strong growth amidst urbanization, prosperous real estate industry and the increase in disposable income. In recent years, driven by new residential and commercial construction projects and the booming decoration market, this market has become one of the largest around the world. With technological innovation and changing consumer demands, the industry is expected to further expand.

Currently, over 60% of the population of China reside in urban area, creating consistent demands for housing and indoor services. The middle class cares about aesthetics and functionality and would invest in high-end and customized designs. Despite the slowdown in new construction project growth due to the regulatory crackdown on property speculation, there is still demand for renovation and second home upgrades. Initiatives such as "dual-circulation" (emphasising domestic consumption) and green building standards have contributed to the growth and sustainability of the industry.

KEY MEASURES

In the face of these challenges, the Group has actively adopted a series of response measures:

1. R&D and Innovation Improvement: The Group has increased its R&D and innovation efforts and launched more market-competitive products and services to enhance its core competitiveness.

2. Internal Management Procedure Optimization: The Group has optimized its internal management procedures, reduced costs, improved efficiency, and strived to achieve greater value with limited resources.

3. Customer Communication and Cooperation Improvement: The Group has strengthened communication and cooperation with customers, deeply explored customer needs, and provided customers with personalized solutions to enhance customer satisfaction and loyalty.

4. Focusing on Policy and Industry Trends: The Group pays close attention to policy changes and industry trends, and promptly adjusts its strategies and operating models to cater to changes in the external environment.

5. Strengthening Cooperation with Government and Industry Associations: The Group will strengthen communication and cooperation with government departments and actively participate in the activities organized by industry associations and chambers of commerce, so as to seek more policy support and resource allocation and create a better external environment for the development of the Group.

OUTLOOK OF THE GROUP

2025: New journey, new goals and new growth.

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

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

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

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

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

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

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

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

APPRECIATION

On behalf of the Board, I would like to express my appreciation to our devoted employees and management team. I would also like to extend my sincere gratitude to our Shareholders and partners for their support, trust and concern for the Group. The Group will always adhere to its original aspirations and use its best endeavor to become a first-class decoration enterprise in the decoration industry.

Fan Shaozhou
Chairman

THE BOARD'S RESPONSE TO THE DISCLAIMER OF OPINION

The Auditor expressed a disclaimer of opinion in the independent auditors' report on the 2024 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

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

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

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

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

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

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

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 2024. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2024 on a going concern basis.

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

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

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

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

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

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

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. The Group entered into a contract with a hotel operating in Saipan for renovation and interior decoration services for a total consideration of USD20.25 million (approximately HKD157.09 million) and another contract with a contractor for the same services for a project in Taiyuan, the PRC, for a total consideration of RMB36.9 million (approximately HKD39.4 million). The projects are expected to commence in the second half of 2025;

(ii) The Group has been actively negotiating with a bank and other lenders over the settlement of overdue bank borrowing and other borrowings. The Group's bank borrowings and other borrowing amount remained stable at approximately RMB28,774,000 and approximately RMB102,437,000 for the financial year ended 31 December 2024. The negotiation includes extension of repayment timelines, 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 new financing in terms of issuance of new shares of the Company and from potential investors. The structure of the fundraising exercise will be subject to the entering into of definitive agreement. The fresh funds from the share issuance 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 up by the Group;

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

(v) The Group will continue to closely monitor and take active measures to control administrative costs through various channels such as human resources optimisation and containing capital expenditures. The Group will continue to implement aggressive cost-cutting measures such as workforce reduction and renegotiating supplier contracts. In relation to working capital optimization, the Group will accelerate collection of receivables and renegotiate payables with suppliers to reduce net current liabilities. Besides, the Group will explore factoring receivables or advance payments for new projects to improve cash flow; and

(vi) The Group will assess recoverable values of the Group's assets and consider divesting non-core assets or subsidiaries to raise immediate cash.

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 2024 have been prepared on a going concern basis. The audit committee requested the management to take all necessary actions to address the effect on the basis for disclaimer of opinion to procure no such disclaimer of opinion to be made in the next financial year.

BUSINESS REVIEW

Throughout 2024, the Group has undertaken a total of 11 contracts for interior repair projects with a total contract value of RMB13.5 million. Compared with last year, the total number of new projects significantly declined due to macroeconomic pressures, prolonged weakness in PRC real estate sector, and liquidity constraints.

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

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

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

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

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

FUTURE PROSPECTS

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

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

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

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

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

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

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

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

FINANCIAL REVIEW

Revenue

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

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

The Group's revenue decreased to approximately RMB13.5 million for the year ended 31 December 2024 from approximately RMB81.3 million for the year ended 31 December 2023, representing a decrease of approximately RMB67.8 million. Such decrease was mainly due to a significant decrease in contract value in 2024 as a result of the impact of the slowdown of the PRC domestic economy, the surging defaults in the PRC real estate sector, the Company's default on its debt obligations and the capital chain rupture experienced by the Group's customers.

Cost of sales

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

Gross profit and gross profit margin

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

Other income

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

Other losses, net

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

Selling and marketing expenses

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

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

General and administrative expenses

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

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

Impairment losses on financial and contract assets

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

Amongst the impairment losses of financial and contract assets included impairment loss of other receivables of approximately RMB14,040,000 for the year ended 31 December 2024. The other receivables mainly represented tender deposits and performance bonds due from customers. Most of the customers are property developers who was adversely affected by the pandemic and suffered from the impact of the slowdown of the PRC domestic economy, the surging default events in the PRC real estate sector and the capital chain rupture.

Due to the financial difficulties faced by the customers, the projects with them have been ceased and the balance with customers becomes outstanding. The Group has been issuing reminders monthly written reminders and statements starting from the due date. Follow-up calls and emails with debtors to clarify payment expectations have been conducted. The Group also have started negotiation with debtors facing short-term liquidity issues and offered settlement discounts to incentivize partial or full repayment from debtors.

The Group has performed a recoverability assessment on the recoverability of the financial and contract assets and engaged an independent third party valuer in assessing the expected credit loss arising from the financial and contract assets.

The Group will keep current practice on recovering the debts. In addition, the Group will engage the collection agencies to intensify recovery efforts in third quarter of 2025. The Group will file lawsuits in cases of non-responsive debtors. The Group will perform a thorough recoverability assessment in 2025 and will write off receivables that are liquidated and deemed irrecoverable by the projects management team.

Refer to Note 2.11 (iv) to the notes to the consolidated financial statements on the accounting policies on the impairment of financial and contract assets; Note 4(c) to the notes to the consolidated financial statements on the credit risk disclosures on financial and contract assets; and Notes 21 and 22 to the notes to the consolidated financial statements on the disclosure on financial and contract assets for details.

Loss for the year

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

Financial position, liquidity and financial resources

Trade and other receivables

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

Trade and other payables

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

Bank Borrowings

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

Working capital management

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

Liquidity ratios

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

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

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

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

Significant investments/material acquisitions and disposals

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

Capital commitments

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

Contingent liabilities

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

Dividends

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

Foreign currency exposure

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

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

Important events after the end of the period

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

Charges on the Group's assets

As at 31 December 2024, the Group's certain trade receivables (2023: 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 2024, the Group did not have any future plans for material investments or capital assets.

FIVE-YEAR FINANCIAL SUMMARY

	Year ended 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**13,524**	81,343	378,119	1,031,361	1,247,561
(Loss)/profit before taxation	**(95,440)**	(63,524)	(193,417)	(1,162,866)	32,525
Income tax expense	**—**	—	(172)	(43,310)	(11,456)
(Loss)/profit for the year	**(95,440)**	(63,524)	(193,589)	(1,206,176)	21,069

ASSETS AND LIABILITIES

	At 31 December				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**203,086**	239,752	300,980	567,801	1,952,677
Total liabilities	**(1,133,528)**	(1,074,751)	(1,072,459)	(1,147,687)	(1,326,873)
	(930,442)	(834,999)	(771,479)	(579,886)	625,804

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. Fan Shaozhou (范少周), aged 57, is the chairman, executive Director and chief executive officer of our Group. He is responsible for the overall management, strategic planning and decision-making of our Group.

