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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)

CHANGE OF AUDITOR

This announcement is made by KWG Living Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

RESIGNATION OF AUDITOR

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby announces that Ernst & Young (“**EY**”) resigned as the auditor of the Company with effect from 27 December 2023, as the Company could not reach a consensus with EY on a mutually acceptable level of audit fees and the audit timetable for the year ending 31 December 2023 (“**FY2023**”).

Since June 2023, the Company and EY had been communicating on the audit fee quote and the audit timetable for the audit work of FY2023 (the “**2023 Audit**”). As part of the effective cost control measures to reduce overall operating expenses of the Company, the Company has also obtained and reviewed the audit fee proposals provided by other professional accounting firms, which were more competitive as compared with EY’s 2023 audit fee proposal. In view of the more competitive fee proposals provided by other professional accounting firms possessing the necessary capabilities and competence to perform its duties as an independent auditor, and their commitment to meet the Company’s proposed audit timetable, the Board, with the recommendation of the audit committee of the Company (the “**Audit Committee**”), confirmed that the resignation of EY is in the interests of the Company and the shareholders of the Company as a whole.

Pursuant to its resignation letter dated 27 December 2023, in reaching the decision of its resignation, EY has considered a number of factors including the level of audit fees and the audit timetable that are commensurate with the professional risk associated with the audit of the Group and its available internal resources. EY also confirmed in its resignation letter that it had been asked by the Company to reduce the audit fee level for

the 2023 Audit as compared with its 2023 audit fee quote, or as compared with its 2022 audit fee. After further communication with the Company, EY could not reach a consensus with the Company on a mutually acceptable level of audit fee, as well as on the audit timetable, the basis of which includes consideration of the level of available Company resources supporting the 2023 Audit and the additional work expected to be performed by EY in the 2023 Audit on certain audit focus areas including the impairment assessment of trade receivables, and the impairment assessment of goodwill and other intangible assets.

Up to the date of its resignation, EY has not commenced any work on the consolidated financial statements of the Group for FY2023. EY confirmed in its letter of resignation that, other than the foregoing, there are no circumstances in connection with its resignation as the Company's auditor that need to be brought to the attention of the shareholders and creditors of the Company.

The Board and the Audit Committee have confirmed that, save as disclosed above, there are no disagreements or unresolved matters between the Company and EY and there are no matters that need to be brought to the attention of the shareholders and creditors of the Company in relation to the resignation of EY.

The Board would like to express its gratitude to EY for its professional services rendered to the Company over the years.

APPOINTMENT OF AUDITOR

The Board further announces that, with the recommendation from the Audit Committee, it has resolved to appoint Prism Hong Kong and Shanghai Limited (“Prism”) as the new auditor of the Company with effect from 27 December 2023 to fill the casual vacancy following the resignation of EY and to hold office until the conclusion of the next annual general meeting of the Company.

The Board wishes to express its warm welcome to Prism on its appointment as the auditor of the Company.

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

Hong Kong, 27 December 2023

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