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## Wenye Group Holdings Limited

文業集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1802)

(the “Company”)

# ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

## INTERIM RESULTS

The board of directors (the “**Board**”) of Wenye Group Holdings Limited (the “**Company**”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (together, the “**Group**”) for the period ended 30 June 2021 (“**1H2021**”) together with the comparative figures for the period ended 30 June 2020 (“**1H2020**”).

### FINANCIAL HIGHLIGHTS

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue	662,590	301,733
Gross profit margin	12.2%	12.3%
Profit/(loss) attributable to owners of the Company	26,257	(22,408)
Adjusted profit/(loss) attributable to owners of the Company (excluding the listing expenses)	26,257	(10,131)
Basic and diluted earnings/(loss) per share (RMB)	0.04	(0.04)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	7	<b>662,590</b>	301,733
Cost of sales		<b>(581,875)</b>	(264,565)
<b>Gross profit</b>		<b>80,715</b>	37,168
Other income	8	<b>2,978</b>	2,372
Other (losses)/gains, net	8	<b>(2,484)</b>	387
Selling and marketing expenses		<b>(4,700)</b>	(4,780)
General and administrative expenses		<b>(16,893)</b>	(31,509)
Net impairment losses on financial and contract assets		<b>(17,756)</b>	(22,112)
<b>Operating profit/(loss)</b>	9	<b>41,860</b>	(18,474)
Finance income		<b>605</b>	815
Finance costs		<b>(6,941)</b>	(7,950)
Finance costs, net	10	<b>(6,336)</b>	(7,135)
<b>Profit/(loss) before income tax</b>		<b>35,524</b>	(25,609)
Income tax (expense)/credit	11	<b>(9,267)</b>	3,201
<b>Profit/(loss) for the period</b>		<b>26,257</b>	(22,408)
<b>Profit/(loss) attributable to the owners of the Company</b>			
Owners of the Company		<b>26,257</b>	(22,408)

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other comprehensive income/(loss)</b>		
<i>Item that may be reclassified to profit or loss</i>		
Currency translation differences	<u>486</u>	<u>(9)</u>
<b>Other comprehensive income/(loss) for the period</b>	<u>486</u>	<u>(9)</u>
<b>Total comprehensive income/(loss) for the period attributable to owners of the Company</b>	<u>26,743</u>	<u>(22,417)</u>
<b>Earnings/(loss) per share attributable to owners of the Company</b>		
– Basic and diluted (RMB)	<i>13</i> <u>0.04</u>	<u>(0.04)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>14</i>	<b>11,591</b>	12,128
Investment properties	<i>14</i>	<b>2,167</b>	2,205
Intangible assets	<i>14</i>	<b>285</b>	595
Right-of-use assets	<i>14</i>	<b>10,609</b>	13,534
Deferred income tax assets		<b>41,590</b>	41,590
Retention receivables and deposits	<i>15</i>	<b>32,268</b>	39,855
		<b>98,510</b>	109,907
<b>Current assets</b>			
Contract assets		<b>904,608</b>	790,722
Trade and other receivables	<i>15</i>	<b>811,312</b>	951,297
Restricted cash		<b>29,277</b>	43,895
Cash and cash equivalents		<b>60,983</b>	56,856
		<b>1,806,180</b>	1,842,770
<b>Total assets</b>		<b>1,904,690</b>	1,952,677
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	<i>16</i>	<b>51</b>	51
Share premium		<b>130,425</b>	130,425
Other reserves		<b>179,120</b>	178,634
Retained earnings		<b>342,951</b>	316,694
<b>Total equity</b>		<b>652,547</b>	625,804

		As at <b>30 June</b> <b>2021</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2020 <i>RMB'000</i> <b>(Audited)</b>
	<i>Notes</i>		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings	<i>17</i>	<b>7,500</b>	6,000
Lease liabilities		<b>6,048</b>	9,454
		<u><b>13,548</b></u>	<u>15,454</u>
<b>Current liabilities</b>			
Trade and other payables	<i>18</i>	<b>955,164</b>	1,034,774
Contract liabilities		<b>52,936</b>	39,620
Lease liabilities		<b>6,823</b>	6,710
Amounts due to related parties		–	721
Bank borrowings	<i>17</i>	<b>150,970</b>	155,311
Other borrowings		<b>22,910</b>	24,384
Current income tax liabilities		<b>49,792</b>	49,899
		<u><b>1,238,585</b></u>	<u>1,311,419</u>
<b>Total liabilities</b>		<u><b>1,252,143</b></u>	<u>1,326,873</u>
<b>Total equity and liabilities</b>		<u><b>1,904,690</b></u>	<u>1,952,677</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1. General Information

Wenye Group Holdings Limited (“**the Company**”) was incorporated in the Cayman Islands on 13 November 2018 as an exempted company with limited liability under Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, 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 in the People’s Republic of China (the “**PRC**”).