Mr. Fan has over 30 years of experience in the decoration and design engineering industry. He joined the Group in January 1993 and he served as a project manager of Shenzhen Wenye Decoration Design Engineering Co., Ltd (深圳文業裝飾設計工程有限公司) ("**Wenye Decoration**"). From January 1993 to October 1996. Subsequently, he served as the manager of the Ji'nan branch company of Wenye Decoration from October 1996 to October 2006. From October 2006 to September 2008, Mr. Fan served as the deputy general manager of Wenye Decoration. After that, prior to the listing of the shares of Wenye Decoration on the NEEQ in April 2016 (the "**NEEQ Listing**"), Mr. Fan served as a director and the general manager of Wenye Decoration from September 2008 to September 2015. In preparation for the NEEQ Listing, Wenye Decoration converted into a joint stock company in September 2015 and Mr. Fan was appointed as a director and the general manager of Wenye Decoration. During the NEEQ Listing, Mr. Fan was appointed as the chairman of the board of directors of Wenye Decoration in November 2016. After the NEEQ De-Listing and conversion to a limited liability company, in November 2018, Mr. Fan ceased to be the director and chairman of the board of directors of Wenye Decoration and has been acting as the sole executive director and general manager of Wenye Decoration since then. From the incorporation of our Company in November 2018 to March 2019, Mr. Fan acted as the sole director of our Company, and since March 2019, Mr. Fan has been acting as our executive Director, chief executive officer and chairman of the Board.

Mr. Fan received his diploma in electric engineering from Guangdong University of Education (廣東第二師範學院), (formerly known as Guangdong Institute of Education (廣東教育學院)) in June 1990. He further received his master's degree in Business Administration from The Chinese University of Hong Kong (香港中文大學) in November 2013.

Mr. Kong Guojing (孔國競), 60 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).

NON-EXECUTIVE DIRECTORS

Mr. Chen Li (陳立), aged 64, is our non-executive Director. He is responsible for providing strategic advice and guidance on the business development of our Group.

Mr. Chen has more than 28 years of experience in the decoration and engineering industry. Mr. Chen joined our Group in January 1994. From January 1994 to September 2001, he served as a project manager in Wenye Decoration. Subsequently, He acted as the branch manager in the Wuhan branch of Wenye Decoration from September 2001 to April 2013. Mr. Chen then served as a vice president of Wenye Decoration from April 2013 to September 2015. From September 2015 to July 2016, Mr. Chen served as a director of Wenye Decoration. Mr. Chen served as general manager of the first business department from June 2016 to May 2017. Mr. Chen has been serving as the project manager of Wenye Decoration since June 2017. Apart from his positions in our Group, Mr. Chen is currently acting as a vice chairman of the board of directors of Wuhan Naite Information Technology Co., Ltd. (武漢奈特信息技術有限公司); as a director of Shanghai Mingrui Financial Leasing Co., Ltd. (上海明鋭融資租賃有限公司); as a director of Shanghai Delong Commercial Factoring Co., Ltd. (上海德礱商業保理有限公司); and as the supervisor of Wuhan Shenjian Construction Decorative Design Co., Ltd. (武漢深建建築裝飾設計工程有限公司).

Mr. Chen received his master's degree in Business Administration in Executive Management from the Royal Roads University in Canada in June 2006.

Mr. Li Hongxing (黎紅星), aged 44, is our non-executive Director. He joined the Group in February 2023. Mr. Li has over 10 years of experience in engineering management. He served as the executive vice president of Shenzhen Construction and Decoration Industry Group Co., Ltd.* (深圳市建裝業集團股份有限公司) from November 2009 to June 2015, during which he was responsible for assisting the chairman to oversee the administrative and project management of the company. He served as the general manager of Shenzhen Yatian Decoration Design Engineering Co., Ltd.* (深圳市雅田裝飾設計工程有限公司) (currently known as Shenzhen Ruiyuan Decoration and Design Engineering Co., Ltd.* (深圳市瑞元裝飾設計工程有限公司)) from July 2015 to April 2016, during which he was responsible for overseeing the overall management of the company. He has been the vice president of Shenzhen Wenye Decoration Design Engineering Co., Ltd. (深圳文業裝飾設計工程有限公司) since April 2016, and he is responsible for overseeing departments for marketing, procurement, cost control, overseas business, etc. Mr. Li graduated from the Wuhan University of Technology (武漢理工大學) in the People's Republic of China (the "**PRC**") with an associate degree in industrial and civil construction in July 2007. He further obtained a bachelor's degree in computer science and technology from the PLA Academy of Artillery (中國人民解放軍炮兵學院) in the PRC in June 2010. Mr. Li obtained a master's degree in construction and civil engineering from Chongqing University in the PRC in December 2016. He was accredited as a first-grade certified constructor (一級建造師) by the Ministry of Construction of the PRC (中華人民共和國建設部) in June 2010. He was accredited as a senior engineer by the Ministry of Human Resources and Social Security of Guangdong Province (廣東省人力資源和社會保障廳) in March 2015. Mr. Li was awarded the Honorary Certificate for 2014 National Building Decoration Industry Excellent Project Manager* (2014年全國建築裝飾行業優秀項目經理榮譽證書) by the China Building Decoration Association (中國建築裝飾協會) in June 2014 and the Special Honorary Certificate for 2014 "Luban Award" Project Manager (Construction Participation)* (2014年度「魯班獎」工程項目經理(參建)特別榮譽證書) by the China Construction Industry Association (中國建築業協會) in June 2015.

Mr. Mak Ho Fai (麥浩輝), aged 29, 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* (深圳市馳悦科技有限公司) 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.

Mr. Shen Peng (諶鵬), aged 38, is our non-executive Director. He joined the Group in June 2023. Mr. Shen has over 10 years of experience in business management and is experienced in corporate strategic investment planning, corporate mergers and acquisitions, asset management, internal control, etc. From 2008 to 2012, he worked at Beijing Hezhi Chuangzhan Investment Company Limited* (北京合智創展投資有限公司) as a department manager. From 2012 to 2014, he worked at Sichuan Guoxin Limited* (四川國信有限公司) as a department manager. From 2015 to 2017, he worked at Zhongjin Tianyin Asset Management Limited* (中金天銀資本管理有限公司) as person-in-charge of the western district.

From 2017 to 2021, he worked at Sichuan Ruifeng Investment Management Group Limited* (四川銳豐投資管理集團有限公司) as general manager, and was responsible for investment and asset management matters. Since 2021, he has been serving as the chairman of Sichuan Dingsheng Ronghui Enterprise Limited* (四川鼎盛榮輝實業有限公司), which engages in investment and supply chain related services in the PRC.

Mr. Shen obtained a bachelor's degree in economics from the Central University of Finance and Economics of the PRC in 2009 and a master's degree in international business management from the Paris School of Business of France in March 2020. He obtained a Certificate of Human Resource Manager* (人力資源總監證書) from the Department of Human Resources and Social Security of Sichuan Province of the PRC (中國四川省人力資源和社會保障廳) in August 2014. He also obtained a Fund Management Qualification Certificate* (基金管理資格證) and a Fund Practitioner Qualification Certificate* (基金從業資格證) from the Asset Management Association of China (中國證券投資基金業協會) in April 2021.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Huang Wei (黃偉), aged 40, 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.

Ms. Ye Jinyu* (葉金玉), aged 50, 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 (馬健淩), aged 42, 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 holds various positions in companies listed on the Main Board of the Stock Exchange.

He is currently an executive Director of World Super Holdings Limited (stock code: 8612), the internal company secretary of Xin Yuan Enterprises Group Limited (stock code: 1748), 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) during the period from 10 May 2019 to 11 July 2024, an independent non-executive director of Elife Holdings Limited (stock code: 223) during the period from 24 December 2024 to 11 March 2025 and the chief executive officer and company secretary of China Zenith Chemical Group Limited (stock code: 362) during the period from 6 May 2016 to 31 December 2024. Mr. Ma is a member of the Hong Kong Institute of Certified Public Accountants. He graduated from the City University of Hong Kong with a Bachelor of Business Administration degree (Honours) in Accountancy and Law. Prior to joining the Group, he worked in reputable international accounting firms and has over 10 years of experience in auditing and accounting.

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 financial statements (the "**Consolidated Financial Statements**") of the Group for the year ended 31 December 2024.

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 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 4 to the consolidated financial statements.

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 17 of this annual report.

RESULTS AND FINAL DIVIDEND

The results of the Group for the year ended 31 December 2024 and the financial information of the Group as at 31 December 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 56 of this annual report.

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

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 2024 (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.

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 29 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 59 of this report.

As at 31 December 2024, 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 18 of this annual report.

This summary does not form part of the audited consolidated financial statements.

BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 December 2024 are set out in Note 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 2024.

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 4 to the Consolidated Financial Statements.

Key sources of estimation uncertainty

Details of the key sources of estimation uncertainty as at 31 December 2024 are set out in Note 3 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 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.

