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KWG Living Group Holdings Limited

合景悠活集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3913)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

SUMMARY OF ANNUAL RESULTS

- Revenue for the year ended 31 December 2025 amounted to approximately RMB3,329.9 million, representing a year-on-year decrease of approximately 6.8%.
- Gross profit for the year ended 31 December 2025 amounted to approximately RMB829.4 million, representing a year-on-year decrease of approximately 6.0%.
- Loss for the year ended 31 December 2025 amounted to approximately RMB316.3 million, representing a year-on-year decrease of approximately 43.4%.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the “**Board**”) of directors (the “**Directors**”) of KWG Living Group Holdings Limited (the “**Company**”) announces its consolidated results of the Company and its subsidiaries (the “**Group**”, “**we**”, “**us**” or “**our**”) for the year ended 31 December 2025, together with the comparative figures for the year ended 31 December 2024, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
REVENUE	4	3,329,875	3,573,469
Cost of sales		<u>(2,500,434)</u>	<u>(2,690,811)</u>
Gross profit		829,441	882,658
Other income and gains	5	19,516	121,329
Selling and distribution expenses		(5,155)	(5,488)
Administrative expenses		(428,307)	(471,595)
Other expenses, net		(543,070)	(1,049,953)
Finance costs		(19,195)	(33,036)
Share of profit and loss of:			
Joint ventures		(1,890)	7,029
Associates		(614)	127
LOSS BEFORE TAX	6	(149,274)	(548,929)
Income tax expenses	7	<u>(167,013)</u>	<u>(9,730)</u>
LOSS FOR THE YEAR		<u>(316,287)</u>	<u>(558,659)</u>
Attributable to:			
Owners of the parent		(313,764)	(572,282)
Non-controlling interests		<u>(2,523)</u>	<u>13,623</u>
		<u>(316,287)</u>	<u>(558,659)</u>
LOSSES PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic (expressed in RMB cents per share)	8	<u>(15.49)</u>	<u>(28.25)</u>
Diluted (expressed in RMB cents per share)	8	<u>(15.49)</u>	<u>(28.25)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
LOSS FOR THE YEAR	<u>(316,287)</u>	<u>(558,659)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>36,374</u>	<u>(31,704)</u>
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company	<u>(57,513)</u>	<u>45,424</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	<u>(21,139)</u>	<u>13,720</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(337,426)</u>	<u>(544,939)</u>
Attributable to:		
Owners of the parent	<u>(334,903)</u>	<u>(558,562)</u>
Non-controlling interests	<u>(2,523)</u>	<u>13,623</u>
	<u>(337,426)</u>	<u>(544,939)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		27,122	60,099
Investment properties		3,265	3,936
Goodwill		630,120	713,896
Other intangible assets		317,867	383,358
Investment in joint ventures		29,530	11,420
Investment in associates		7,139	7,753
Deferred tax assets		239,774	313,883
Other non-current assets		2,842	3,498
Total non-current assets		1,257,659	1,497,843
CURRENT ASSETS			
Trade receivables	9	2,742,282	2,783,640
Prepayments, other receivables and other assets		696,241	694,949
Restricted cash		60,561	62,478
Cash and cash equivalents		1,219,248	1,145,614
Total current assets		4,718,332	4,686,681
CURRENT LIABILITIES			
Trade payables	10	684,734	609,032
Other payables and accruals		1,159,162	1,046,868
Contract liabilities	4	291,326	269,120
Lease liabilities		6,577	2,425
Interest-bearing bank and other borrowings		140,357	126,293
Tax payable		542,455	494,785
Total current liabilities		2,824,611	2,548,523
NET CURRENT ASSETS		1,893,721	2,138,158
TOTAL ASSETS LESS CURRENT LIABILITIES		3,151,380	3,636,001

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES		
Lease liabilities	6,027	3,495
Interest-bearing bank and other borrowings	273,975	397,832
Deferred tax liabilities	77,986	92,563
	<hr/>	<hr/>
Total non-current liabilities	357,988	493,890
	<hr/>	<hr/>
Net assets	2,793,392	3,142,111
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Share capital	17,568	17,568
Reserves	2,487,134	2,820,848
	<hr/>	<hr/>
Equity attributable to owners of the parent	2,504,702	2,838,416
Non-controlling interests	288,690	303,695
	<hr/>	<hr/>
Total equity	2,793,392	3,142,111
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NOTES TO FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION

General information

The Company is a limited liability company incorporated in the Cayman Islands on 11 September 2019. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the year ended 31 December 2025, the Group was involved in the provision of residential property management services and non-residential property management and commercial operational services in the People's Republic of China (the "PRC").

In the opinion of the directors, the immediate and ultimate holding company of the Company was Plus Earn Consultants Limited, which was incorporated in the British Virgin Islands ("BVI").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 Disclosures about Uncertainties in the Financial Statements, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. The Group has considered the guidance in these illustrative examples which has had no significant impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into two reportable operating segments as follows:

- (a) Residential property management services; and
- (b) Non-residential property management and commercial operational services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

The revenue from external customers reported to management is measured as segment revenue, which is the revenue derived from the customers in each segment.

No analysis of segment assets and segment liabilities is presented as this information is not regularly provided to management for review.

The following is an analysis of the Group's revenue and results by operating and reportable segment:

Year ended 31 December 2025

	Residential property management services RMB'000	Non-residential property management and commercial operational services RMB'000	Total RMB'000
Segment revenue	1,675,181	1,654,694	3,329,875
Segment result	296,971	215,760	512,731
<i>Reconciliation:</i>			
Interest income and unallocated income			19,516
Unallocated expenses			(662,326)
Finance costs			(19,195)
Loss before tax			(149,274)
Income tax expenses			(167,013)
Loss for the year			<u>(316,287)</u>

	Residential property management services <i>RMB'000</i>	Non-residential property management and commercial operational services <i>RMB'000</i>	Total <i>RMB'000</i>
Other segment information			
Share of profit and loss of:			
Joint ventures	(1,890)	—	(1,890)
Associates	525	(1,139)	(614)
Depreciation of property, plant and equipment			23,099
Amortisation of other intangible assets			70,128
Impairment losses on property, plant and equipment			29,041
Impairment losses on goodwill			83,776
Impairment losses on trade receivables, net			393,236
Impairment losses on prepayments, other receivables and other assets, net			20,315
Capital expenditure*	8,046	2,150	10,196
Unallocated amounts of capital expenditure			17,523
			<u>27,719</u>

Year ended 31 December 2024

	Residential property management services <i>RMB'000</i>	Non-residential property management and commercial operational services <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue	1,769,176	1,804,293	3,573,469
Segment result	326,828	215,169	541,997
<i>Reconciliation:</i>			
Interest income and unallocated income			121,329
Unallocated expenses			(1,179,219)
Finance costs			(33,036)
Loss before tax			(548,929)
Income tax expenses			(9,730)
Loss for the year			<u>(558,659)</u>