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

The condensed consolidated interim financial information are presented in Renminbi (“**RMB**”), unless otherwise stated.

## 2. Basis of Preparation

This condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Company for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

## 3. Summary of accounting policies

The accounting policies applied are consistent with those as described in the annual financial statements for the year ended 31 December 2020, except for the adoption of new and amended standards as set out below.

### *(i) Amended standards and revised conceptual framework adopted by the Group*

The Group has applied the following amendments which are mandatory for the financial year beginning 1 January 2021 and are relevant to its operations:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest rate benchmark reform – Phase 2
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The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**(ii) New standards, amendments and annual improvement which are not yet effective for this financial period and have not been early adopted by the Group**

The Group has not early adopted the following new standards, amendments and annual improvement that have been issued but are not yet effective for the period:

		<b>Effective for accounting periods beginning on or after</b>
Amendments to annual improvements project	Annual improvements 2018-2020 cycle	1 January 2022
Amendments to HKAS 1	Presentation of financial statements on classification of liabilities	1 January 2023
Amendments to HKAS 1 and Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8	Definition of accounting estimates	1 January 2023
Amendments to HKAS 16	Property, plant and equipment: Proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous contracts: Costs of fulfilling a contract	1 January 2022
Amendments to HKFRS 3	Reference to the conceptual framework	1 January 2022
Amendments to HKFRS 16	COVID-19-Related rent concessions beyond 30 June 2021	1 January 2022
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
HKFRS 17	Insurance contracts	1 January 2023

The Group has not adopted any new or amended standards on interpretations that are not yet effective for interim period.

#### **4. Estimates**

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

## **5. Financial risk management**

### **5.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, cash flow and fair value interest rate risks), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2020.

There have been no changes in the risk management policies since year end.

### **5.2 Liquidity risk**

Compared to year end, there was no material changes to the policies and practices for the Group's liquidity and capital risks management as described in the consolidated financial statements for the year ended 31 December 2020.

### **5.3 Fair value estimation**

The carrying amounts of the Group's financial assets, including cash and cash equivalents, restricted cash, trade and other receivables and financial liabilities including trade and other payables, bank and other borrowings, lease liabilities and amount due to related parties are assumed to approximate their fair values due to their maturities. The carrying amounts of non-current trade and other receivables approximate their fair values which are estimated based on the discounted cash flows.



## 6. Segment information

Management has determined the operating segments based on the reports reviewed by chief operation decision-maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive director 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 is derived in the PRC during the period ended 30 June 2021 (2020: Same).

As at 30 June 2021, all of the non-current assets were located in the PRC (31 December 2020: Same).

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

## 7. Revenue

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2021	2020
	<i>RMB’000</i>	<i>RMB’000</i>
	(Unaudited)	(Unaudited)
Revenue from construction services	657,555	292,878
Design service income	5,035	8,855
	<u>662,590</u>	<u>301,733</u>
Timing of revenue recognition		
Over time	<u>662,590</u>	<u>301,733</u>

**8. Other income and other (losses)/gains, net**

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other income</b>		
Government grants ( <i>Note i</i> )	2,026	–
Rental income from investment properties	437	1,793
Compensation from lawsuit	515	579
	<u>2,978</u>	<u>2,372</u>
<b>Other (losses)/gains, net</b>		
Penalty of lawsuit ( <i>Note ii</i> )	(1,971)	(2,020)
(Loss)/gain from foreign currency exchange	(333)	2,666
Others	(180)	(259)
	<u>(2,484)</u>	<u>387</u>

*Notes:*

- (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.
- (ii) The Group made provision in relation to several legal cases in which the Group either lost the lawsuit or which is expected that the results of these cases are not in favour of the Group.

## 9. Expenses by nature

The following items have been charged to the condensed consolidated interim financial information during the period:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment ( <i>Note 14</i> )	493	1,759
Depreciation of investment properties ( <i>Note 14</i> )	38	1,257
Amortisation of intangible assets ( <i>Note 14</i> )	310	226
Depreciation of right-of-use assets ( <i>Note 14</i> )	2,925	3,497
Legal and professional fees	1,793	2,528
Listing expenses	–	12,277
	<u>          </u>	<u>          </u>

## 10. Finance costs, net

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Finance income:		
– Interest income from bank deposits	<u>          605</u>	<u>          815</u>
Finance costs:		
– Interest expense on bank and other borrowings	(6,449)	(6,269)
– Interest expense on lease liabilities	<u>          (492)</u>	<u>          (1,681)</u>
	<u>          (6,941)</u>	<u>          (7,950)</u>
Finance costs, net	<u>          (6,336)</u>	<u>          (7,135)</u>

## 11. Income tax expense/(credit)

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% (2020: 25%).