As at 31 December 2024, 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. Fan Shaozhou (范少周) *(Resigned as Chairman, Executive Director and executive officer on 7 April 2025)*
Mr. Kong Guojing (孔國競) *(Redesignated as Chairman on 7 April 2025)*

Non-executive Director

Mr. Chen Li (陳立)
Mr. Shen Peng (諶鵬) *(Resigned on 7 April 2025)*
Mr. Li Hongxing (黎紅星)
Mr. Mak Ho Fai (麥浩輝) *(Appointed on 29 May 2024)*

Independent Non-Executive Directors (the "INEDs")

Mr. Huang Wei (黃偉)
Ms. Lau Chui Ping Soey (柳翠萍) *(Resigned on 31 July 2024)*
Mr. Ma Kin Ling (馬健凌)
Ms. Ye Jin Yu (葉金玉) *(Appointed on 19 August 2024)*

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 19 to 23 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 2024, 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 Directors of the Company. On 7 June 2024, the Company entered into subscription agreements with Mr. Kong Guojing, Chairman and executive Director of the Company, and Mr. Mak Ho Fai, non-executive Director of the Company in relation to the subscription of 62,313,673 subscription Shares and 27,272,727 subscription Shares at a price of HK$0.055 per subscription Share for a consideration of HK$3,427,252 and HK$1,500,000, respectively. Mr. Kong and Mr. Mak are connected persons of the Company under Chapter 14A of the Listing Rules by virtue of their directorships and the subscriptions constitute connected transactions of the Company.

The consideration for the subscription by Mr. Kong shall be set off against the loan owned by the Company to Mr. Kong in the amount of RMB17,096,000 (approximately HK$18,186,998 as of the date of this report) and the consideration payable by Mr. Mak to the Company shall be in cash.

During the period of 365 days from the completion date of the subscriptions (the "**Lock-up Period**"), save with the prior written consent of the Company, each of the subscribers shall remain as the sole beneficial owner, free from all encumbrances and third party rights, of its subscription Shares. At any time during the Lock-up Period, each of the subscribers shall not offer, pledge, charge, sell, contract to sell, or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, its subscription Shares.

The subscription Shares subscribed by Mr. Kong represent approximately 7.49% of the issued share capital of the Company immediately upon completion of the subscription. Mr. Mak, together with the Shares he held prior to entering into the subscription, will hold approximately 7.74% of the Shares immediately upon completion of the subscription. Completion of the subscriptions took place on 17 April 2025.

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 this Year are disclosed in Note 34 to the Consolidated Financial Statements. The related party transactions disclosed in Note 34 were not regarded as connected transactions or were exempt from reporting, announcement and shareholders' approval requirements under the Listing Rules.

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 2024, 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**	**Relevant company**	**Number of Shares held** *(Note 1)*	**Approximate percentage of issued share capital** *(Note 2)*
Mr. Fan Shaozhou	Founder of a discretionary trust	Fanshaozhou Holdings *(Note 3)*	55,017,150	9.26%
Mr. Mak Ho Fai	Beneficial owner		37,072,000	6.24%
Mr. Chen Li	Founder of a discretionary trust	Chenli Holdings *(Note 4)*	19,350,000	3.26%

Save as disclosed above, as at 31 December 2024, 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:

1. All interests stated are long positions.

2. The percentage represents the total number of the Shares and the underlying Shares interested divided by the number of issued Shares of 594,000,000 as the date of this annual report.

3. Fanshaozhou Holdings is indirectly wholly-owned by CMB Wing Lung (Trustee) Limited, the Trustee of the Fan Family Trust. The Fan Family Trust is a discretionary family trust established by Mr. Fan and for the benefit of himself. Accordingly, Mr. Fan, as the founder and settlor of the Fan Family Trust, is deemed to be interested in such Shares held by Fanshaozhou Holdings for the purpose of Part XV of the SFO.

4. Chenli Holdings is indirectly wholly-owned by CMB Wing Lung (Trustee) Limited, the Trustee of the Chen Family Trust. The Chen Family Trust is a discretionary family trust established by Mr. Chen Li and for the benefit of himself. Accordingly, Mr. Chen Li, as the founder and settlor of the Chen Family Trust, is deemed to be interested in such Shares held by Chenli Holdings for the purpose of Part XV of the SFO.

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

As at 31 December 2024, 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** *(Note 1)*	**Approximate percentage of the issued share capital** *(Note 2)*
CMB Wing Lung Trustee Limited *(Note 3)*	Trustee of a trust	74,367,150	12.52%
Antopex Limited *(Note 3)*	Nominee for another person	74,367,150	12.52%
Fanshaozhou Holdings *(Note 3)*	Beneficial owner	55,017,150	9.26%
Modest Faith Limited *(Note 3)*	Interest in a controlled corporation	55,017,150	9.26%
Ms. Ye Jinhua (葉錦花) *(Note 4)*	Interest of spouse	55,017,150	9.26%
Wenye Elite Holdings *(Note 5)*	Beneficial owner	72,000,000	12.12%
	Interest in a controlled corporation	26,992,350	4.54%
Mr. Mak Ho Fai	Beneficial owner	37,072,000	6.24%

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 594,000,000 as the date of this annual report.

3. Antopex Limited is wholly-owned by CMB Wing Lung (Trustee) Limited. CMB Wing Lung (Trustee) Limited is the trustee of the Fan Family Trust and Chen Family Trust. Antopex Limited is the nominee of the Fan Family Trust and Chen Family Trust and holds the entire equity interest of Modest Faith Limited and Best On Enterprises Limited on trust. Modest Faith Limited holds the entire equity interest of Fanshaozhou Holdings and Best On Enterprises Limited holds the entire equity interest of Chenli Holdings. Accordingly, Antopex Limited and CMB Wing Lung (Trustee) Limited are deemed to be interested in such number of Shares held by Fanshaozhou Holdings and Chenli Holdings and Modest Faith Limited is deemed to be interested in such number of Shares held by Fanshaozhou Holdings for the purpose of Part XV of the SFO.

4. Ms. Ye Jinhua is the spouse of Mr. Fan Shaozhou. Accordingly, Ms. Ye Jinhua is deemed to be interested in such Shares held by Mr. Fan Shaozhou for the purpose of Part XV of the SFO.

5. 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 2024, 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 16%

— five largest suppliers in aggregate 86%

Purchases — subcontractor

— the largest subcontractor 63.53%

— five largest subcontractors in aggregate 100%

Sales

— the largest customer 35.89%

— five largest customers in aggregate 83.47%

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.

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 2024 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 2024, the Group had a total of 71 employees (31 December 2023: 82). For this Year, the Group incurred staff costs, including Directors' remuneration of approximately RMB7.8 million (Year 2023: approximately RMB8.5 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. Mak Ho Fai was appointed as the Company's non-executive Director, with effect from 29 May 2024. Please see the announcement of the Company dated 29 May 2024 for details.

Ms. Lau Chui Ping Soey resigned as the Company's independent non-executive Director, Chairwoman of the Remuneration Committee and member of the Audit Committee, with effect from 31 July 2024. Please see the announcement of the Company dated 6 August 2024 for details.

Ms. Ye Jinyu was appointed as the Company's independent non-executive Director and a member of the Audit Committee, with effect from 19 August 2024. Please see the announcement of the Company dated 19 August 2024 for details.

With effect from 7 April 2025, Mr. Fan Shaozhou resigned as the Chairman, Executive Director, Chief Executive Officer, member of the Remuneration Committee, Chairman of the Nomination Committee as well as an authorised representative of the Company. Mr. Shen Peng resigned as Non-Executive Director. On the same day, Ms. Fan Shuying was appointed as Co-Chairwoman, Executive Director, Chief Executive Officer, member of the Remuneration Committee, Chairwoman of the Nomination Committee and authorised representative of the Company. Mr. Peng Jiwei was appointed as the Company's Executive Director and Mr. Kong Guojing was redesignated as the Chairman of the Group. Please see the announcement of the Company dated 7 April 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 37 to 53 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 on the annual general meeting dated 10 October 2024. Zhonghui Anda CPA Limited had acted as the auditor of the Company since 20 June 2022 following the resignation of PricewaterhouseCoopers on 20 May 2022.

The Consolidated Financial Statements for the year ended 31 December 2024 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

Fan Shaozhou
Chairman and Executive Director

Shenzhen, PRC, 31 March 2025

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 CG Code.

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 ("**Mr. Fan**") 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 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 two executive Directors, four non-executive Directors and three independent non-executive Directors.

Executive Directors

Mr. Fan Shaozhou *(Chairman and Chief Executive Officer)*
Mr. Kong Guojing *(Co-Chairman)*

Non-executive Directors

Mr. CHEN Li
Mr. LI Hongxing
Mr. MAK Ho Fai
Mr. Shen Peng

Independent Non-executive Directors

Mr. HUANG Wei
Mr. MA Kin Ling
Ms. YE Jinyu

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.

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.

