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KWG GROUP HOLDINGS LIMITED

合景泰富集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1813 and Debt Stock Codes: 40683 and 40117)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

The board of directors (the “**Board**” or the “**Directors**”) of KWG Group Holdings Limited (the “**Company**”) announces the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025. The annual results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	6	6,761,856	11,061,516
Cost of sales		<u>(5,751,102)</u>	<u>(9,172,763)</u>
Gross profit		1,010,754	1,888,753
Other income and gains, net	6	4,682,261	522,118
Selling and marketing expenses		(590,997)	(736,950)
Administrative expenses		(999,019)	(1,288,823)
Other operating expenses, net		(2,681,801)	(2,285,419)
Fair value losses on investment properties, net		(1,298,713)	(1,890,315)
Finance costs	7	(2,706,644)	(2,929,107)
Share of losses of:			
Associates		(72,498)	(175,280)
Joint ventures		<u>(1,602,783)</u>	<u>(882,987)</u>
LOSS BEFORE TAX	8	(4,259,440)	(7,778,010)
Income tax credits/(expenses)	9	<u>797,253</u>	<u>(372,965)</u>
LOSS FOR THE YEAR		<u>(3,462,187)</u>	<u>(8,150,975)</u>
Attributable to:			
Owners of the Company		(3,271,406)	(8,085,373)
Non-controlling interests		<u>(190,781)</u>	<u>(65,602)</u>
		<u>(3,462,187)</u>	<u>(8,150,975)</u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	11		
Basic		<u>RMB(96) cents</u>	<u>RMB(236) cents</u>
Diluted		<u>RMB(96) cents</u>	<u>RMB(236) cents</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>(3,462,187)</u>	<u>(8,150,975)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	377,970	(270,020)
Share of exchange differences on translation of joint ventures	<u>74,739</u>	<u>252</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	452,709	(269,768)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	<u>518,992</u>	<u>(406,019)</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>518,992</u>	<u>(406,019)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>971,701</u>	<u>(675,787)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(2,490,486)</u>	<u>(8,826,762)</u>
Attributable to:		
Owners of the Company	(2,299,705)	(8,761,160)
Non-controlling interests	<u>(190,781)</u>	<u>(65,602)</u>
	<u>(2,490,486)</u>	<u>(8,826,762)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	<i>Notes</i>	2025	2024
		<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment	12	8,895,683	9,006,400
Investment properties		21,673,093	21,927,890
Land use rights		3,228,828	3,453,471
Interests in associates		6,821,286	7,030,378
Interests in joint ventures		30,853,287	31,704,245
Deferred tax assets		<u>2,162,775</u>	<u>2,111,804</u>
Total non-current assets		<u>73,634,952</u>	<u>75,234,188</u>
CURRENT ASSETS			
Properties under development		42,750,120	45,073,983
Completed properties held for sale		15,125,702	17,041,561
Trade receivables	13	246,729	287,543
Prepayments, other receivables and other assets		14,000,769	13,708,501
Due from a joint venture		19,129	19,129
Tax recoverables		1,152,269	1,183,937
Cash and bank balances	14	<u>634,394</u>	<u>787,445</u>
Total current assets		<u>73,929,112</u>	<u>78,102,099</u>
CURRENT LIABILITIES			
Trade and bills payables	15	19,188,197	18,928,404
Lease liabilities		9,140	17,959
Other payables and accruals		23,675,836	26,766,236
Due to joint ventures		7,861,285	8,088,049
Due to associates		1,316,824	1,364,879
Interest-bearing bank and other borrowings		53,047,057	46,193,153
Tax payables		<u>13,640,945</u>	<u>14,392,883</u>
Total current liabilities		<u>118,739,284</u>	<u>115,751,563</u>
NET CURRENT LIABILITIES		<u>(44,810,172)</u>	<u>(37,649,464)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>28,824,780</u>	<u>37,584,724</u>
NON-CURRENT LIABILITIES			
Lease liabilities		40,045	68,723
Interest-bearing bank and other borrowings		20,560,153	26,731,899
Deferred tax liabilities		1,576,657	1,645,691
Deferred revenue		<u>2,042</u>	<u>2,042</u>
Total non-current liabilities		<u>22,178,897</u>	<u>28,448,355</u>
NET ASSETS		<u><u>6,645,883</u></u>	<u><u>9,136,369</u></u>