The amount of income tax expenses/(credit) charged to the condensed consolidated statement of comprehensive income represents:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax	9,267	2,327
Deferred income tax	—	(5,528)
	<u>9,267</u>	<u>(3,201)</u>

## 12. Dividend

No dividend has been paid or declared by the Company for the six months ended 30 June 2021 (2020: Same).

**13. Earnings per share attributable to owners of the Company for the period – basic and diluted**

**(a) Basic**

Basic earnings per share is calculated by dividing the profit/(loss) attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit/(loss) attributable to owners of the Company (RMB'000)	<b>26,257</b>	(22,408)
Weighted average number of shares in issue (number of shares)	<u><b>594,000,000</b></u>	<u>583,004,015</u>
Basic earnings/(loss) per share (RMB)	<u><u><b>0.04</b></u></u>	<u><u>(0.04)</u></u>

**(b) Diluted**

Diluted earnings per share presented is the same as the basic earnings per share as there was no potentially dilutive ordinary share outstanding during the six months ended 30 June 2021 (2020: Same).

**14. Property, plant and equipment, investment properties, intangible assets and right-of-use assets**

	<b>Property, plant and equipment</b>	<b>Investment properties</b>	<b>Intangible assets</b>	<b>Right of use assets</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>For the six months ended</b>					
<b>30 June 2021</b>					
Opening net book amount as at					
1 January 2021	12,128	2,205	595	13,534	28,461
Disposal	(44)	–	–	–	(44)
Depreciation and amortisation					
<i>(Note 9)</i>	(493)	(38)	(310)	(2,925)	(3,765)
<b>Closing net book amount as at</b>					
<b>30 June 2021</b>	<u>11,591</u>	<u>2,167</u>	<u>285</u>	<u>10,609</u>	<u>24,652</u>
<b>For the six months ended</b>					
<b>30 June 2020</b>					
Opening net book amount as at					
1 January 2020	23,041	14,619	927	17,067	55,654
Additions	2,014	–	129	15,447	17,590
Depreciation and amortisation					
<i>(Note 9)</i>	(1,759)	(1,257)	(226)	(3,497)	(6,739)
<b>Closing net book amount as at</b>					
<b>30 June 2020</b>	<u>23,296</u>	<u>13,362</u>	<u>830</u>	<u>29,017</u>	<u>66,505</u>

## 15. Trade and other receivables

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Trade receivables	885,264	1,019,769
<i>Less: provision for impairment of trade receivables</i>	<u>(219,482)</u>	<u>(202,041)</u>
Trade receivables, net	----- 665,782	----- 817,728
Retention receivables	105,245	109,704
<i>Less: provision for impairment of retention receivables</i>	<u>(2,046)</u>	<u>(2,047)</u>
Retention receivables, net	----- 103,199	----- 107,657
Deposits	23,408	25,385
<i>Less: provision for impairment of deposits</i>	<u>(1,400)</u>	<u>(1,400)</u>
Deposits, net	----- 22,008	----- 23,985
Bills receivable	10,464	3,340
Prepayments	14,721	9,579
Advances to staff	9,342	6,166
Compensation receivable from termination of a lease contract	-	10,000
Loan receivable	1,477	10,843
Other receivables	<u>16,587</u>	<u>1,854</u>
	----- 843,580	----- 991,152
<i>Less non-current portion:</i>		
Deposits	-	(2,981)
Retention receivables	<u>(32,268)</u>	<u>(36,874)</u>
	----- (32,268)	----- (39,855)
Current portion	<u><u>811,312</u></u>	<u><u>951,297</u></u>

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

	<b>As at 30 June 2021 <i>RMB'000</i> (Unaudited)</b>	<b>As at 31 December 2020 <i>RMB'000</i> (Audited)</b>
Unbilled revenue	<b>729,722</b>	785,251
Within 30 days	<b>306</b>	25,485
31 days to 6 months	<b>12,930</b>	44,181
6 months to 1 year	<b>25,315</b>	45,587
1 year to 2 years	<b>45,454</b>	25,606
2 years to 3 years	<b>21,208</b>	30,251
Over 3 years	<b>50,329</b>	63,408
	<b>885,264</b>	1,019,769

- (b) The ageing analysis of the bill receivables based on the invoice date is as follows:

	<b>As at 30 June 2021 <i>RMB'000</i> (Unaudited)</b>	<b>As at 31 December 2020 <i>RMB'000</i> (Audited)</b>
Within 30 days	<b>4,208</b>	1,207
31 days to 6 months	<b>1,884</b>	1,883
6 months to 1 year	<b>4,322</b>	200
1 year to 2 years	<b>50</b>	50
	<b>10,464</b>	3,340



- (c) Retention receivables represented amounts due from customers upon completion of the free maintenance period of the construction work, which normally lasts from 1 to 2 years. The ageing analysis of the retention receivables based on the retention period expiry date is as follows:

	<b>As at 30 June 2021 RMB'000 (Unaudited)</b>	<b>As at 31 December 2020 RMB'000 (Audited)</b>
Within 1 year	72,977	72,830
1 year to 2 years	<u>32,268</u>	<u>36,874</u>
	<b><u>105,245</u></b>	<b><u>109,704</u></b>