Mr. Chen Li, being one of the non-executive Directors of the Company, has entered into a service agreement with the Company for a term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other.

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. Li Hongxing and Mr. Mak Ho Fai, 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 29 May 2024, 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.

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[8]
Executive Directors					
Mr. Fan Shaozhou	9/9	0/0	2/2	3/3	1/1
Mr. Kong Guojing	9/9	0/0	0/0	0/0	1/1
Non-Executive Directors					
Mr. Mak Ho Fai *(Note 1)*	7/7	0/0	0/0	0/0	1/1
Mr. Chen Li	9/9	0/0	0/0	0/0	1/1
Mr. Shen Peng	9/9	0/0	0/0	0/0	0/1
Mr. Li Hongxing	9/9	0/0	0/0	0/0	1/1
Independent Non-Executive Directors					
Ms. Ye Jinyu *(Note 2)*	5/5	3/3	0/0	4/4	1/1
Mr. Huang Wei *(Note 3)*	9/9	4/4	0/0	3/3	0/1
Ms. Lau Chui Ping Soey *(Note 4)*	4/4	1/1	1/1	1/1	0/0
Mr. Ma Kin Ling	9/9	4/4	2/2	3/3	0/1

Notes:

1. Mr. Mak Ho Fai was appointed as the non-executive Director on 29 May 2024.

2. Ms. Ye Jinyu was appointed as independent non-executive Director and member of the Audit Committee on 19 August 2024.

3. Mr. Huang Wei was redesignated as chairman of the Remuneration Committee on 19 August 2024.

4. Ms. Lau Chui Ping Soey resigned as independent non-executive Director and chairwoman of the Remuneration Committee and member of the Audit Committee on 31 July 2024.

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. Mr. Mak Ho Fai and Ms. Ye Jinyu has each obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law on 29 May 2024 and 19 August 2024, 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 2024, 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 2024 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	✓	✓
Mr. Kong Guojing	✓	✓
Non-Executive Directors		
Mr. Mak Ho Fai	✓	✓
Mr. Chen Li	✓	✓
Mr. Shen Peng	✓	✓
Mr. Li Hongxing	✓	✓
Independent Non-Executive Directors		
Ms. Ye Jinyu	✓	✓
Mr. Huang Wei	✓	✓
Ms. Lau Chui Ping Soey	✓	✓
Mr. Ma Kin Ling	✓	✓

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 2024.

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.

The audit committee has reviewed the year-end audit plan for the year 2024 and has reviewed the audited financial statements of the Group for the financial year ended 31 December 2024 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 2024. 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 2024.

Remuneration Committee

As of the date of this report, the Remuneration Committee comprises three members, namely Mr. Huang Wei (Chairperson), Mr. Fan Shaozhou and Mr. Ma Kin Ling, and the majority of them are independent non-executive Directors. Mr. Fan Shaozhou resigned as a member of the Remuneration Committee on 7 April 2025 and Ms. Fan Shuying was appointed as a member on the same day.

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 2024 categorized by band(s):

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

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.

Nomination Committee

As of the date of this report, the Nomination Committee comprises three members, namely Mr. Fan Shaozhou (Chairman), Mr. Huang Wei and Mr. Ma Kin Ling, and the majority of them are independent non-executive Directors. 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 2024, the workforce of the Company, including senior management, totaled 71 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.

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 thereout 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.

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 2024, the fees payable by the Group to Beijing Xinghua Caplegend CPA Limited in respect of audit services provided by them were as follows:

	RMB *(million)*
Audit services	
— annual audit on the consolidated financial statements of the Company for the year ended 31 December 2024	1.38
— other service	0.02
Total	1.40

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 54 to 55.

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.

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.

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.

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 2024.

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 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 2024 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.

北京兴华
BEIJING XINGHUA

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 56 to 116, which comprise the consolidated statement of financial position as at 31 December 2024, 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 2024. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties related to going concern

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

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

Should the Group be unable to achieve the above mentioned plans and measures, it might be not able to continue 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 Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance, 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 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**"), and we have 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 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	**2024 RMB'000**	2023 RMB'000
REVENUE	*6*	**13,524**	81,343
Cost of sales		**(12,235)**	(74,229)
Gross profit		**1,289**	7,114
Other income	*7*	**—**	13
Other losses — net	*8*	**(9,578)**	(2,555)
Selling and marketing expenses		**(93)**	(73)
General and administrative expenses		**(21,993)**	(27,198)
Provision for impairment loss on financial assets and contract assets, net	*11*	**(44,086)**	(27,335)
Impairment losses of non-current assets	*11*	**(13)**	(2,222)
LOSS FROM OPERATIONS		**(74,474)**	(52,256)
Finance income		**32**	4,400
Finance costs		**(20,998)**	(15,668)
Finance costs, net	*9*	**(20,966)**	(11,268)
LOSS BEFORE TAX		**(95,440)**	(63,524)
Income tax expense	*10*	**—**	—
LOSS FOR THE YEAR		**(95,440)**	(63,524)
Other comprehensive (loss)/income:			
Item that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**(3)**	4
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		**(3)**	4
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(95,443)**	(63,520)
Loss for the year attributable to:			
Owners of the Company		**(95,379)**	(63,469)
Non-controlling interests		**(61)**	(55)
		(95,440)	(63,524)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(95,382)**	(63,465)
Non-controlling interests		**(61)**	(55)
		(95,443)	(63,520)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*14*		
— Basic and diluted (RMB)		**(0.16)**	(0.11)

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 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*15*	**7,434**	7,615
Right-of-use assets	*16*	**—**	—
Investment properties	*17*	**—**	—
Intangible assets	*18*	**—**	—
Trade and other receivables	*21*	**—**	399
		7,434	8,014
CURRENT ASSETS			
Contract assets	*22*	**63,268**	86,580
Trade and other receivables	*21*	**114,290**	122,694
Amounts due from related parties	*34*	**679**	—
Restricted cash	*23*	**16,908**	22,287
Cash and cash equivalents	*24*	**507**	177
		195,652	231,738
CURRENT LIABILITIES			
Trade and other payables	*25*	**874,929**	818,401
Contract liabilities	*22*	**62,999**	63,601
Bank borrowings	*26*	**28,774**	28,774
Other borrowings	*27*	**84,049**	71,832
Lease liabilities	*28*	**—**	1,915
Amounts due to related parties	*34*	**25,642**	19,169
Current income tax liabilities		**38,747**	38,765
		1,115,140	1,042,457
NET CURRENT LIABILITIES		**(919,488)**	(810,719)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(912,054)**	(802,705)
NON-CURRENT LIABILITIES			
Other borrowings	*27*	**18,388**	26,817
Lease liabilities	*28*	**—**	5,477
		18,388	32,294
NET LIABILITIES		**(930,442)**	(834,999)

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CAPITAL AND RESERVES			
Share capital	*29*	**51**	51
Reserves	*30*	**(932,148)**	(836,766)
Equity attributable to owners of the Company		**(932,097)**	(836,715)
Non-controlling interests		**1,655**	1,716
TOTAL EQUITY		**(930,442)**	(834,999)

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

The consolidated financial statements on pages 56 to 116 were approved and authorised for issue by the board of directors on 31 March 2025 and are signed on its behalf by:

Mr. Fan Shaozhou
Director

Mr. Kong Guojing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserves RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	51	130,425	142,570	36,552	(6)	(1,082,842)	(773,250)	1,771	(771,479)
Loss for the year	–	–	–	–	–	(63,469)	(63,469)	(55)	(63,524)
Other comprehensive income for the year	–	–	–	–	4	–	4	–	4
Total comprehensive loss for the year	–	–	–	–	4	(63,469)	(63,465)	(55)	(63,520)
At 31 December 2023	51	130,425	142,570	36,552	(2)	(1,146,311)	(836,715)	1,716	(834,999)
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)

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 2024

	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(95,440)**	(63,524)
Adjustments for:		
Depreciation of property, plant and equipment	**184**	189
Depreciation of investment properties	**—**	19
Finance income	**(32)**	(4,400)
Finance costs	**20,998**	15,668
Adjust rental payments	**—**	(650)
Gain on early termination of a lease contract	**(5,327)**	—
Gain on disposal of an investment property	**—**	(1,953)
Impairment of property, plant and equipment	**13**	2,222
Net impairment losses on financial assets and contract assets	**44,086**	27,335
Penalty of lawsuits	**14,428**	4,469
Operating cash flows before movements in working capital	**(21,090)**	(20,625)
Change in contract assets	**12,333**	(17,295)
Change in trade and other receivables	**(24,580)**	50,221
Change in restricted cash	**5,378**	8,689
Change in trade and other payables	**24,385**	(47,471)
Change in contract liabilities	**(603)**	11,391
Cash used in operations	**(4,177)**	(15,090)
Net cash flows used in operating activities	**(4,177)**	(15,090)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**16**	—
Finance income received	**32**	58
Net cash flows generated from investing activities	**48**	58
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank and other borrowings	**476**	2,587
Repayments of bank and other borrowings	**—**	(4,314)
Payment for principal of lease liabilities	**(2,065)**	(1,536)
Payment for interest of lease liabilities	**(435)**	(549)
Finance cost paid	**—**	(224)
Advance from a related party	**6,473**	18,901
Net cash flows used in financing activities	**4,449**	14,865
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**320**	(167)
Cash and cash equivalents at beginning of year	**177**	344
Effect of foreign exchange rate changes	**10**	—
Cash and cash equivalents at end of year	**507**	177
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**507**	177

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

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 (the "**Controlling Shareholder**"), 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. MATERIAL ACCOUNTING POLICIES

2.1 Statement of compliance

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

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

2.2 Basis of preparation of the consolidated financial statements

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

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

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

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Basis of preparation of the consolidated financial statements *(continued)*

Judgements made by management in the application of HKFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in Note 3.