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	325,768	325,768
Reserves	<u>1,374,549</u>	<u>3,676,509</u>
	1,700,317	4,002,277
Non-controlling interests	<u>4,945,566</u>	<u>5,134,092</u>
	6,645,883	9,136,369
TOTAL EQUITY	<u><u>6,645,883</u></u>	<u><u>9,136,369</u></u>

Notes:

1. CORPORATE AND GROUP INFORMATION

The Company was a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the year, the Group was involved in the following principal activities:

- Property development
- Property investment
- Hotel operation

In the opinion of the Directors, the immediate and ultimate holding company of the Company is Plus Earn Consultants Limited, which is incorporated in the British Virgin Islands.

2. 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 which have been measured at fair value. 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 the subsidiaries are consolidated from the dates on which the Group obtains control, and continue to be consolidated until the dates that such control ceases.

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the owners 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, 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 fluctuation 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 OCI 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.

The Company has set up a trust (the “Trust”) for the purpose of purchasing, administering and holding the Company’s shares for the share award scheme adopted on 19 January 2018. The Group has the power to govern the financial and operating policies of the Trust and derive benefits from the services of the employees who have been awarded the awarded shares through their continued employment with the Group. The assets and liabilities of the Trust are included in the consolidated statement of financial position and the shares held by the Trust are presented as a deduction in equity as shares held for the share award scheme.

Going concern basis

For the year ended 31 December 2025, the Group incurred a net loss of approximately RMB3,462,187,000, and as of that date, the Group recorded a net current liabilities of approximately RMB44,810,172,000, and the Group’s current portion of interest-bearing bank and other borrowings amounted to approximately RMB53,047,057,000, while its cash and bank balances amounted to approximately RMB634,394,000.

As at 31 December 2025, the aggregate principal amount and interest payables of the senior notes and bank and other borrowings in default or cross default are approximately RMB50,985,444,000.

In addition, a winding-up petition against the Company dated 11 August 2025 (the “**Petition**”) was filed by Shandong Sunlight Xin Tiandi Micro-finance Company Limited at the High Court of the Hong Kong Special Administrative Region (the “**High Court**”) against the Company in relation to the outstanding debt in the principal amount of approximately RMB642,000,000 and interest accrued in the amount of approximately RMB136,240,000 guaranteed by the Company. On 9 March 2026, the High Court has further adjourned the hearing for the Petition to 22 June 2026.

The above conditions indicate the existence of uncertainties of the Group’s ability to continue as a going concern. The directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (i) The Company is seeking legal advices to oppose the Petition to avoid winding-up order being granted by the High Court to wind up the Company. As aforementioned, the High Court has further adjourned the hearing for the Petition to 22 June 2026;
- (ii) The Group has reached an agreement in principle with the ad hoc group (“**AHG**”) on the key terms of a holistic restructuring proposal (the “**Restructuring Proposal**”), subject to definitive terms and documentation to be further negotiated and agreed with the AHG. Based on the information currently available to the Company, the members forming the AHG collectively hold or control over 25.8% of the aggregate outstanding principal comprising of the Company’s offshore indebtedness of US\$3.95 billion senior notes, US\$380 million syndicated bank loans and US\$334 million certain other loan facilities borrowed or guaranteed by the Company (collectively the “**In-Scope Debts**”).

This is a significant milestone for the Company in its implementation of the restructuring of its offshore indebtedness (the “**Restructuring**”). The Company expects to continue the proactive and constructive dialogue and maintain a positive momentum with the holders/lenders under the In-Scope Debts with a view to documenting the terms of the Restructuring Proposal as soon as practical by way of a detailed term sheet and a restructuring support agreement in form and substance satisfactory to the AHG.