	Residential property management services <i>RMB'000</i>	Non-residential property management and commercial operational services <i>RMB'000</i>	Total <i>RMB'000</i>
Other segment information			
Share of profit and loss of:			
Joint ventures	7,029	—	7,029
Associates	547	(420)	127
Depreciation of property, plant and equipment			28,382
Amortisation of other intangible assets			117,782
Impairment losses on property, plant and equipment			819
Impairment losses on goodwill			630,008
Impairment losses on other intangible assets			82,892
Impairment losses on trade receivables, net			279,787
Impairment losses on prepayments, other receivables and other assets, net			43,187
Capital expenditure*	20,552	6,867	27,419
Unallocated amounts of capital expenditure			2,196
			29,615
			29,615

* Capital expenditure consists of additions to property, plant and equipment and other intangible assets.

Geographical information

The Group's revenue from customers is derived solely from its operations and services rendered in Chinese Mainland, and the non-current assets of the Group are mainly located in Chinese Mainland.

Information about major customers

For the years ended 31 December 2025 and 2024, approximately RMB303.1 million and RMB408.3 million of revenue were derived from KWG Group Holdings Limited and its subsidiaries (collectively the "KWG Group") and its joint ventures and associates, respectively.

4. REVENUE AND CONTRACT LIABILITIES

Revenue from contracts with customers

Revenue comprised proceeds from residential property management services and non-residential property management and commercial operational services during the year ended 31 December 2025. An analysis of revenue is as follows:

(a) *Disaggregated revenue information*

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Types of services by segment		
<i>Residential property management services</i>		
Pre-sale management services	68,099	82,549
Property management services	1,466,922	1,464,528
Community value-added services	<u>140,160</u>	<u>222,099</u>
	<u>1,675,181</u>	<u>1,769,176</u>
 <i>Non-residential property management and commercial operational services</i>		
Pre-sale management services	10,474	22,127
Property management services	1,487,540	1,621,214
Commercial operational services	52,829	55,876
Other value-added services	<u>103,851</u>	<u>105,076</u>
	<u>1,654,694</u>	<u>1,804,293</u>
 Total revenue from contracts with customers	 <u><u>3,329,875</u></u>	 <u><u>3,573,469</u></u>
 Timing of revenue recognition		
Revenue from contracts with customers recognised over time	3,172,941	3,429,458
Revenue from contracts with customers recognised at a point in time	<u>156,934</u>	<u>144,011</u>
 Total	 <u><u>3,329,875</u></u>	 <u><u>3,573,469</u></u>

(b) *Performance obligations*

Information about the Group's performance obligations is summarised below:

For residential property management services and non-residential property management and commercial operational services, the Group recognised revenue in the amount that equals to the rights to invoices which corresponds directly with the value to the customers of the Group's performance to date. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts because the performance obligation is part of a contract that has an original expected duration of one year or less, and there was unsatisfied performance obligation at the end of the respective periods.

Contract liabilities

The Group recognised the following revenue-related contract liabilities:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Third parties	288,533	268,227
Related parties	2,793	893
	<u>291,326</u>	<u>269,120</u>

Contract liabilities of the Group mainly arise from the advance payments received from customers for services yet to be provided. The increase in contract liabilities as at 31 December 2025 was primarily due to the increase in short term advances received from customers in relation to the provision of property management services at the end of the year.

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Residential property management services	220,298	197,417
Non-residential property management and commercial operational services	21,978	26,529
	<u>242,276</u>	<u>223,946</u>

5. OTHER INCOME AND GAINS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest income	2,345	2,438
Government grants	5,818	7,439
Gain on disposal of property, plant and equipment, net	131	2,056
Late penalty income	3,435	6,500
Tax incentives on value-added tax	4,176	3,083
Realised income from wealth management financial products	283	140
Provision for compensation on profit guarantee	—	96,479
Dividend income from a joint venture and an associate	1,665	1,662
Others	1,663	1,532
	<u>19,516</u>	<u>121,329</u>

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of services provided	2,500,434	2,690,811
Depreciation of property, plant and equipment	23,099	28,382
Amortisation of other intangible assets	70,128	117,782
Auditor's remuneration	3,600	3,600
Loss on disposal of investment in a joint venture	—	1,188
Fair value losses on investment properties	671	786
Employee benefit expense (excluding directors' and chief executive's remuneration)		
Wages and salaries	993,737	1,043,454
Share-based compensation expense	1,189	1,468
Pension scheme contributions	101,273	102,950
Other employee benefits	112,999	114,760
	<u>1,209,198</u>	<u>1,262,632</u>
Impairment losses on property, plant and equipment	29,041	819
Impairment losses on goodwill	83,776	630,008
Impairment losses on other intangible assets	—	82,892
Net impairment losses recognised on financial assets		
— Trade receivables (<i>Note 9</i>)	393,236	279,787
— Prepayments, other receivables and other assets	20,315	43,187
	<u>413,551</u>	<u>322,974</u>
Rental expense:		
Short-term leases and low-value leases	19,659	25,367
	<u>19,659</u>	<u>25,367</u>

7. INCOME TAX EXPENSES

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and BVI, the entities within the Group incorporated in the Cayman Islands and BVI are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not generate any assessable profits arising in Hong Kong during the year ended 31 December 2025.

The income tax provision of the Group's subsidiaries established in the PRC in respect of its operation in Chinese Mainland was calculated at the tax rate of 25% on their assessable profits for the year, if applicable, based on the existing legislation, interpretations and practice in respect thereof. Certain subsidiaries of the Group operating in the PRC enjoyed a preferential corporate income tax rate of 15% for the year ended 31 December 2025.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current	107,481	140,449
Deferred	59,532	(130,719)
	<u>167,013</u>	<u>9,730</u>

8. LOSSES PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic and diluted losses per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,025,858,916 (2024: 2,025,858,916) and 2,025,858,916 (2024: 2,025,971,749), respectively in issue during the year ended 31 December 2025.