## 16. Share capital

	<b>Number of ordinary shares</b>	<b>Equivalent nominal value of ordinary share RMB'000</b>
<b>Authorised:</b>		
3,800,000,000 shares of HK\$0.0001 each at 31 December 2020 and 30 June 2021	<u>3,800,000,000</u>	<u>327</u>
<b>Issued:</b>		
Balance at 31 December 2020 and 30 June 2021 (Unaudited)	<b><u>594,000,000</u></b>	<b><u>51</u></b>

## 17. Bank borrowings

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
<b>Non-current</b>		
Bank borrowings	<u>7,500</u>	<u>6,000</u>
<b>Current</b>		
Bank borrowings	<u>150,970</u>	<u>155,311</u>
Total bank borrowings	<u><b>158,470</b></u>	<u><b>161,311</b></u>

Bank borrowings due for repayment, based on the scheduled repayment terms set out in the loan agreements are as follows:

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Within 1 year	150,970	155,311
Between 1 and 2 years	<u>7,500</u>	<u>6,000</u>
	<u><b>158,470</b></u>	<u><b>161,311</b></u>

The bank borrowings bear interest at floating rate that are market dependent. The weighted average interest rates during the period/year were as follows:

	<b>As at 30 June 2021 (Unaudited)</b>	As at 31 December 2020 (Audited)
Bank borrowings	<b><u>5.9%</u></b>	<b><u>5.5%</u></b>

As at 30 June 2021, the Group had aggregate banking facilities of RMB181,680,000 (31 December 2020: RMB183,918,000). The Group's banking facilities are subject to annual review and are secured and guaranteed by:

- (i) The Group's land and buildings of RMB4,846,000 as at 30 June 2021 (31 December 2020: RMB4,900,000) (Note 14);
- (ii) The Group's trade receivables (Note 15);
- (iii) Certain properties owned by the shareholders, Mr. Fan Shaozhou, Mr. Wan Neng and Mr. Peng Weizhou; related parties, Ms. Ye Jinhua and Ms. Li Guoying; and certain family members of Mr. Fan Shaozhou, the controlling shareholder as at 30 June 2021 (2020: shareholders, who are Mr. Fan Shaozhou, Mr. Wan Neng and Mr. Peng Weizhou; and related parties, Ms. Ye Jinhua and Ms. Li Guoying); and
- (iv) Limited personal guarantee executed by the shareholders, Mr. Fan Shaozhou, Mr. Wan Neng, Mr. Peng Weizhou, Mr. Chen Li, Mr. Deng Guanghui and Mr. Lin Yongqi; related parties, Ms. Ye Jinhua and Ms. Li Guoying; and certain family members of Mr. Fan Shaozhou, the controlling shareholder (2020: shareholders, who are Mr. Fan Shaozhou, Mr. Chen Li, Mr. Deng Guanghui, Mr. Wan Neng, Mr. Lin Yongqi, Mr. Peng Weizhou; and related parties, Ms. Ye Jinhua and Ms. Li Guoying).

## 18. Trade and other payables

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Trade payables	745,775	844,552
Bills payables	<u>18,680</u>	<u>12,738</u>
	----- 764,455	----- 857,290
Accruals and other payables		
– Accrued staff benefits	15,314	10,524
– Other taxes payable	151,384	138,779
– Accruals for listing expenses	–	3,106
– Other accruals and other payables	<u>24,011</u>	<u>25,075</u>
	----- 190,709	----- 177,484
	<u><u>955,164</u></u>	<u><u>1,034,774</u></u>

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

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Within 30 days	438,365	665,965
31 days to 6 months	95,184	100,137
6 months to 1 year	107,776	21,757
1 year to 2 years	60,502	51,046
2 year to 3 years	23,591	12,897
Over 3 years	<u>39,037</u>	<u>5,488</u>
	----- 764,455	----- 857,290
	<u><u>764,455</u></u>	<u><u>857,290</u></u>

## 19. Commitments

### (a) Operating lease commitments – Group as lessor

The Group leases various office premises under non-cancellable operating leases. The lease terms are between 1 to 5 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease receivables under non-cancellable operating leases are as follows:

	As at <b>30 June</b> <b>2021</b> <i>RMB'000</i> <b>(Unaudited)</b>	As at 31 December 2020 <i>RMB'000</i> (Audited)
No later than 1 year	<b>680</b>	669
Later than 1 year and no later than 5 years	<u><b>610</b></u>	<u>952</u>
	<u><b>1,290</b></u>	<u>1,621</u>

### (b) Capital commitments

As at 30 June 2021, the Group and the Company did not have any significant capital commitments (31 December 2020: Nil).