Certain comparative figures have been regrouped to conform with the current year's presentation of the consolidated financial statements.

2.3 Going Concern Basis

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

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

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

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

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

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

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

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.3 Going Concern Basis *(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 bank and other borrowings;

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

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

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

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

(i) Changes in accounting policies

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

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

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

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

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

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

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.4 Adoption of new or amended HKFRSs and changes in other accounting policies *(continued)*

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

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

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

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

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.5 Consolidation

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.

Inter-company 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.

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

2.6 Separate financial statements

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.

2.7 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.

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.8 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 comprehensive income.

Foreign exchange gains and losses are presented in the consolidated statements of profit or loss and other comprehensive income within "Other 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.

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.9 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statements of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Land and buildings	50 years
Leasehold improvements	The lease term
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other Losses — net" in the consolidated statements of profit or loss and other comprehensive income.

2.10 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.

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.11 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.

(iv) Impairment

Expected credit losses 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

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.11 Financial assets *(continued)*

(iv) Impairment *(continued)*

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 expected lifetime losses 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 or lifetime expected credit losses, 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 lifetime expected credit losses.

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 statements of profit or loss and other comprehensive income.

(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.

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.12 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 the consolidated statements 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.

2.13 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.

2.14 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.

2.15 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.

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.16 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.

2.17 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.

2.18 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.

2.19 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.

2.20 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.

(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.

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.20 Current and deferred income tax *(continued)*

(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 reverse in 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.

2.21 Employee benefits

(a) Pension obligations

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.

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.21 Employee benefits *(continued)*

(b) 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.

(c) 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.

(d) 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.

2.22 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.

2.23 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;

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.23 Revenue recognition *(continued)*

(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 date.

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 6.

2.24 Leases

The Group leases office premises for operation. Property leases are typically made for fixed period of 12 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.

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.24 Leases *(continued)*

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.

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.

2. MATERIAL ACCOUNTING POLICIES *(continued)*

2.24 Leases *(continued)*

The Group as a sublease lessor

Sub-lease is a transaction for which an underlying asset is re-leased by a lessee ("**sublease lessor**") to a third party, and the lease ("**head lease**") between the head lessor and lessee remains in effect. In classifying a sublease, a sublease lessor shall classify the sublease as a finance lease or an operating lease as follows:

(a) If the head lease is a short-term lease that the entity, as a lessee, has accounted for the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis, the sublease shall be classified as an operating lease.

(b) Otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease as finance lease or operating lease.

2.25 Interest income

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

2.26 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.

3. 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 2.3 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.

(b) Current and deferred income tax

The Group is subject to income taxes in the PRC. Judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the year in which such determination is made.

Deferred income tax assets relating to temporary differences are recognised when management considers it is probable that future taxable profits will be available against the temporary differences can be utilised. The Group's management reassesses its expectation at the end of each reporting period.

3. KEY ESTIMATES *(continued)*

Key sources of estimation uncertainty *(continued)*

(c) 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.

4. 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, other borrowings and bank borrowings. These deposits and borrowings bear interests at variable rates varied with the then prevailing market condition.

As at 31 December 2024, if the interest rates on bank deposits and borrowings had been 50 basis-points higher/lower with all other variables held constant, pre-tax loss for the year would be RMB569,000 (2023: RMB525,000) higher/lower.

(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, bills receivable, 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.

Bills receivable mainly represent bank acceptance bills. The maturity period of these bills is usually from 6 months to 1 year. These bills are mainly issued by state-owned enterprises, reputable financial institutions or large private corporations in the PRC. The expected credit loss is close to zero.

4. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Credit risk *(continued)*

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 expected credit losses 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 expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss 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.

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 expected credit losses 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 2024 and 2023 and the corresponding historical credit losses experienced within this period. The loss allowance also incorporates forward looking information.

4. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Credit risk *(continued)*

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

The information about the exposure to credit risk and ECL for trade receivables, retention receivables and contract assets as at 31 December 2024 and 2023 are summarised as follows:

Trade receivables

As at 31 December 2024	Expected loss	Gross carrying amount RMB'000	Loss allowance provision 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)**

As at 31 December 2023		RMB'000	RMB'000
Current	0%	—	—
Within 6 months	22.28%	12,027	(2,680)
6 months to 1 year	58.32%	59,301	(34,582)
1 to 2 years	87.87%	128,676	(113,065)
2 to 3 years	86.63%	107,174	(92,841)
Over 3 years	98.42%	382,091	(376,052)
		689,269	(619,220)

Retention receivables

As at 31 December	Expected loss	Gross carrying amount RMB'000	Loss allowance provision RMB'000
2024	**97.32%**	**222,585**	**(216,620)**
2023	97.66%	217,978	(212,877)

4. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Credit risk *(continued)*

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

Contract assets

As at 31 December	Expected loss	Gross carrying amount RMB'000	Loss allowance provision RMB'000
2024	**91.79%**	**770,271**	**(707,003)**
2023	89.00%	786,811	(700,231)

Reconciliation of the loss allowance for trade receivables, retention receivables and contract assets as at 31 December 2024 and 2023 are as follows:

	2024			2023		
	Trade receivables RMB'000 *(Note 21)*	**Retention receivables RMB'000 *(Note 21)***	**Contract assets RMB'000 *(Note 22)***	Trade receivables RMB'000 *(Note 21)*	Retention receivables RMB'000 *(Note 21)*	Contract assets RMB'000 *(Note 22)*
At 1 January	**619,220**	**212,877**	**700,231**	614,023	216,076	675,123
Impairment loss/(reversal of impairment loss)	**18,871**	**3,743**	**6,772**	5,197	(3,199)	25,108
At 31 December	**638,091**	**216,620**	**707,003**	619,220	212,877	700,231

4. FINANCIAL RISK MANAGEMENT *(continued)*

(c) Credit risk *(continued)*

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

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.

(ii) Deposits and other receivables

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

Reconciliation of the loss allowance for deposits:

	2024 **RMB'000**	2023 RMB'000
At 1 January	**9,221**	8,992
Impairment loss	**660**	229
At 31 December	**9,881**	9,221

Reconciliation of loss allowance for other receivables:

	2024 **RMB'000**	2023 RMB'000
At 1 January	**—**	—
Impairment loss	**14,040**	—
At 31 December	**14,040**	—

As at 31 December 2024 and 2023, the maximum exposure to credit risk of these financial assets were as follows:

	2024 **RMB'000**	2023 RMB'000
Deposits and other receivables	**20,124**	26,432

4. 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:

31 December 2024	**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**
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**

31 December 2023	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
Trade and other payables	818,401	–	–	–	818,401	818,401
Amounts due to related parties	19,169	–	–	–	19,169	19,169
Bank borrowings	34,003	–	–	–	34,003	28,774
Other borrowings	95,491	12,986	20,930	–	129,407	98,649
Lease liabilities	2,350	2,467	3,469	–	8,286	7,392
	969,414	15,453	24,399	–	1,009,266	972,385

4. FINANCIAL RISK MANAGEMENT *(continued)*

(e) Categories of financial instruments

	2024 RMB'000	2023 RMB'000
Financial assets:		
Financial assets at amortized cost		
— Trade and other receivables	**76,720**	101,582
— Amounts due from related parties	**679**	—
— Restricted cash	**16,908**	22,287
— Cash and cash equivalents	**507**	177
	94,814	124,046
Financial liabilities:		
Financial liabilities at amortized cost		
— Trade and other payables	**874,929**	818,401
— Amounts due to related parties	**25,642**	19,169
— Bank borrowings	**28,774**	28,774
— Other borrowings	**102,437**	98,649
— Lease liabilities	**—**	7,392
	1,031,782	972,385

(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 statements of financial position.