The calculations of basic and diluted losses per share are based on:

	2025	2024
Losses		
Loss attributable to ordinary equity holders of the parent <i>(RMB'000)</i>	<u>(313,764)</u>	<u>(572,282)</u>
Shares		
Weighted average number of ordinary shares in issue during the year in the basic losses per share calculation	<u>2,025,858,916</u>	<u>2,025,858,916</u>
Weighted average number of ordinary shares in issue during the year in the diluted losses per share calculation	<u>2,025,858,916</u>	<u>2,025,971,749</u>
Losses per share		
Basic <i>(RMB cents per share)</i>	<u>(15.49)</u>	<u>(28.25)</u>
Diluted <i>(RMB cents per share)</i>	<u>(15.49)</u>	<u>(28.25)</u>

9. TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Related parties	2,415,255	2,231,188
Third parties	<u>1,721,268</u>	<u>1,574,347</u>
Trade receivables	4,136,523	3,805,535
Less: Allowance for impairment of trade receivables	<u>(1,394,241)</u>	<u>(1,021,895)</u>
	<u><u>2,742,282</u></u>	<u><u>2,783,640</u></u>

An ageing analysis of the trade receivable as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 year	1,012,294	1,166,275
1 to 2 years	492,639	734,231
2 to 3 years	606,560	812,115
Over 3 years	<u>630,789</u>	<u>71,019</u>
	<u><u>2,742,282</u></u>	<u><u>2,783,640</u></u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At beginning of year	1,021,895	744,948
Impairment losses recognised, net (<i>note 6</i>)	393,236	279,787
Amount written off as uncollectible	<u>(20,890)</u>	<u>(2,840)</u>
At end of year	<u><u>1,394,241</u></u>	<u><u>1,021,895</u></u>

10. TRADE PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Related parties	21,114	3,695
Third parties	<u>663,620</u>	<u>605,337</u>
	<u>684,734</u>	<u>609,032</u>

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 year	549,765	492,248
1 to 2 years	89,380	88,853
2 to 3 years	25,843	18,057
Over 3 years	<u>19,746</u>	<u>9,874</u>
	<u>684,734</u>	<u>609,032</u>

11. DIVIDENDS

The Board does not recommend any final dividend for the year ended 31 December 2025 (2024: Nil).

CHAIRMAN’S STATEMENT

Dear Shareholders,

Thanks for your continued support for the Group’s development. I am pleased to present the business review and outlook of the Group for the year ended 31 December 2025.

2025 was a critical year for China’s economy to advance in-depth structural reforms and seek high-quality development. It also marked a key phase in the transformation of the property service industry towards quality, professionalism and marketisation. The 15th Five-Year Plan explicitly outline policy guidance for improving the quality of housing and property services. The market and customers are placing higher demands on the professional capabilities, refined management, and diverse supply of property services. In response, property service enterprises are continuously striving for improvement and innovation in areas such as service upgrades, cost control, and capacity optimisation to actively adapt to market changes.

In 2025, amid industry restructuring and market challenges, the Group steadfastly implemented the “effectiveness-first” strategy by focusing on market-oriented development, consolidating its core businesses, upgrading service quality, and enhancing operational efficiency. Nevertheless, due to multiple factors including the industrial conditions, the Group’s operating results came under pressure for the year. During the year ended 31 December 2025, the Group achieved a revenue of approximately RMB3,329.9 million, representing a year-on-year decline. It recorded a net loss of approximately RMB316.3 million, reducing the loss by approximately RMB242.4 million compared to the previous year, and the extent of loss was effectively narrowed. At the same time, the Group has always adhered to the baseline of service quality and the principle of precise cost control, and its core profitability indicators remained relatively stable. During the year ended 31 December 2025, the Group achieved gross profit of approximately RMB829.4 million with gross profit margin maintaining at approximately 24.9%.

1. Deeply engaging in regions and independent development

The 2025 Central Urban Work Conference (2025年中央城市工作會議) further specified the national regional development layout, and promoted the development of modern urban clusters and metropolitan areas, which further clarifies the direction for high-quality development in the industry. Adhering to a strategy of “focusing on core regions”, the Group has highly aligned with the national development framework. Through deepening its presence in higher-tier cities, the Group steadily consolidated its operational advantages and service barriers in these core regions. Currently, the industry remains in a period of adjustment with certain challenges in the operations. Steadfast commitment to market-driven and independent development has become the key for enterprises to navigate economic cycles and achieve sustainable development. The Group stays committed to the path of market-driven and independent development, continuously enhancing its capabilities in third-party expansion and service delivery. During the year ended 31 December 2025, the proportion of revenue from third-party steadily increased, which has become a core pillar for counteracting the pressure on the industry and supporting the Group’s robust development.

2. Enhancing commercial services to empower synergistic growth

Leveraging years of experience and core competencies in commercial operation, the Group adheres to the philosophy of mutual growth and prosperity with tenants, closely aligning with their operational needs to build a full-cycle commercial operation system. Aiming at converting customer traffic and enhancing operational quality, it contributes to regional consumption and the prosperity of commercial districts. During the year ended 31 December 2025, sales and customer traffic at various commercial projects of the Group increased, while property fee collection rates continued to improve, demonstrating the solid foundation and robust resilience of the commercial operational services segment. In the high-end commercial and office sector, the Group has provided specialised, integrated, and scenario-based operational services tailored to the core businesses of tenant companies. This approach has curbed operating costs, enhanced operational efficiency, and enabled tenants to focus on their core businesses. Additionally, the Group has actively fostered a high-quality business environment, established platforms for corporate exchange and collaboration, integrated resources, and refined the supporting facilities to promote synergy among various parties, thereby creating a mutually beneficial and win-win ecosystem for commercial and office buildings.

3. Laying a solid foundation for healthy development by stabilising the volume of existing properties and optimising growth

Currently, residents' demand for high-quality property services is continuously increasing, and the industry has entered an important development stage of parallel in-depth presence of existing properties and expansion of additional properties. Facing the profound changes in the industry landscape, the Group adheres to seeking progress while maintaining stability, and persistently implementing the dual-wheel driven development strategy. Taking the robust operation of existing properties as its core ballast, the Group adheres to the principle of stability first, quality and efficiency priority, and takes service quality-oriented. By focusing on the refinement of basic services, prompt responses to customer demands, and a diverse range of customised services, and establishment of multi-channel communication mechanisms, the Group has continuously improved its refined operation systems and consolidated its fundamental business operations. In terms of expansion of newly added properties, the Group has aligned with the industrial trend toward high-quality development by establishing a full-cycle management system and deepening its diversified business portfolio. During the year ended 31 December 2025, the Group successfully expanded into new sectors such as headquarters of gaming companies and airports, and secured contracts for several landmark public construction projects worth tens of millions of Renminbi. These achievements have showcased the Group's professional strengths and brand influence, providing strong momentum for its sustainable development.

4. Optimising organisational structure, improving operational quality and efficiency

Efficient organisational operations are a key pillar of the Company's high-quality corporate development. The Group remains committed to enhancing management and boosting operational efficiency, continuously optimising its governance system and strengthening the synergies across the organisation. In terms of structures, a new Supply Chain Management Center has been established to consolidate supplier resources through centralised management, expand the scope of centralised procurement, effectively curb operating costs, and solidly foster operational resilience. In terms of service standardisation, the Group has refined the operational procedures by leveraging scenario-based standards and full-process norms, while establishing an integrated online and offline training mechanism. Additionally, by focusing on customer needs, it has strengthened the talent pool, expanded service offerings, and enhanced the professionalism of frontline service staff, thereby providing strong support for cost reduction, efficiency enhancement, and quality upgrades.