## 20. 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.

- (a) The directors are of the view that the following companies were related parties that had material transactions or balances with the Group during the period ended 30 June 2021:

<b>Name of related parties</b>	<b>Relationship with the Group</b>
Mr. Fan Shaozhou	Controlling shareholder
Mr. Wan Neng	Shareholder
Mr. Peng Weizhou	Shareholder
Mr. Chen Li	Shareholder
Mr. Deng Guanghui	Shareholder
Mr. Lin Yongqi	Shareholder
Ms. Ye Jinhua	Spouse of Mr. Fan Shaozhou, the controlling shareholder
Ms. Li Guoying	Spouse of Mr. Wan Neng, shareholder

- (b) **Key management compensation**

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Salaries and allowances	<b>1,181</b>	1,268
Others	<b>–</b>	70
	<b>=====</b>	<b>=====</b>

- (c) **Guaranteed by shareholders and related parties**

Certain banking facilities available to the Group were secured by limited guarantees provided by the shareholders, Mr. Fan Shaozhou, Mr. Wan Neng, Mr. Peng Weizhou, Mr. Chen Li, Mr. Deng Guanghui and Mr. Lin Yongqi; and related parties, who are Ms. Ye Jinhua and Ms. Li Guoying as at 30 June 2021 (2020: shareholders, who are Mr. Fan Shaozhou, Mr. Wan Neng, Ms. Huang Jin, Mr. Lin Yongqi, Mr. Chen Li, Mr. Deng Guanghui, Mr. Peng Weizhou and related parties, who are Ms. Ye Jinhua and Ms. Li Guoying) as disclosed in Note 17. Certain banking facilities available to the Group were also secured by properties owned by the shareholders, Mr. Fan Shaozhou, Mr. Wan Neng and Mr. Peng Weizhou; and related parties, who are Ms. Ye Jinhua and Ms. Li Guoying as at 30 June 2021 (2020: shareholders, who are Mr. Fan Shaozhou, Mr. Wan Neng and Mr. Peng Weizhou; and related parties, Ms. Ye Jinhua and Ms. Li Guoying) as disclosed in Note 17.

## 21. Contingent liabilities

The Group has the following material contingent liabilities:

- (i) In April 2012, Shenzhen Wenye Decoration Design Engineering Co., Ltd (“**Wenye Decoration**”) subcontracted certain construction works to a subcontractor (“**the Subcontractor**”), which in turn engaged other subcontractors (“**Other Subcontractors**”) to perform the work, while the Other Subcontractors further engaged construction workers to provide the services. In December 2018, claims in aggregate of approximately RMB9,622,000 were lodged to the trial court against Wenye Decoration by certain construction workers. In June 2019, a ruling against Wenye Decoration was made by the trial court and Wenye Decoration was obliged to settle approximately RMB9,347,000 to the construction workers. Based on the advice from Wenye Decoration’s litigation lawyer, Wenye Decoration has lodged an appeal to the trial court. In November 2019, the trial court has rescinded the original judgement and sent back the case for re-trial. The directors considered that Wenye Decoration should not bear any obligation and liability of the claims amount to the construction workers given there was no contractual agreement between Wenye Decoration and the construction workers, and Wenye Decoration had settled all the amounts due to the Subcontractor in relation to the construction works. Accordingly, no provision was made.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW AND FUTURE PROSPECTS**

The Company is a building decoration services provider and its shares in issue were successfully listed on the Main Board of the Stock Exchange on 14 January 2020 (the “**Listing Date**”). Being a listed company contributes to the further development of the Group’s business, strengthens the Group’s capital base and enhances its corporate image and brand awareness.

#### **Economic Environment**

In the first half of 2021, with the implementation of strict precautionary and control measures by the government authorities in the PRC, except for sporadic outbreaks of COVID-19 in a few regions, the situation of epidemic in PRC was basically stable and the economic development situation was positive. With the benefit from the recovery and growth of China’s economy, the domestic building decoration industry has also been able to usher in the post-epidemic recovery and development. However, the continuing COVID-19 epidemic still has certain impact on the development of domestic building decoration industry.

At present, the building decoration industry is progressively recovering, but the adjustment of the market structure and the change of the competitive landscape require the building decoration enterprises to accelerate the improvement of the adaptability.

#### **Business Performance**

The Group’s revenue increased by approximately RMB360.5 million or 119.6% to approximately RMB662.6 million for 1H2021 from approximately RMB301.7 million for 1H2020. Such increase was mainly resulted from the resumption of the Group’s various construction projects because the strict epidemic precautionary and control measures taken by the government effectively controlled the spread and impact of COVID-19, and enabled the economy to return to normal in a short period of time.