4. 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 2024 and 2023 were as follows:

	2024	2023
	RMB'000	RMB'000
Total bank borrowings *(Note 26)*	**28,774**	28,774
Total other borrowings *(Note 27)*	**102,437**	98,649
Lease liabilities *(Note 28)*	**—**	7,392
	131,211	134,815
Less: Cash and cash equivalents *(Note 24)*	**(507)**	(177)
Net debt	**130,704**	134,638
Total equity	**(930,442)**	(834,999)
Gearing ratio	**N/A***	N/A*

* As at 31 December 2024 and 2023, the gearing ratio are negative (2024: -14.05%; 2023: -16.12%).

(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.

5. 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 2024 and 2023.

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

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

5. SEGMENT INFORMATION *(continued)*

Revenue from major customers:

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

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

6. REVENUE

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

Disaggregation of revenue from contracts with customers:

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

6. 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 nubs, 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).

7. OTHER INCOME

	Note	2024 RMB'000	2023 RMB'000
Government grants	*(i)*	**—**	13
		—	13

Note:

(i) Government grants are under no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

8. OTHER LOSSES, NET

	Notes	2024 RMB'000	2023 RMB'000
Gain on disposal of investment properties	*17*	**—**	1,953
Termination of lease liability	*(i), 16*	**5,327**	—
Penalty of lawsuits	*(ii)*	**(14,848)**	(4,469)
Others		**(57)**	(39)
		(9,578)	(2,555)

Note:

(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 (2023: RMB4,469,000) 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

	2024 **RMB'000**	2023 RMB'000
Finance income:		
Interest income	**32**	58
Imputed interest income on other borrowings	**–**	4,342
	32	4,400
Finance costs:		
Interest expense on bank and other borrowings	**(17,251)**	(12,158)
Interest expense on lease liabilities	**(435)**	(549)
Imputed interest expense on other borrowings	**(3,312)**	(2,961)
	(20,998)	(15,668)
Finance costs, net	**(20,966)**	(11,268)

10. INCOME TAX EXPENSE

	2024 **RMB'000**	2023 RMB'000
Current income tax	**–**	–
Deferred income tax *(Note 20)*	**–**	–
Income tax expense	**–**	–

Current taxation primarily represented the provision for PRC Corporate Income Tax ("**CIT**") for companies operating in the PRC. These companies are subject to CIT on their taxable income as reported in their respective statutory financial statements adjusted in accordance with the relevant tax laws and regulations in the PRC. Pursuant to the PRC Corporate Income Tax Law, the CIT rate for domestic enterprises and foreign invested enterprises is 25% (2023: 25%).

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

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

10. INCOME TAX EXPENSE *(continued)*

The tax on the Group's 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:

	2024 **RMB'000**	2023 RMB'000
Loss before tax	**(95,440)**	(63,524)
Tax calculated at weighted average tax rate	**(15,662)**	(10,481)
Tax effect of income that is not taxable	**—**	(944)
Tax effect of expenses that are not deductible	**2,993**	4,433
Tax effect of temporary differences not recognised	**12,669**	6,992
	—	—

11. LOSS FOR THE YEAR

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

	Notes	**2024** **RMB'000**	2023 RMB'000
Auditors' remuneration			
— Audit services		**1,380**	1,680
— Other services		**20**	—
Cost of sales		**12,235**	74,229
Depreciation of property, plant and equipment	*15*	**184**	189
Depreciation of investment properties	*17*	**—**	19
Impairment of trade receivables, net	*4(c)(i)*	**18,871**	5,197
Impairment of contract assets	*4(c)(i)*	**6,772**	25,108
Impairment of/(reversal of) on retention receivables	*4(c)(i)*	**3,743**	(3,199)
Impairment of other receivables	*4(c)(ii)*	**14,040**	—
Impairment of deposits	*4(c)(ii)*	**660**	229
		44,086	27,335
Impairment losses of non-current assets			
Impairment of property, plant and equipment	*15*	**13**	2,222
		13	2,222
Staff costs including directors' remuneration:			
Salaries, wages and bonuses		**6,497**	7,431
Housing funds, medical insurances and other social insurances		**1,119**	778
Other welfare and allowances		**210**	301
		7,826	8,510

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:

	2024 **RMB'000**	2023 RMB'000
Fees	**354**	238
Other emoluments:		
Salaries, allowances and benefits in kind	**784**	1,131
Retirement benefit scheme contribution	**10**	46
	794	1,177
	1,148	1,415

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

(a) Directors' Emoluments

		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. Fan Shaozhou		–	256	–	5	261
Mr. Kong Guojing	*(ix)*	–	160	–	–	160
		–	416	–	5	421
Non-executive directors:						
Mr. Chen Li		–	82	–	–	82
Mr. Shen Peng	*(iv)*	–	80	–	–	80
Mr. Li Hongxing	*(v)*	–	159	–	5	164
Mr. Mak Ho Fai	*(xii)*	–	47	–	–	47
		–	368	–	5	373
Independent non-executive directors:						
Mr. Ma Kin Ling	*(x)*	165	–	–	–	165
Mr. Huang Wei	*(xi)*	92	–	–	–	92
Ms. Lau Chui Ping Soey	*(xi), (xiii)*	64	–	–	–	64
Ms. Ye Jin Yu	*(xiv)*	33	–	–	–	33
		354	–	–	–	354
		354	784	–	10	1,148

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

(a) Directors' Emoluments *(continued)*

		For the year ended 31 December 2023				
	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. Fan Shaozhou		–	259	–	10	269
Mr. Peng Weizhou	*(i)*	–	259	–	10	269
Mr. Kong Guojing	*(ix)*	–	90	–	–	90
Mr. Wan Neng	*(vii)*	–	50	–	2	52
		–	658	–	22	680
Non-executive directors:						
Mr. Chen Li		–	90	–	14	104
Mr. Shen Peng	*(iv)*	–	80	–	–	80
Mr. Li Hongxing	*(v)*	–	273	–	9	282
Mr. Deng Guanghui	*(vi)*	–	30	–	1	31
		–	473	–	24	497
Independent non-executive directors:						
Mr. Ma Kin Ling	*(x)*	75	–	–	–	75
Mr. Huang Wei	*(xi)*	21	–	–	–	21
Ms. Lau Chui Ping Soey	*(xi), (xiii)*	25	–	–	–	25
Mr. Gao Rongshun	*(ii)*	47	–	–	–	47
Mr. Yi Xiaopei	*(iii)*	47	–	–	–	47
Mr. Liu Xiaoyi	*(viii)*	23	–	–	–	23
		238	–	–	–	238
		238	1,131	–	46	1,415

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

(a) Directors' Emoluments *(continued)*

Notes:

(i) Resigned on 20 November 2023.

(ii) Appointed on 14 June 2022 and resigned on 20 July 2023.

(iii) Appointed on 14 June 2022 and resigned on 7 August 2023.

(iv) Appointed on 18 January 2023.

(v) Appointed on 13 February 2023.

(vi) Resigned on 13 February 2023.

(vii) Resigned on 14 March 2023.

(viii) Resigned on 19 April 2023.

(ix) Appointed on 6 June 2023.

(x) Appointed on 22 July 2023.

(xi) Appointed on 13 October 2023.

(xii) Appointed on 29 May 2024.

(xiii) Resigned on 31 July 2024.

(xiv) Appointed on 19 August 2024.

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 2024 and 2023.

No director fees were paid to these directors in their capacity as directors of the Company or the Group and no emoluments were paid by the Company or the Group to the directors as an inducement to join the Company or the Group, or as compensation for loss of office during the years ended 31 December 2024 and 2023.

(b) Directors' retirement and termination benefits

None of the directors received any other retirement benefits or termination benefits during the year ended 31 December 2024 (2023: Nil).

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

During the year ended 31 December 2024, no consideration was provided to or receivable by third parties for making available directors' services (2023: 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 (2023: Nil).

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

(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 (2023: Nil).

(f) Five highest paid individual emoluments

The five highest paid individuals of the Group included one (2023: three) directors, details of whose remuneration are set out above. The emoluments of the remaining four (2023: two) highest paid employees are as follows:

	2024 **RMB'000**	2023 RMB'000
Salaries, wages and bonuses	**955**	471
Housing funds, medical insurances and other social insurances	**29**	—
	984	471

Emoluments of these employees were within the following bands:

	Number of employees	
	2024	2023
Emolument band:		
HK$Nil to HK$1,000,000	**4**	2

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 (2023: Nil).