5. Future Outlook

In the future, the continuous implementation of standardised industry norms for property services on the policy side, and the increasingly prominent demands for diversified and personalised property services from customers on the demand side, will further accelerate the differentiation of the industry. Meanwhile, the continuous release of domestic consumption demand and the in-depth exploration of the operational value of the existing assets will become the key growth points driving macroeconomic development, and will also breed new opportunities for the transformation and development of the property service industry.

Amid a rapidly evolving landscape, opportunities continue to emerge alongside challenges. I would like to express my gratitude for the long-term trust and support of all Shareholders, the joint efforts and close collaboration of all partners, and the hard work and dedication of all employees. In 2026, the Group will continue to take professional services as the key focus and quality operations as the foundation of development, forge operating resilience in the wave of deep industry transformation, and seize new opportunities as the first mover in market development. We remain committed to working closely with all stakeholders to embrace a high-quality and sustainable future.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2025, the property management industry in the PRC remained in a phase of profound adjustment. Under the combined effects of multiple factors including the shrinking growth opportunities, intensifying industry competition, and the continuous upgrading of public demand for “quality housing and quality services”, the industry as a whole demonstrated a trend of low-speed growth. In the face of a complex external business environment, the Group, on the basis of adhering to the high-quality operation of existing businesses and ensuring the renewal of key projects, has continuously reviewed its existing business layout, resolutely exited inefficient projects, and adopted a prudent expansion strategy for incremental businesses. At the same time, the Group simultaneously promoted the optimisation of its organisational structure, deepened measures to reduce costs and increase efficiency, fully leveraged its core advantages in business layout and in-depth regional development, and continued to enhance its brand value, striving to achieve high-quality development during the industry adjustment period.

Ongoing Pressure from Industry Adjustment

Amid continued pressure in the PRC real estate industry, the property management industry has entered a critical phase of transformation and development. Affected by the slowdown in the real estate development, the demand for both early-stage property involvement and value-added services decreased. For the year ended 31 December 2025, the Group’s residential property segment reported revenue of approximately RMB1,675.2 million, representing a year-on-year decrease of 5.3%. Despite the weaker demand for early-stage businesses, the Group has remained committed to delivering high-quality services for core residential property management. By further refining the management level of fundamental services such as cleaning, security, and maintenance, the Group effectively maintained property owner satisfaction and the collection rate of in-service projects, thereby consolidating the foundation of its core businesses.

Strategic Focus on Certain Businesses

Amid the trend of ongoing domestic economic adjustment, the businesses in the urban services sector were affected by price competition in the market and the prolonged collection cycle, with the profitability of projects continuing to be squeezed. During the year ended 31 December 2025, the Group continued to implement its strategic focus strategy by proactively reducing inefficient resource input. At the same time, it conducted a risk re-assessment of certain public property projects to optimise the efficiency of project portfolio and resource allocation. For the year ended 31 December 2025, the Group's non-residential property segment recorded revenue of approximately RMB1,654.7 million, down 8.3% year-on-year. The Group will continue to focus on the well-selected markets in the non-residential sector with a value-oriented approach to ensure resources are mainly deployed to projects with lower risks and of higher quality. Meanwhile, the Group will also push forward business structure optimisation to achieve long-term sustainable value growth.

Impacts of Impairment of Certain Assets

- (i) For the year ended 31 December 2025, the Group recorded impairment provisions for trade receivables of approximately RMB393.2 million. This was primarily due to the ongoing downturn of the real estate market in the PRC, and the significant changes in the market environment, including weakened demand and downward pressure on housing prices, which brought challenges to the overall business environment and resulted in a slowdown in the pace of recovering trade receivables owed to the Group. Accordingly, the Company prudently assessed the amount of impairment provisions made for trade receivables and made appropriate accounting estimates.
- (ii) For the year ended 31 December 2025, the Group derecognised certain deferred tax assets and had an increase in deductible temporary differences not recognised as deferred tax assets for certain subsidiaries, which led to an increase in income tax expenses of approximately RMB184.6 million. This was mainly due to the ongoing pressure from the macroeconomic environment, as the Group expects that these subsidiaries will not have sufficient taxable profits in future periods to utilise the benefits of the deductible temporary differences;
- (iii) For the year ended 31 December 2025, the Group recorded impairment losses on goodwill and property, plant and equipment of approximately RMB83.8 million and RMB29.0 million, respectively. This was mainly because certain contracts of subsidiaries acquired by the Group in prior periods were not renewed due to intense market competition. The expansion of these subsidiaries' new customer base fell short of expectations, which, together with increased costs arising from service quality improvements, led to a decline in their revenue and operating profit. Despite the decrease in operating profit, these subsidiaries still recorded a net operating profit for the year ended 31 December 2025.

Further Improvement in Independence

For the year ended 31 December 2025, among the total revenue realised by the Group, revenue from independent third parties accounted for approximately 90.6%, representing an increase of approximately 2.0 percentage points as compared to 2024. In recent years, the Group gradually reduced its reliance on the business of a single related-party customer and focused on expanding its business development in independent markets. As such, revenue from independent third parties accounted for 63.1%, 78.6%, 82.9%, 88.6% and 90.6% in 2021, 2022, 2023, 2024 and 2025, respectively, demonstrating a momentum of year-on-year growth. The Group has been committed to enhancing its brand influence and market competitiveness. With the enhancement of brand recognition and comprehensive service capabilities, the Group will continue to focus on core city clusters, strengthen its differentiated competitive advantages, and build a sustainable and independent operating model.

Reducing Cost and Increasing Efficiency to Optimise Operation

The Group has made efforts across multiple dimensions including organisational structure, management processes, technology application, and resource integration to comprehensively enhance operational efficiency. During the year ended 31 December 2025, the administrative expenses of the Group declined by 9.2% year-on-year. In terms of labor costs, the Group continuously optimised its organisational structure, adopted a flat management and a cross-departmental position-sharing model, streamlined intermediate levels, and improved per capita management efficiency. In terms of technology application, the deeper adoption of intelligent inspection, remote monitoring and business-finance integrated systems has effectively reduced repetitive manual work and cut internal communication costs. In the procurement aspect, the Group further integrated procurement channels and strengthened its centralised procurement mechanism, thereby controlling material consumption costs while ensuring service quality.