During the first half of 2021, the Group showed satisfactory performance in respect of technology development. The two patent technologies applied by the Group, namely “wet-sticking wall-mounted items for decoration panels and panel components (裝飾面板濕貼掛件及面板組件)” and “fireproof switch socket for wooded panels (用於木飾面板的防火開關插座)”, were awarded the “2020 Guangdong Province Award for Technological Innovation Achievement in Building Decoration Industry (2020年廣東省建築裝飾行業科技創新成果證書)”. The two projects undertaken by the Group were awarded the “Shenzhen Decoration Jinpeng Award (深圳市裝飾金鵬獎)” issued by Shenzhen Building Decoration Association.

In the first half of 2021, the Group actively sought new customers and explored new markets to expand its business. During the reporting period, the Group has entered into contracts for 129 projects with a total consideration (including value added tax) of approximately RMB704.2 million, among which each consideration of 19 projects are more than RMB5.0 million and that of 11 projects are more than RMB20.0 million.

### **Prospects**

Looking ahead, given the challenges in the global economic outlook, the Group will continue the following strategies:

1. By focusing on customers, the Group aims to be the “full-life-cycle service provider” of building decoration from a professional perspective;
2. The Group will enhance its building construction management and gradually adopt the Construction Site Big Data System to realize the enterprise digital management;
3. The Group will shift its focus from “engineering construction” to “engineering intelligent manufacturing” through intelligent management;
4. The Company will continue to carry out technological innovation, setting a new benchmark of green, high-tech and smart building decoration; and
5. The Group will continue to strengthen its operational management and consolidate its integrated strength.

## FINANCIAL REVIEW

### Revenue

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

	Six months ended 30 June			
	2021		2020	
	RMB million	%	RMB million	%
Revenue from construction contracts	657.6	99.2	292.8	97.1
Design service income	5.0	0.8	8.9	2.9
<b>Total</b>	<b>662.6</b>	<b>100</b>	<b>301.7</b>	<b>100</b>

The Group's revenue increased to approximately RMB662.6 million for 1H2021 from approximately RMB301.7 million for 1H2020, representing an increase of approximately 119.6%. Such increase was mainly due to the business recovery from the impact of COVID-19.

### Cost of sales

The cost of sales of the Group increased to approximately RMB581.9 million for 1H2021 from approximately RMB264.6 million for 1H2020, representing an increase of approximately 119.9% which is in line with the increase in revenue due to the business recovery from the impact of COVID-19.

### Gross profit and gross profit margin

The gross profit of the Group increased to approximately RMB80.7 million for 1H2021 from approximately RMB37.2 million for 1H2020, representing an increase of approximately 117.2%. The increase is in line with the increase in revenue. Our gross profit margin of 12.18% was maintained at a similar level as that of last year (1H2020: 12.32%).

## **Other income**

The Group recorded other income of approximately RMB3.0 million for 1H2021 which mainly comprised government grants, rental income from investment properties and compensation from lawsuit.

## **Other losses, net**

The Group's other losses primarily consist of penalty of lawsuit of RMB2 million and net exchange loss of RMB0.3 million for 1H2021 (Other gain for 1H2020: RMB0.4 million).

## **Selling and marketing expenses**

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

Selling and marketing expenses of approximately RMB4.7 million for 1H2021 was in line with that of approximately RMB4.8 million for 1H2020.

## **General and administrative expenses**

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

The general and administrative expenses decreased to approximately RMB16.9 million for 1H2021 from approximately RMB31.5 million for 1H2020, representing a decrease of approximately 46.4%. The decrease was mainly attributed to the decrease in the listing expenses as the Company was successfully listed in the year 2020, hence no listing expenses incurred in 1H2021(1H2020: RMB12.3 million).

## **Net impairment losses on financial and contract assets**

Net impairment losses on financial and contract assets decreased by 19.7% from approximately RMB22.1 million for 1H2020 to approximately RMB17.8 million for 1H2021. The decrease of the net impairment losses on financial and contract assets was primarily due to the collection of trade receivable of which the balance is due for over 2 years.

## **Net profit and adjusted net profit**

Profit for the period of the Group increased by 217.2% from approximately negative RMB22.4 million for 1H2020 to approximately RMB26.3 million for 1H2021, mainly due to (i) the substantial increase in the revenue of the Group, which was mainly resulted from the business recovery from the impact of COVID-19, given the delay in work schedules of projects as well as shortage of labor force and materials due to implementation of precautionary and control measures after the outbreak of COVID-19 in 1H2020, which was not happened in 1H2021; and (ii) the decrease of the general and administrative expenses of the Group, which was mainly resulted from the decrease in the listing expenses as the Company was successfully listed in the year of 2020, hence no listing expenses incurred in 1H2021.

## **Financial position, liquidity and financial resources**

### ***Trade and other receivables***

The trade and other receivables decreased from approximately RMB991.2 million as of 31 December 2020 to approximately RMB843.6 million as of 30 June 2021, representing a decrease of 17.5%. The trade receivables are the amount due from customers.

### ***Trade and other payable***

The trade and other payable decreased by 7.7% from approximately RMB1,034.8 million as of 31 December 2020 to approximately RMB955.2 million as of 30 June 2021. The trade payables are the amount due to suppliers.