13. DIVIDENDS

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

14. LOSS PER SHARE

Basic loss per share

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

Diluted loss per share

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

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 2023	9,032	1,561	1,072	3,088	14,753
Additions	–	2,222	–	–	2,222
Written-off	–	–	–	(1,314)	(1,314)
At 31 December 2023 and 1 January 2024	**9,032**	**3,783**	**1,072**	**1,774**	**15,661**
Additions	**–**	**–**	**16**	**–**	**16**
At 31 December 2024	**9,032**	**3,783**	**1,088**	**1,774**	**15,677**
Accumulated depreciation and impairment					
At 1 January 2023	1,228	1,561	1,072	3,088	6,949
Charge for the year *(Note 11)*	189	–	–	–	189
Written-off	–	–	–	(1,314)	(1,314)
Impairment loss	–	2,222	–	–	2,222
At 31 December 2023 and 1 January 2024	**1,417**	**3,783**	**1,072**	**1,774**	**8,046**
Charge for the year *(Note 11)*	**181**	**–**	**3**	**–**	**184**
Impairment loss	**–**	**–**	**13**	**–**	**13**
At 31 December 2024	**1,598**	**3,783**	**1,088**	**1,774**	**8,243**
Carrying amount					
At 31 December 2024	**7,434**	**–**	**–**	**–**	**7,434**
At 31 December 2023	7,615	–	–	–	7,615

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 (2023: RMB3,039,000).

The depreciation expenses of the property, plant and equipment for the year has been charged into administrative expenses (2023: same).

16. LEASES AND RIGHT-OF-USE ASSETS

Disclosures of lease-related items:

	2024 **RMB'000**	2023 RMB'000
At 31 December:		
Right-of-use assets		
— Properties	**–**	—
The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:		
— Less than 1 year	**–**	2,350
— Between 1 and 2 years	**–**	2,467
— Between 2 and 5 years	**–**	3,469
	–	8,286
Year ended 31 December:		
Depreciation charge of right-of-use assets		
— Properties	**–**	—
Lease interests	**435**	549
Expenses related to short-term leases	**2**	85
Total cash outflow for leases	**2,500**	2,085
Gains from sale and leaseback transactions	**5,327**	—

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.

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

17. INVESTMENT PROPERTIES

	Owned properties RMB'000	Total RMB'000
Cost		
As at 1 January 2023	**3,675**	**3,675**
Disposal	**(3,675)**	**(3,675)**
As at 31 December 2023, 1 January 2024 and 31 December 2024	**–**	**–**
Accumulated depreciation		
At 1 January 2023	1,624	1,624
Charge for the year *(Note 11)*	19	19
Disposal *(Note)*	(1,643)	(1,643)
As at 31 December 2023, 1 January 2024 and 31 December 2024	**–**	**–**
Carrying amount		
At 31 December 2024	**–**	**–**
At 31 December 2023	–	–

No rental income from investment properties and from subleasing was recognised during the years ended 31 December 2024 and 2023.

Note:

During the year ended 31 December 2023, the Group disposed the investment property at a consideration of approximately RMB4,000,000 and recorded a gain on disposal of investment properties amounted to approximately RMB1,953,000 (Note 8).

18. INTANGIBLE ASSETS

	Computer software RMB'000	Patents RMB'000	Total RMB'000
Cost			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**2,479**	**385**	**2,864**
Accumulated amortisation and impairment			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**2,479**	**385**	**2,864**
Carrying amount			
At 31 December 2024	**–**	**–**	**–**
At 31 December 2023	–	–	–

19. SUBSIDIARIES

Particulars of the principal 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
			2024	2023	
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 (2023: RMB132,800,000/ RMB98,854,400) *(Notes (i))*	**100%**	100%	Investment holding
Shenzhen Wenye Industrial Co., Ltd.* ("**Wenye Industrial**") 深圳文業實業有限公司 ("文業實業")	PRC	RMB129,800,000/ RMB99,374,400 (2023: RMB129,800,000/ RMB99,374,400) *(Notes (ii))*	**100%**	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 ("文業裝飾")	PRC	RMB263,800,000/ RMB233,374,400 (2023: RMB263,800,000/ RMBNil) *(Note (iii))*	**100%**	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 ("文業設計院")	PRC	RMB12,000,000/ RMB2,000,000 (2023: RMB12,000,000/ RMBNil) *(Note (iv))*	**83%**	83%	Provision of interior and exterior building decoration and design services

* 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.

19. SUBSIDIARIES *(continued)*

Particulars of the principal subsidiaries are as follows: *(continued)*

Notes:

(i) WFOE was registered as wholly-foreign-owned enterprises under the PRC law on 25 December 2018. As at 31 December 2024, the registered capital of WFOE is RMB132,800,000, of which RMB95,854,400 (2023: RMB132,800,000, of which RMB95,854,400) has been paid by the Company.

(ii) Wenye Industrial was registered as domestic enterprises under the PRC law on 12 November 2018. As at 31 December 2024, the registered capital of Wenye Industrial is RMB129,800,000, of which RMB99,374,400 (2023: RMB104,000,000, of which RMB99,374,400) has been paid by the Company.

(iii) Wenye Decoration was registered as domestic enterprises under the PRC law on 23 January 1989. As at 31 December 2024, the registered capital of Wenye Decoration is RMB263,800,000, of which RMB233,374,400 (2023: RMB263,800,000, of which RMBNil) has been paid by the Company.

(iv) Wenye Design Institute was registered as domestic enterprises under the PRC law on 24 March 2021. As at 31 December 2024, the registered capital of Wenye Design Institute is RMB12,000,000, of which RMB2,000,000 (2023: RMB12,000,000, of which RMBNil) has been paid by the Company.

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 2024 and 2023, accordingly financial information regarding the non-controlling interests is not presented in the consolidated financial statements.

20. 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. The Group did not recognise deferred income tax assets of RMB39,198,000 (2023: RMB25,433,000) in respect of tax losses and other temporary differences amounting to RMB234,503,000 (2023: RMB151,156,000) at 31 December 2024 that can be carried forward against future taxable income for 5 years.

21. TRADE AND OTHER RECEIVABLES

	Notes	2024 RMB'000	2023 RMB'000
Trade receivables	*(i)*	**688,722**	689,269
Provision for loss allowance	*4(c)(i)*	**(638,091)**	(619,220)
Trade receivables, net		**50,631**	70,049
Retention receivables	*(ii)*	**222,585**	217,978
Provision for loss allowance	*4(c)(i)*	**(216,620)**	(212,877)
Retention receivables, net		**5,965**	5,101
Deposits	*(iii)*	**9,922**	10,046
Provision for loss allowance	*4(c)(ii)*	**(9,881)**	(9,221)
Deposits, net		**41**	825
Other receivables		**33,345**	24,234
Provision for loss allowance	*4(c)(ii)*	**(14,040)**	—
Other receivables, net		**19,305**	24,234
Prepayments		**37,570**	21,511
Advances to staff		**778**	1,373
Total trade and other receivables		**114,290**	123,093
Analysed as:			
Current assets		**114,290**	122,694
Non-current assets		**—**	399
		114,290	123,093

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

21. TRADE AND OTHER RECEIVABLES *(continued)*

Notes:

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

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

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

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

As at 31 December 2024 and 2023, certain trade receivables were pledged as collateral for the Group's certain bank borrowings (Note 26).

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

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

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

(iii) Deposits mainly represented tender deposits and performance bonds due from customers.

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

22. CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract assets and liabilities:

	2024 RMB'000	2023 RMB'000
Contract assets related to		
— Construction services	**766,797**	782,614
— Design services	**3,474**	4,197
	770,271	786,811
Less: provision for impairment of contract assets	**(707,003)**	(700,231)
	63,268	86,580

	2024 RMB'000	2023 RMB'000
Contract liabilities related to		
— Construction services	**54,254**	55,099
— Design services	**8,745**	8,502
	62,999	63,601

A contract asset is the Group's right to consideration in the exchange for services that the Group has transferred to the customer. The contract assets transferred to trade and retention receivables when receipt of the consideration is conditional only on the passage of time.

The Group expects that contract assets have the same risk characteristics as trade receivables. The impairment of contract assets is disclosed in Note 4(c)(i).

The contract liabilities above are due to the non-refundable advance payment made by customers. Such liabilities fluctuated as a result of the terms of different projects. A contract liability is the Group's obligation to render services to a customer for which the Group has received consideration from the customer. A contract liability is recognised by the Group when the customer pays consideration but before the Group renders the service to the customer.

Due to the completion of the construction projects, contract assets of RMB4,020,000 (2023: RMB11,841,000) were transferred to trade receivables during the year end.