Unwavering Dedication to Long-term and Sustainable Growth

Achieving customer satisfaction has always been the fundamental goal of the Group. Refined operations, enhanced life-cycle and element-based management, digitalisation and talent cultivation mechanisms will all promote structural optimisation and service empowerment, and drive long-term value creation. Looking forward, the Group will be guided by the goal of enhancing operational quality. While ensuring the commercial value and long-term sustainability of our projects, such goal will drive the shift of our business structure from scale-driven to value-driven, so as to consolidate the foundation for sustainable growth.

Business Model

The Group's revenue is primarily derived from two major business segments: (i) residential property management services; and (ii) non-residential property management and commercial operational services.

Residential Property Management Services

The Group provides residential property management services and introduces various services to meet the needs of living scenarios for households and residents living in the communities, including:

- pre-sale management services: providing pre-sale management services to property developers in their pre-sale activities, including cleaning, security and maintenance services for pre-sale display units and sales offices. The Group charges a fixed service fee for such services;
- property management services: providing property management services such as cleaning, security, gardening and repair and maintenance services to (i) property developers (for the undelivered portion of the properties); and (ii) property owners, property owners' associations or residents (for sold and delivered properties). The Group collects property management fees for such services; and
- community value-added services: such as (i) home-living services — integrating industrial and ecological resources to match the personalised needs of owners and providing diverse services; (ii) property agency services — providing property agency services to property owners, residents and property developers; and (iii) common area value-added services — aimed at providing daily living convenience for property owners and residents, and leveraging community space to enhance their sense of well-being. The Group typically charges a commission-based fee or a fixed fee depending on the nature of services rendered.

Non-residential Property Management and Commercial Operational Services

The Group manages and operates a diversified portfolio of non-residential properties, provides property management and commercial operational services to commercial properties such as shopping malls, office buildings and industrial parks, and provides property management services to schools, hospitals, government authorities and other public properties. The Group's services include:

- pre-sale management services: providing pre-sale management services to property developers, such as cleaning, security and maintenance services for pre-sale display units and sales offices. The Group charges a fixed service fee for such services;
- property management services: providing services such as file management, cleaning, security, gardening and repair and maintenance services to property owners or tenants. The Group charges property management fees for such services;
 - property management services for commercial properties: the Group charges property management fees for property management services provided to commercial properties (including shopping malls and office buildings);
 - public property services and urban services: the Group charges management fees for property management services provided to public properties (including schools, hospitals, government authorities, industrial parks, transportation hubs, etc.) and for urban cleaning services provided to urban spaces (including urban roads, rivers, etc.);
- commercial operational services: providing services such as preliminary planning and consultancy services, tenancy sourcing services, tenancy management services and marketing and promotion services to property owners and property developers. The Group typically charges (i) a commission-based fee with respect to the operation of shopping malls; (ii) a profit mark-up on top of the costs with respect to the operation of office buildings; and (iii) a fixed service fee on a per square metre basis for its preliminary planning and consultancy services and tenancy sourcing services; and
- other value-added services: such as providing common area value-added services. The Group typically charges a commission-based fee or a fixed fee depending on the nature of services rendered.

Breakdown of the Total Revenue by Business Segments and Regions

The table below sets forth the breakdown of the Group's total revenue by business segments for the reporting periods indicated:

	Year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Residential property management services				
Pre-sale management services	68,099	2.0	82,549	2.3
Property management services	1,466,922	44.1	1,464,528	41.0
Community value-added services	140,160	4.2	222,099	6.2
Sub-total	1,675,181	50.3	1,769,176	49.5
Non-residential property management and commercial operational services				
Pre-sale management services	10,474	0.3	22,127	0.6
Property management services				
— Commercial properties	361,482	10.9	361,583	10.1
— Public property and urban area	1,126,058	33.8	1,259,631	35.3
Commercial operational services	52,829	1.6	55,876	1.6
Other value-added services	103,851	3.1	105,076	2.9
Sub-total	1,654,694	49.7	1,804,293	50.5
Total	3,329,875	100.0	3,573,469	100.0

Residential Property Management Services

For the year ended 31 December 2025, the Group's revenue from the residential property management services segment decreased by 5.3% year-on-year to approximately RMB1,675.2 million from approximately RMB1,769.2 million for the year ended 31 December 2024. The revenue decrease was primarily due to the pressure on the real estate market, which led to a decrease in the number of residential property sales offices under the Group's management and a decrease in revenue from community value-added services in the residential segment. Nonetheless, benefiting from the Group's consistent adherence to fundamental service quality, the revenue from property management services of the residential property segment for 2025 was approximately RMB1,466.9 million, representing a year-on-year increase of approximately 0.2%.

Although the Group's revenue from the residential property management services segment was affected by the pressure on the real estate market, such as the decrease in revenue from pre-sale management services and value-added services, the Group consistently focused on core regions and continuously pushed forward its strategy of in-depth layout in economically developed regions. The revenue distribution of the residential segment across the four regions remained basically stable, among which the proportion of revenue from the Greater Bay Area and the Yangtze River Delta region reached 57.1%.

The table below sets forth a breakdown of the Group's total revenue generated from residential property management services for the periods indicated by regions:

	Year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Greater Bay Area	645,812	38.6	699,190	39.5
Yangtze River Delta ⁽¹⁾	310,499	18.5	345,004	19.5
Midwest China and Hainan ⁽²⁾	638,802	38.1	638,455	36.1
Bohai Economic Rim ⁽³⁾	80,068	4.8	86,527	4.9
Total	<u>1,675,181</u>	<u>100.0</u>	<u>1,769,176</u>	<u>100.0</u>

Notes:

- (1) Include Shanghai, Zhejiang Province, Anhui Province and Jiangsu Province.
- (2) Include Sichuan Province, Yunnan Province, Shaanxi Province, Hubei Province, Hunan Province, Jiangxi Province, Guangxi Zhuang Autonomous Region, Guizhou Province, Henan Province, Fujian Province, Hainan Province, Xinjiang Uygur Autonomous Region and Chongqing.
- (3) Include Beijing, Tianjin and Shandong Province.

Non-residential Property Management and Commercial Operational Services

For the year ended 31 December 2025, the Group's revenue from non-residential property management and commercial operational services segment decreased by approximately 8.3% year-on-year to approximately RMB1,654.7 million from approximately RMB1,804.3 million for the year ended 31 December 2024. The decrease was primarily due to the fact that the Group had carried out a strategic contraction in light of the pressure on profitability and changes in the market environment encountered by the urban services business, by adopting a more prudent approach to commencing business in regions facing fiscal pressure and selecting for evaluating market opportunities in the public property and urban services sector.