### ***Treasury Policies***

The Group adopts a prudent approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

## Bank Borrowings

As of 30 June 2021, the Group had borrowings of approximately RMB158.5 million (31 December 2020: approximately RMB161.3 million). Based on the scheduled repayment terms set out in the loan agreements, approximately RMB151 million of the bank borrowings are repayable within 1 year. Bank borrowings were secured and guaranteed by the Group's land and building, trade receivables, a related company, certain properties owned by certain shareholders and related parties of the Group and limited personal guarantee executed by certain shareholders. For the 1H2021, the weighted average effective interest rate of our bank borrowings was approximately 5.9% (for the 1H2020: approximately 5.9%).

## Working capital management

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

## Future plans for substantial investments or capital assets

Save as disclosed in the prospectus of the Company dated 31 December 2019 (the "Prospectus"), as at 30 June 2021, the Group did not have any future plans for material investments and capital assets.

## Liquidity ratios

As of 30 June 2021, the Group had cash and cash equivalents of approximately RMB61 million (31 December 2020: approximately RMB56.9 million). The Group's current ratio and gearing ratio are as follows:

	<b>30 June 2021 (Unaudited)</b>	31 December 2020 (Audited)
Current ratio	<b>1.46</b>	1.41
Gearing ratio	<b>20.4%</b>	23.2%

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.

The Group has maintained a net cash position and healthy current and gearing ratios, reflecting its healthy financial position.

### **Significant investments, material acquisitions and disposals**

The Group had not made any significant investment, material acquisitions or disposal of subsidiaries, associates or joint ventures during 1H2021.

### **Important events after the end of the period**

The Group had no significant subsequent event affecting the Group which occurred after 30 June 2021 and up to the date of this interim results announcement.

### **Capital commitments**

As at 30 June 2021, the Group had no capital commitment.

### **Charges on the group's assets**

As at 30 June 2021, the Group's property, plant and equipment of RMB11.6 million, trade receivables and contract assets of totaling RMB1,748.2 million and bank deposit of HK\$30 million were pledged as collateral for the Group's borrowings (As at 31 December 2020, the Group's land and buildings of RMB4.9 million, investment properties of RMB2.2 million, restricted cash of RMB25 million and trade receivables were pledged as collateral for the Group's borrowings).

## **Exposure to exchange rate fluctuation**

The majority of the Group's business and bank borrowings are denominated and accounted for in RMB. Therefore, the Group does not have significant exposure to foreign exchange fluctuation. The Board does not expect that the fluctuation of RMB exchange rate and other foreign exchange fluctuations will have material impact on the business operations or financial results of the Group. The Group currently has no hedging policy with respect to the foreign exchange risks, therefore, the Group has not entered into any hedging transactions to manage the potential fluctuation in foreign currencies.

## **Contingent liabilities**

As at 30 June 2021, the Group did not have any significant contingent liabilities.

In April 2012, Shenzhen Wenye Decoration Design Engineering Co., Ltd (“**Wenye Decoration**”) subcontracted certain construction works to a subcontractor (the “**Subcontractor**”), which in turn engaged other subcontractors (“**Other Subcontractors**”) to perform the work, while the Other Subcontractors further engaged construction workers to provide the services. In December 2018, claims in aggregate of approximately RMB9,622,000 were lodged to the trial court against Wenye Decoration by certain construction workers. In June 2019, a ruling against Wenye Decoration was made by the trial court and Wenye Decoration was obliged to settle approximately RMB9,347,000 to the construction workers. Based on the advice from Wenye Decoration's litigation lawyer, Wenye Decoration has lodged an appeal to the trial court. In November 2019, the trial court has rescinded the original judgement and sent back the case for re-trial. The Directors considered that Wenye Decoration should not bear any obligation and liability of the claims amount to the construction workers given the fact that there was no contractual agreement between Wenye Decoration and the construction workers, and Wenye Decoration had settled all the amounts due to the Subcontractor in relation to the construction works. Accordingly, no provision was made.

## **Dividends**

The Board does not recommend the payment of an interim dividend for the period ended 30 June 2021.

## USE OF PROCEEDS

On the Listing Date, a total of 148,500,000 shares were issued to the public at HK\$1.06 per share. The net proceeds from the Global Offering to be received by the Group, after deduction of the underwriting fees and commissions and other expenses payable by the Group in connection with the Global Offering were approximately HK\$107.4 million.

In light of the difference between the actual and estimated amount of the total net proceeds raised from the IPO (the “**Net Proceeds**”), the Group has adjusted the intended use of the Net Proceeds in the same manner and in the same proportion as shown in the Prospectus.