22. CONTRACT ASSETS AND CONTRACT 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.

	2024 **RMB'000**	2023 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
— Construction services *(Note)*	**602**	25,443
— Design services	**—**	644
	602	26,087

(ii) Unsatisfied contracts related to construction and design services

	2024 **RMB'000**	2023 RMB'000
Aggregate amount of the transaction price allocated to construction and design services that are partially or fully unsatisfied		
— Construction services *(Note)*	**78,225**	77,569
— Design services	**6,164**	6,164
	84,389	83,733

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 the transaction price allocated to unsatisfied performance obligations as of 31 December 2024 will be recognised as revenue more than one year. The amount disclosed above does not include variable consideration which is constrained.

23. RESTRICTED CASH

As at 31 December 2024 and 2023, 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 2024 and 2023, the carrying amounts of restricted cash approximate their fair values and denominated in the following currencies:

	2024	2023
	RMB'000	RMB'000
RMB	**16,908**	22,232
HK$	**—**	55
	16,908	22,287

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.

24. CASH AND CASH EQUIVALENTS

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

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

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

25. TRADE AND OTHER PAYABLES

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

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

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

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

26. BANK BORROWINGS

	2024	2023
	RMB'000	RMB'000
Bank borrowings	**28,774**	28,774

The average interest rates at 31 December were as follows:

	2024	2023
Bank borrowings	**5.5%**	5.5%

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

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 (2023: 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 (2023: RMB20,000,000).

As at 31 December 2024, the Group had aggregate banking loan principal of RMB28,774,000 (2023: 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 21);

(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 (2023: Same) (Note 34(vi)).

(c) Company guarantee executed by the subsidiaries: Shenzhen Wenye Construction Group Co., Ltd., Shenzhen Wenye Industrial Co., Ltd., Wenye International (HK) Holdings Limited, Shenzhen Wenye Decoration Design Institute Co., Ltd., Shenzhen Wenye Decoration Design Engineering Co., Ltd. and Wenye Building Decoration (Shenzhen) Co., Ltd..

27. OTHER BORROWINGS

	2024 RMB'000	2023 RMB'000
Other borrowings	**102,437**	98,649
The borrowings are repayable as follows:		
On demand or within one year	**84,049**	71,832
In the second year	**18,388**	10,645
In the third to fifth years, inclusive	**—**	16,172
	102,437	98,649
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(84,049)**	(71,832)
Amount due for settlement after 12 months	**18,388**	26,817

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 (2023: overdue), and the carrying amount of such other borrowing was approximately RMB554,000 (2023: RMB554,000).

(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 (2023: RMB12,910,000 and RMB10,000,000), respectively and were overdue (2023: overdue) by the Group due to a shortage of funds disclosed in Note 2.

(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 (2023: not overdue) by the Group due to a shortage of funds disclosed in Note 2 and the carrying amount of such loan were RMB1,500,000, RMB2,000,000, RMB34,500,000 and RMB368,000 (2023: 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 (2023: RMB1,066,000).

An imputed interest expense of approximately RMB112,000 (2023: 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.

27. OTHER BORROWINGS *(continued)*

Notes: (continued)

(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 (2023: RMB3,828,000, RMB1,347,000, RMB3,971,000 and RMB433,000), respectively.

An imputed interest expense of approximately RMB983,000 (2023: RMB1,330,000) 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 (2023: overdue) by the Group due to a shortage of funds disclosed in Note 2 and the carrying amount of such loans were RMB8,000,000 and RMB2,000,000 (2023: 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 (2023: RMB6,199,000, RMB7,354,000 and RMB2,619,000), respectively.

An imputed interest income of approximately RMBNil (2023: RMB4,342,000) and an imputed interest expense of approximately RMB2,217,000 (2023: RMB1,519,000) 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.

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

28. LEASE LIABILITIES

	Lease payments		Present value of lease payments	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within 1 year	**–**	2,350	**–**	1,915
Between 1 and 2 years	**–**	2,467	**–**	2,168
Between 2 and 5 years	**–**	3,469	**–**	3,309
	–	8,286		
Less: Future finance charges	**–**	(894)		
Present value of lease liabilities	**–**	7,392	**–**	7,392
Less: Amount due for settlement within 12 months (shown under current liabilities)			**–**	(1,915)
Amount due for settlement after 12 months			**–**	5,477

The Group leased office premises for operation. Property leases are typically made for fixed period of 3 to 12 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 comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

In December 2024, the Group terminated the lease agreement.

29. SHARE CAPITAL

	Notes	Number of shares	Equivalent nominal value of shares
			RMB'000
Authorized:			
3,800,000,000 shares of HK$0.0001 each	*(i)*	3,800,000,000	327
Issued and fully paid:			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	*(ii)*	594,000,000	51

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 2024 and up to the report date, no RSU has been granted by the Company pursuant to the RSU Scheme (2023: same).

30. 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	Other reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	130,425	15,727	(178,449)	(32,297)
Loss for the year	–	–	(4,146)	(4,146)
At 31 December 2023 and 1 January 2024	**130,425**	**15,727**	**(182,595)**	**(36,443)**
Loss for the year	**–**	**–**	**(11,490)**	**(11,490)**
At 31 December 2024	**130,425**	**15,727**	**(194,085)**	**(47,933)**

30. RESERVES *(continued)*

(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 2 to the consolidated financial statements.

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) 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	Borrowings and interest paid	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	268	134,593	9,578	144,439
Change in cash flows	18,901	(1,951)	(2,085)	14,865
Non-cash changes:				
— Interest expenses	—	12,158	549	12,707
— Imputed interest expense on other borrowings	—	2,961	—	2,961
— Imputed interest income on other borrowings	—	(4,342)	—	(4,342)
— Additions	—	—	—	—
— Termination of a lease contract	—	—	(650)	(650)
— Transfer to other payables	—	(15,996)	—	(15,996)
At 31 December 2023 and 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	**25,642**	**131,211**	**—**	**156,853**

(b) Major non-cash transaction

During the year 2023, Mr. Li Hongxing ("**Mr. Li**"), a non-executive director of the Company, paid RMB4,000,000 on behalf of the Group to settle the Group's certain outstanding payables and expenses (the "**Outstanding Payables**"). Such Outstanding Payables by the company to Mr. Li has been settled by consideration of the disposal of investment properties of the Group.

32. CONTINGENT LIABILITIES

As at 31 December 2024, the Group and the Company did not have any significant contingent liabilities (2023: Nil).

33. COMMITMENTS

As at 31 December 2024 and 2023, the Group and the Company did not have any significant commitments.

34. 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 2024:

(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	Non-Executive Director
Mr. Li Hongxing	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) Transactions with a related party

	2024 **RMB'000**	2023 RMB'000
Disposal of investment properties to Mr. Li Hongxing	**–**	4,000

The transaction was conducted in the normal course of business at prices and terms as agreed between the Group and the related party.

(iii) 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.

(iv) Amount due from a related party

	2024 **RMB'000**	2023 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.

34. RELATED PARTY TRANSACTIONS *(continued)*

(v) Amount due to related parties

	2024 **RMB'000**	2023 RMB'000
Non-trade payables to		
Mr. Kong Guojing *(Note a)*	**21,710**	17,096
Mr. Fan Shaozhou *(Note a)*	**1,673**	799
Mr. Chen Li *(Note a)*	**585**	585
Mr. Kong Nianshun *(Note a)*	**—**	410
Mr. Peng Weizhou *(Note b)*	**268**	268
Ms. Ye Jinhua *(Note a)*	**10**	10
Mr. Wan Neng *(Note a)*	**1**	1
Mr. Mak Ho Fai *(Note a)*	**1,395**	—
	25,642	19,169

As at 31 December 2024 and 2023, 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.

Note:

(a) 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.

(vi) 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 and 2023 as disclosed in Note 26.

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSET		
Investment in a subsidiary	**–**	–
CURRENT ASSETS		
Prepayment and other receivables	**3,253**	–
Restricted cash	**59**	–
Cash and cash equivalents	**7**	61
	3,319	61
CURRENT LIABILITIES		
Other payables	**15,095**	3,282
Other borrowings	**476**	–
Amounts due to subsidiaries	**35,630**	33,171
	51,201	36,453
NET CURRENT LIABILITIES	**(47,882)**	(36,392)
NET LIABILITIES	**(47,882)**	(36,392)
EQUITY		
Share capital	**51**	51
Reserves	**(47,933)**	(36,443)
TOTAL EQUITY	**(47,882)**	(36,392)

The statement of financial position of the Company was approved by the Board of Directors on 31 March 2025 and was signed on its behalf:

Mr. Fan Shaozhou | **Mr. Kong Guojing**

36. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were approved and authorized for issue by the Board of Directors on 31 March 2025.