For the year ended 31 December 2025, the regional distribution of the revenue from the non-residential property management and commercial operational services segment remained basically stable. Among which, the decrease in revenue from the Greater Bay Area was mainly due to the strategic contraction of the urban services business and the adjustment of commercial terms from gross to net basis for certain property project management service contracts. The decrease in revenue from Midwest China and Hainan was mainly due to the adjustment of commercial terms from gross to net basis for certain property project management service contracts.

The table below sets forth a breakdown of the Group's total revenue generated from non-residential property management and commercial operational services for the periods indicated by regions:

	Year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Greater Bay Area	599,049	36.2	745,984	41.3
Yangtze River Delta ⁽¹⁾	549,327	33.2	539,817	29.9
Midwest China and Hainan ⁽²⁾	238,521	14.4	251,613	14.0
Bohai Economic Rim ⁽³⁾	267,797	16.2	266,879	14.8
Total	<u>1,654,694</u>	<u>100.0</u>	<u>1,804,293</u>	<u>100.0</u>

Notes:

- (1) Include Shanghai, Zhejiang Province, Anhui Province and Jiangsu Province.
- (2) Include Sichuan Province, Chongqing, Hubei Province, Hunan Province, Henan Province, Inner Mongolia Autonomous Region, Shaanxi Province, Jiangxi Province, Yunnan Province, Guizhou Province, Guangxi Zhuang Autonomous Region and Hainan Province.
- (3) Include Beijing, Tianjin, Shandong Province and Liaoning Province.

FINANCIAL REVIEW

Revenue

The Group derived its revenue from two business segments, namely the residential property management services segment and non-residential property management and commercial operational services segment.

The table below sets forth the breakdown of revenue of the Group by business segments for the periods indicated:

	Year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Residential property management services	1,675,181	50.3	1,769,176	49.5
Non-residential property management and commercial operational services	1,654,694	49.7	1,804,293	50.5
Total	<u>3,329,875</u>	<u>100.0</u>	<u>3,573,469</u>	<u>100.0</u>

Residential Property Management Services

The following table sets forth a breakdown of the Group's revenue from residential property management services by service line for the periods indicated:

	Year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Pre-sale management services	68,099	4.1	82,549	4.7
Property management services	1,466,922	87.5	1,464,528	82.8
Community value-added services	140,160	8.4	222,099	12.5
Total	<u>1,675,181</u>	<u>100.0</u>	<u>1,769,176</u>	<u>100.0</u>

Pre-sale Management Services

Revenue generated from pre-sale management services under the Group's residential property management services segment decreased from approximately RMB82.5 million in 2024 to approximately RMB68.1 million in 2025. Such decrease was primarily due to the decrease in the number of sales offices of residential properties under the Group's management, as a result of the continuous downturn of the real estate market in the PRC.

Property Management Services

Revenue generated from property management services under the Group's residential property management services segment slightly increased from approximately RMB1,464.5 million in 2024 to approximately RMB1,466.9 million in 2025. Such increase was primarily due to the increase in the Group's gross floor area under management for residential properties during the year ended 31 December 2025.

Community Value-added Services

Revenue generated from community value-added services under the Group's residential property management services segment decreased from approximately RMB222.1 million in 2024 to approximately RMB140.2 million in 2025. Such decrease was primarily due to decline in revenue from second-hand leasing and sales services under the challenging market conditions and decreasing demand from non-property owners for value-added services.

Non-residential Property Management and Commercial Operational Services

The following table sets forth a breakdown of the Group's revenue from non-residential property management and commercial operational services by service line for the years indicated:

	Year ended 31 December			
	2025		2024	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Pre-sale management services	10,474	0.6	22,127	1.2
Property management services	1,487,540	89.9	1,621,214	89.9
Commercial operational services	52,829	3.2	55,876	3.1
Other value-added services	103,851	6.3	105,076	5.8
Total	<u>1,654,694</u>	<u>100.0</u>	<u>1,804,293</u>	<u>100.0</u>

Pre-sale Management Services

Revenue generated from pre-sale management services under the Group's non-residential property management and commercial operational services segment decreased from approximately RMB22.1 million in 2024 to approximately RMB10.5 million in 2025. Such decrease was primarily due to the decrease in the number of sales offices of non-residential properties under the Group's management during the year ended 31 December 2025.

Property Management Services

Revenue generated from property management services under the Group's non-residential property management and commercial operational services segment decreased from approximately RMB1,621.2 million in 2024 to approximately RMB1,487.5 million in 2025. Such decrease was primarily due to the strategic contraction of the urban services business during the year ended 31 December 2025.

Commercial Operational Services

Revenue generated from commercial operational services under the Group's non-residential property management and commercial operational services segment decreased from approximately RMB55.9 million in 2024 to approximately RMB52.8 million in 2025. Such decrease was primarily due to the lower demand from the Group's customers for commercial operational services.

Other Value-added Services

Revenue generated from other value-added services under the Group's non-residential property management and commercial operational services segment slightly decreased from approximately RMB105.1 million in 2024 to approximately RMB103.9 million in 2025.

Cost of Sales

The Group's cost of sales represents costs and expenses directly attributable to the provision of its services, which comprises (i) labor costs; (ii) subcontracting costs; (iii) utilities costs; (iv) office expenses; (v) cleaning expenses; (vi) rent and management fees for staff dormitory and car parks; (vii) security expenses; and (viii) others. For the year ended 31 December 2025, the total cost of sales of the Group was approximately RMB2,500.4 million, which was decreased by approximately RMB190.4 million or 7.1% as compared to approximately RMB2,690.8 million for the year ended 31 December 2024. Such decrease is generally in line with the decline in revenue of the Group during the year ended 31 December 2025.

Gross Profit and Gross Profit Margin

As a result of the foregoing, during the year ended 31 December 2025, the gross profit of the Group decreased by approximately RMB53.3 million or 6.0% to approximately RMB829.4 million in 2025 from approximately RMB882.7 million in 2024. The Group reported gross profit margin of 24.9% for the year ended 31 December 2025 (2024: 24.7%).

Other Income and Gains

The other income and gains of the Group decreased by approximately RMB101.8 million or 83.9% to approximately RMB19.5 million in 2025 from approximately RMB121.3 million in 2024, and mainly comprised government grants, tax incentives on value-added tax and late penalty income of approximately RMB5.8 million, RMB4.2 million and RMB3.4 million, respectively. Such decrease was primarily due to the provision for compensation on profit guarantee in relation to acquisition made in prior years in accordance with the terms of the relevant agreements of approximately RMB96.5 million in 2024, which was absent in 2025.