As of 30 June 2021, the amount of the Net Proceeds which has remained unutilised amounted to approximately HK\$14.8 million (equivalent to approximately RMB13.1 million). The below sets out details of the original allocation of the Net Proceeds, revised allocation of the Net Proceeds (after the adjustment as mentioned above), the utilised and unutilised amount of the Net Proceeds as of 30 June 2021:

		Original allocation of Net Proceeds <i>HK\$ million</i>	Revised allocation of Net Proceeds <i>HK\$ million</i>	The remaining net proceeds as at 31 December 2020 <i>HK\$ million</i>	The amount utilised during the six months ended 30 June 2021 <i>HK\$ million</i>	Utilised Amount (as of 30 June 2021) <i>HK\$ million</i>	Unutilised Amount (as of 30 June 2021) <i>HK\$ million</i>	Expected timeline of full utilization of the remaining proceeds
Fund the Group’s capital needs and cash flow under its existing and expected projects	61.2%	80.2	65.7	0.4	0.4	65.7	–	–
Hiring of additional project managers and designers	8.1%	10.6	8.7	4.0	2.0	6.7	2.0	On or before December 2021
Improvement of the existing branch offices	20.9%	27.4	22.5	14.0	1.2	9.7	12.8	On or before December 2021
General working capital	9.8%	12.9	10.5	0	0	10.5	–	–
	<u>100%</u>	<u>131.1</u>	<u>107.4</u>	<u>18.4</u>	<u>3.6</u>	<u>92.6</u>	<u>14.8</u>	

During the six months ended 30 June 2021, the actual application of the net proceeds from the Global Offering were used according to the plans previously disclosed in the Prospectus. The unutilised amount is expected to be used in accordance with the Company’s plan as disclosed in the Prospectus. Saved as disclosed, there was no material change or delay in the use of proceeds.



## 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 30 June 2021, the remaining life of the RSU Scheme was approximately seven 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 30 June 2021, no RSU has been granted by the Company pursuant to the RSU Scheme.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2021, the Group employed a total of 362 employees (30 June 2020: 375 employees). It is the policy of the Group to provide a regular review on its employees' pay levels, performance bonus system and other fringe benefits (including social insurance coverage and sponsored training) to ensure that the remuneration policy is competitive within the relevant industry. During 1H2021, the employee benefit expenses (including directors' emoluments) amounted to approximately RMB19.1 million (1H2020: approximately RMB20.3 million).

## **PURCHASES, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2021.

## **COMPLIANCE WITH THE CODE OR CORPORATE GOVERNANCE PRACTICES**

The Company is committed to maintaining high quality corporate governance. The corporate governance principles of the Company are to promote effective internal management measures, to maintain high quality ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all shareholders. The Company's corporate governance practice is based on the principles and code provisions as set out in Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). During the six months ended 30 June 2021, the Company has complied with all the code provisions set out in the CG code, except for the following deviation.

Under Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and performed by different individuals.

The roles of chairman and chief executive officer of the Company are not separated and Mr. Fan Shaozhou (“**Mr. Fan**”) currently holds both positions. Mr. Fan has extensive experience in the decoration and engineering industry and is responsible for the overall management, decision-making and strategic planning of the Group. He plays a key role in the growth and business expansion of the Group. The Board believes that vesting the roles of both chairman and chief executive officer in Mr. Fan has the benefit of ensuring consistent internal leadership within the Group and enables effective and efficient general strategic planning for the Company. The Board is of the view that the balance of power and authority achieved by the present arrangement will not be impaired and is adequately ensured by the Board, which currently comprises experienced and high calibre individuals with sufficient number of independent non-executive Directors.

Save as disclosed above, the Company has complied with the requirements under all code provisions of the CG Code as set out in Appendix 14 of the Listing Rules. The Company will continue to review and enhance its corporate governance practice to ensure the compliance with the CG Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities in the Company. Having made specific enquiry to all Directors of the Company, all Directors have confirmed that they have strictly complied with the required standard set out in the Model Code during the six months ended 30 June 2021. 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 A.6.4 of the CG Code. After making reasonable enquiry, no incident of non-compliance with the Model Code by relevant employees of the Company has been noted during the six months ended 30 June 2021.

## **CHANGES IN DIRECTORS’ OR CHIEF EXECUTIVES’ INFORMATION**

The Directors and the chief executive officer confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## **REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE**

The Audit Committee has reviewed the Group's unaudited consolidated Interim Financial Information for the six months ended 30 June 2021, with no disagreement. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal control and financial reporting matters.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.szwyzs.com.cn](http://www.szwyzs.com.cn)). The interim report of the Company for the six months ended 30 June 2021 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and made available on the same websites in due course.

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

Shenzhen, PRC, 27 August 2021

*As at the date of this announcement, the executive directors of the Company are Mr. Fan Shaozhou, Mr. Wan Neng and Mr. Peng Weizhou; the non-executive directors of the Company are Mr. Deng Guanghui and Mr. Chen Li; and the independent non-executive directors of the Company are Ms. Huang Guiqing, Mr. Liu Ziping and Mr. Liu Xiaoyi.*