Administrative Expenses

Administrative expenses mainly consist of (i) salaries and allowances for the Group's administrative and management personnel; (ii) depreciation and amortisation costs; and (iii) office expenses. For the year ended 31 December 2025, the administrative expenses of the Group were approximately RMB428.3 million, which decreased by approximately RMB43.3 million or 9.2% as compared to approximately RMB471.6 million for the year ended 31 December 2024. Such decrease was primarily due to the decrease in amortisation costs in 2025 in relation to certain intangible assets generated from business combinations in previous years, which had been fully amortised or impaired in 2024. In addition, the decrease in administrative expenses also reflected the Group's continuous improvement in management efficiency.

Other Expenses, Net

For the year ended 31 December 2025, the other expenses of the Group was approximately RMB543.1 million, representing a decrease of 48.3% from approximately RMB1,050.0 million for the year ended 31 December 2024, and mainly comprised impairment losses on trade receivables of approximately RMB393.2 million, impairment losses on goodwill of approximately RMB83.8 million and impairment losses on property, plant and equipment of approximately RMB29.0 million. After taking into consideration of the credit risk and market environment, the Group recorded appropriate impairment provisions for trade receivables in view of the slow pace of recovery of trade receivables during the year ended 31 December 2025. In addition, the impairment losses on goodwill and property, plant and equipment recognised by the Group primarily stemmed from intense market competition, resulting in the non-renewal of certain contracts by subsidiaries acquired in previous years and the expansion of new customer base falling short of expectations. The decrease in other expenses was primarily due to a decrease in impairment losses on goodwill of the Group of approximately RMB546.2 million from approximately RMB630.0 million in 2024 to approximately RMB83.8 million in 2025.

Income Tax Expenses

For the year ended 31 December 2025, the income tax expenses of the Group was approximately RMB167.0 million, which increased by approximately RMB157.3 million as compared to approximately RMB9.7 million for the year ended 31 December 2024. Such increase was primarily due to the derecognition of previously recognised deferred tax assets and the increase in deductible temporary differences not recognised as deferred tax assets for certain subsidiaries of the Group in 2025, which led to an increase in income tax expenses of approximately RMB184.6 million for the year ended 31 December 2025. Based on the current challenging market environment and the existing operational arrangements, the Group expects that such subsidiaries will not have sufficient taxable profits in future periods to utilise the benefits of the deductible temporary differences.

Net Loss

As a result of the foregoing, the Group recorded a net loss of approximately RMB316.3 million for the year ended 31 December 2025 (2024: approximately RMB558.7 million).

FINANCIAL POSITION AND CAPITAL STRUCTURE

Total Assets, Total Liabilities and Current Ratio

As at 31 December 2025, the total assets of the Group was approximately RMB5,976.0 million (as at 31 December 2024: approximately RMB6,184.5 million), and the total liabilities was approximately RMB3,182.6 million (as at 31 December 2024: approximately RMB3,042.4 million). As at 31 December 2025, the current ratio of the Group was 1.67 (as at 31 December 2024: 1.84).

Cash and Cash Equivalents

As at 31 December 2025, the Group's cash and cash equivalents amounted to approximately RMB1,219.2 million, representing an increase of approximately 6.4% as compared with approximately RMB1,145.6 million as at 31 December 2024. Such increase was primarily due to the recovery of certain historical trade receivables during the year ended 31 December 2025. All of the Group's cash and cash equivalents were denominated in RMB except for approximately RMB0.4 million which were denominated in Hong Kong dollars ("HK\$") and United States dollars.

Borrowings and Charges on the Group's Assets

As at 31 December 2025, the Group's total borrowings were approximately RMB414.3 million (as at 31 December 2024: approximately RMB524.1 million). Amongst which, approximately RMB140.3 million will be repayable within 1 year and approximately RMB274.0 million will be repayable between 2 and 4 years. The Group's bank and other borrowings were secured by trade receivables, other receivables and property, plant and equipment of the Group with total carrying value of approximately RMB55.7 million, and equity interest of a subsidiary of the Group. All the Group's bank and other borrowings were denominated in RMB. All of the Group's bank and other borrowings were charged at floating interest rates except for loan balance of approximately RMB10.1 million which were charged at fixed interest rates of 6.82% to 8.21% per annum as at 31 December 2025.

Trade Receivables

The Group's trade receivables mainly represent receivables from residential property management services and non-residential property management and commercial operational services. The Group's trade receivables as at 31 December 2025 amounted to approximately RMB2,742.3 million, representing a decrease of approximately RMB41.3 million or 1.5% as compared to approximately RMB2,783.6 million as at 31 December 2024. Due to the continuous downturn of the external environment during the year ended 31 December 2025, the pace of recovery of trade receivables continued to be slow. At the same time, the Group had made appropriate impairment provisions during the year ended 31 December 2025.

Trade Payables

The Group's trade payables as at 31 December 2025 amounted to approximately RMB684.7 million, representing an increase of approximately RMB75.7 million or 12.4% as compared to approximately RMB609.0 million as at 31 December 2024. In order to improve the efficiency of working capital, the Group continuously negotiated with certain third-party suppliers to extend the term of payment, resulting in an increase in trade payables as at 31 December 2025.

Gearing Ratio

The Group's gearing ratio is calculated by dividing the net debt (total debt net of cash and cash equivalents and restricted cash) by total equity. As the Group was in a net cash position as at 31 December 2025 and 2024, the gearing ratio was not applicable to the Group.

Contingent Liabilities

As at 31 December 2025 and 2024, the Group did not have any material contingent liabilities.

Foreign Exchange Risk

The Group mainly operates in the PRC and most of its operations are denominated in RMB. The Group will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into currency swap arrangement as and when appropriate for hedging corresponding risks. During the year ended 31 December 2025, the Group had not engaged in hedging activities for managing foreign exchange rate risk.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the year ended 31 December 2025, there were no significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures by the Group, nor was there any plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

USE OF NET PROCEEDS FROM THE LISTING

The ordinary shares of the Company (the “**Share(s)**”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 30 October 2020 by way of Global Offering (as defined in the prospectus of the Company dated 19 October 2020, the “**Prospectus**”), raising the total net proceeds (after deducting professional fees, underwriting commissions and other related listing expenses) of approximately HK\$2,913.1 million (the “**Net Proceeds**”). For details of the original proposed allocation of the Net Proceeds, please refer to the section headed “Future Plans and Use of Proceeds — Use of Proceeds” in the Prospectus.

On 29 June 2021, the Group resolved to revise the allocation of the Net Proceeds to apply the unutilised and unplanned Net Proceeds as follows: (i) approximately HK\$705.7 million for pursuing strategic acquisitions and investment opportunities to further develop strategic alliances, expand its business scale and increase its market shares in residential property management service market and other non-residential property management and commercial operational service market; (ii) approximately HK\$241.3 million for upgrading the intelligent service systems in order to further enhance its operational efficiency and service quality; (iii) approximately HK\$145.6 million for further diversifying its value-added services; and (iv) approximately HK\$72.8 million for its general corporate purposes and working capital. Details of the re-allocation are set out in the Company’s announcement dated 29 June 2021.

On 10 January 2022, the Board resolved to further adjust the allocation proportion of the Net Proceeds as set out in the announcement of the Company dated 10 January 2022 (the “**Announcement**”), and the unutilised and unplanned Net Proceeds were intended to be allocated and used as follows: (i) approximately HK\$250.0 million for pursuing strategic acquisitions and investment opportunities to further develop strategic alliances, expand its business scale and increase its market shares in residential property management service market and other non-residential property management and commercial operational service market; (ii) approximately HK\$120.6 million for upgrading the intelligent service systems in order to further enhance its operational efficiency and service quality; (iii) approximately HK\$36.4 million for further diversifying its value-added services; and (iv) approximately HK\$52.7 million for its general corporate purposes and working capital.

As at 31 December 2025, an analysis of the utilisation of Net Proceeds is as follows:

Use of the Net Proceeds as set out in the Announcement	Revised allocation as stated in the Announcement <i>HK\$ million</i>	Unutilised or unplanned Net Proceeds as at 1 January 2025 <i>HK\$ million</i>	Utilised or planned Net Proceeds during the year ended 31 December 2025 <i>HK\$ million</i>	Unutilised or unplanned Net Proceeds as at 31 December 2025 <i>HK\$ million</i>
To pursue strategic acquisitions and investment opportunities	2,703.4	—	—	—
To upgrade the intelligent service systems:				
— to purchase and upgrade hardware, establish smart terminal equipment and Internet of Things Platform	84.2	70.1	1.1	69.0
— to develop and upgrade the intelligence service systems	36.4	—	—	—
Diversification into value-added services:				
— to cooperate with companies that provide complementary community products and services	36.4	36.4	—	36.4
For general corporate purposes and working capital	52.7	—	—	—
Total	<u>2,913.1</u>	<u>106.5</u>	<u>1.1</u>	<u>105.4</u>

Due to the current rapid iteration of hardware and smart terminal technologies and the weak economic recovery leading to lower-than-expected demand for value-added services, the Company has decided to further defer the relevant plans in order to utilise the Net Proceeds prudently. As of the date of this announcement, the Company expects that the unutilised or unplanned Net Proceeds will be fully utilised on or before 31 December 2027. However, the actual timing for utilising the Net Proceeds is subject to change.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group had 12,244 employees (2024: 15,577 employees). Compensation for employees of the Group is made with reference to the market as well as individual performance and contributions, and extensive use of bonuses to link performance with reward is adopted. The Group reviews the remuneration policies and packages on a regular basis and make necessary adjustments that accommodate the pay levels in the industry. In addition to basic salaries, the Group also provides a comprehensive benefit package and career development opportunities, including performance-based bonus payments, share options, retirement schemes, medical benefits, and both internal and external training appropriate to individual needs.

FINAL DIVIDEND

The Board does not recommend any payment of final dividend for the year ended 31 December 2025 (2024: Nil).

ANNUAL GENERAL MEETING

The 2026 annual general meeting of the Company (“**2026 AGM**”) will be convened and held on Wednesday, 3 June 2026 and the notice of the 2026 AGM will be published on the Company’s website (www.kwgliving.com) and the HKEXnews website (www.hkexnews.hk) and despatched to the shareholders of the Company (the “**Shareholder(s)**”) (if requested) in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders’ entitlement to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Friday, 29 May 2026 to Wednesday, 3 June 2026 (both days inclusive) during which period no transfer of Shares will be registered. The record date for determining eligibility of Shareholders to attend and vote at the 2026 AGM is Wednesday, 3 June 2026. In order to qualify for attending and voting at the 2026 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Thursday, 28 May 2026.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of our Shareholders and to enhance corporate value and accountability. During the year ended 31 December 2025, the Company has applied the principles of good corporate governance and complied with the code provisions as set out in the Corporate Governance Code contained in Part 2 to Appendix C1 (the “**CG Code**”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), save for any deviations for reasons set out below. The Company will continue to review and monitor its corporate governance practices to ensure the compliance with the CG Code.

Code provision C.1.6 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and code provision F.2.2 of the CG Code stipulates that the chairman of the Board (the “**Chairman**”) should attend the annual general meeting. Mr. KONG Jianmin, a non-executive Director and the Chairman, was unable to attend the annual general meeting of the Company convened and held on 3 June 2025, due to his other engagements. In the absence of Mr. KONG Jianmin from the annual general meeting, Mr. KONG Jiannan, an executive Director, acted as the chairman of the annual general meeting to ensure an effective

communication with the Shareholders. Mr. KONG Jianmin has also followed up with Mr. KONG Jiannan for any opinions or concerns of the Shareholders expressed at the annual general meeting afterwards.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding Directors’ securities transactions. In response to specific enquiry made by the Company, all Directors have confirmed that they complied with the Model Code during the year ended 31 December 2025. No incident of non-compliance with the Model Code by the Company’s relevant employees have been noted for the year ended 31 December 2025 after making reasonable enquiry.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares, as defined under the Listing Rules) during the year ended 31 December 2025. As at 31 December 2025, the Company does not hold any treasury shares.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three members who are independent non-executive Directors, namely Ms. NG Yi Kum (Chairperson), Mr. FUNG Che Wai, Anthony and Ms. LIU Xiaolan.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2025, risk management framework, internal control system and financial reporting matters.

CHANGES IN INFORMATION OF DIRECTOR

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of Director are set out as follows:

Mr. Fung Che Wai, Anthony ceased to be an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee of Dekon Food and Agriculture Group (a company listed on the Stock Exchange with stock code: 2419) with effect from 11 February 2026.

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

SCOPE OF WORK OF INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by Prism Hong Kong Limited ("**Prism**"), to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2025. The work performed by Prism in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Prism on this results announcement.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

There were no significant events of the Group subsequent to 31 December 2025 and up to the date of this announcement.

ANNUAL REPORT

The 2025 annual report of the Company containing all the financial and other related information of the Group required by the Listing Rules will be published on the Company's website (www.kwgliving.com) and the HKEXnews website (www.hkexnews.hk), and printed copies will be sent to the Shareholders (if requested) by the end of April 2026.

By order of the Board
KWG Living Group Holdings Limited
KONG Jianmin
Chairman

Hong Kong, 31 March 2026

As at the date of this announcement, the Board comprises Mr. KONG Jianmin (Chairman) as Non-executive Director; Mr. KONG Jiannan and Mr. CHEN Wende as Executive Directors; and Ms. LIU Xiaolan, Mr. FUNG Che Wai, Anthony and Ms. NG Yi Kum as Independent Non-executive Directors.