- (iii) The restructuring proposals for the onshore corporate bonds issued by the Company and its wholly owned subsidiaries, Guangzhou Hejing Holdings Limited (“**Guangzhou Hejing**”) and Guangzhou Tianjian Real Estate Development Limited, have all been considered and approved at the respective meetings of bondholders. The repayment arrangements of the principal and interest of these onshore corporate bonds will be adjusted, and restructuring proposal options including cash repurchase at discounted price, debt-for-asset swap, full conversion into ordinary debts, and debt rollover will be offered. In accordance with the relevant provisions of the bondholder meeting resolutions, the Group will arrange for bondholders to select and receive allocations of the restructuring proposal options in respect of the onshore corporate bonds held by them. As such, the restructuring for all the onshore corporate bonds of the Group has been completed.
- (iv) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. The Group is also actively seeking opportunities on the disposal of en-bloc commercial properties, hotels, urban redevelopment projects and non-core property projects to further improve the cash position of the Group.

- (v) The Group will closely monitor the progress of construction of its property development projects according to the delivery plans, maintain continuous communication with major contractors and suppliers, and negotiate payment arrangements to ensure construction progress is completed as planned.
- (vi) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.
- (vii) The Group will continue to seek suitable opportunities to dispose of its equity interests in joint ventures or associates which are engaged in property development projects in order to generate additional cash inflows.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover not less than twelve months from 31 December 2025. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2025. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (i) successfully avoid winding-up order to be granted by the High Court to wind up the Company;
- (ii) the successful and timely completion of the restructuring of the offshore debts of the Group;
- (iii) the effectiveness of the Group's measures to accelerate the pre-sale of properties, speed up the collection of sales proceeds, and control administrative costs and contain capital expenditures;
- (iv) the successful disposal of en-bloc commercial properties, hotels, urban redevelopment projects and non-core property projects, and of the Group's equity interests in certain joint ventures or associates which are engaged in property development projects when suitable.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

The effects of these adjustments have not been reflected in these consolidated financial statements.

3. 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.

4. ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTINGS STANDARDS

The Group has not applied the following new and amended HKFRS, that have been issued but are not yet effective, in these financial statements.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below:

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through OCI and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the “own-use” requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity’s financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group’s financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor’s profit or loss only to the extent of the unrelated investor’s interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation’s comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *HKFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.

- **HKFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKAS 7 *Statement of Cash Flows*:** The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

5. OPERATING SEGMENT INFORMATION

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

- | | |
|---------------------------|-----------------------|
| (a) Property development: | Sale of properties |
| (b) Property investment: | Leasing of properties |
| (c) Hotel operation: | Operation of hotels |

The property development projects undertaken by the Group during the year are mainly located in Chinese Mainland and Hong Kong.

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/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

The Group's revenue from external customers is derived solely from its operations in Chinese Mainland.

During 2025 and 2024, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

Year ended 31 December 2025

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Hotel operation <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:				
Sales to external customers	<u>5,313,885</u>	<u>797,500</u>	<u>650,471</u>	<u>6,761,856</u>
Segment results	(4,670,918)	(725,459)	164,714	(5,231,663)
<i>Reconciliation:</i>				
Interest income and unallocated income				4,682,261
Unallocated expenses				(1,003,394)
Finance costs				<u>(2,706,644)</u>
Loss before tax				(4,259,440)
Income tax credits				<u>797,253</u>
Loss for the year				<u><u>(3,462,187)</u></u>
Other segment information:				
Depreciation and amortisation	(91,575)	(19,637)	(208,408)	(319,620)
Fair value losses on investment properties, net	—	(1,298,713)	—	(1,298,713)
Share of losses of:				
Associates	(72,498)	—	—	(72,498)
Joint ventures	<u>(1,602,783)</u>	<u>—</u>	<u>—</u>	<u>(1,602,783)</u>

Year ended 31 December 2024

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Hotel operation <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:				
Sales to external customers	<u>9,462,363</u>	<u>888,113</u>	<u>711,040</u>	<u>11,061,516</u>
Segment results	(3,168,417)	(1,245,831)	184,649	(4,229,599)
Reconciliation:				
Interest income and unallocated income				522,118
Unallocated expenses				(1,141,422)
Finance costs				<u>(2,929,107)</u>
Loss before tax				(7,778,010)
Income tax expenses				<u>(372,965)</u>
Loss for the year				<u>(8,150,975)</u>
Other segment information:				
Depreciation and amortisation	(140,875)	(21,827)	(159,372)	(322,074)
Fair value losses on investment properties, net	—	(1,890,315)	—	(1,890,315)
Share of losses of:				
Associates	(175,280)	—	—	(175,280)
Joint ventures	<u>(882,987)</u>	<u>—</u>	<u>—</u>	<u>(882,987)</u>

6. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue, other income and gains, net is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue:		
Revenue from contracts with customers		
Sale of properties	5,313,885	9,462,363
Hotel operation income	650,471	711,040
	<u>5,964,356</u>	<u>10,173,403</u>
Revenue from other sources		
Gross rental income	797,500	888,113
	<u>6,761,856</u>	<u>11,061,516</u>
Other income and gains, net:		
Interest income	27,018	28,045
Gains from debt restructuring	4,501,762	—
Others	153,481	494,073
	<u>4,682,261</u>	<u>522,118</u>

Set out below is the disaggregation of the Group's revenue from contracts with customers for the year ended 31 December 2025:

	Property development <i>RMB'000</i>	Hotel operation <i>RMB'000</i>	Total <i>RMB'000</i>
<i>Type of revenue recognition:</i>			
Sale of properties	5,313,885	—	5,313,885
Provision of services	—	650,471	650,471
Total revenue from contracts with customers	<u>5,313,885</u>	<u>650,471</u>	<u>5,964,356</u>
<i>Timing of revenue recognition:</i>			
Recognised at a point in time	5,269,301	—	5,269,301
Recognised over time	44,584	650,471	695,055
Total revenue from contracts with customers	<u>5,313,885</u>	<u>650,471</u>	<u>5,964,356</u>

Set out below is the disaggregation of the Group's revenue from contracts with customers for the year ended 31 December 2024:

	Property development <i>RMB'000</i>	Hotel operation <i>RMB'000</i>	Total <i>RMB'000</i>
Type of revenue recognition:			
Sale of properties	9,462,363	—	9,462,363
Provision of services	<u>—</u>	<u>711,040</u>	<u>711,040</u>
Total revenue from contracts with customers	<u><u>9,462,363</u></u>	<u><u>711,040</u></u>	<u><u>10,173,403</u></u>
Timing of revenue recognition:			
Recognised at a point in time	8,900,310	—	8,900,310
Recognised over time	<u>562,053</u>	<u>711,040</u>	<u>1,273,093</u>
Total revenue from contracts with customers	<u><u>9,462,363</u></u>	<u><u>711,040</u></u>	<u><u>10,173,403</u></u>

7. FINANCE COSTS

An analysis of the Group's finance costs from continuing operations is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on bank and other borrowings	5,215,758	5,395,183
Interest on lease liabilities	1,053	5,609
Less: Interest capitalised	<u>(2,510,167)</u>	<u>(2,471,685)</u>
	<u>2,706,644</u>	<u>2,929,107</u>

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2025	2024
	RMB'000	RMB'000
Cost of properties sold	<u>5,365,960</u>	<u>8,749,299</u>
Cost of services provided	385,142	423,464
Depreciation	280,876	285,876
Amortisation of land use rights	101,518	103,465
Less: Amount capitalised in assets under construction	<u>(62,774)</u>	<u>(67,267)</u>
	<u>38,744</u>	<u>36,198</u>
Employee benefit expenses* (excluding directors' and chief executive's remuneration):		
Wages and salaries	317,459	431,647
Pension scheme contributions (defined benefit plans)	<u>26,446</u>	<u>28,628</u>
	343,905	460,275
Less: Amounts capitalised in assets under construction, properties under development and investment properties under development	<u>(28,038)</u>	<u>(17,490)</u>
	<u>315,867</u>	<u>442,785</u>
Foreign exchange losses/(gains), net	216,288	(97,607)
(Gain)/loss on disposal of items of property, plant and equipment**	(15,196)	58,792
Direct operating expenses (including repairs and maintenance arising on rent-earning investment properties)	98,010	98,911
Impairment losses recognised for properties under development and completed properties held for sale***	<u>2,465,513</u>	<u>2,285,419</u>

* Employee benefit expenses are included in "Selling and marketing expenses" and "Administrative expenses" in the consolidated statement of profit or loss.

** Items are included in "Other income and gains, net" and "Administrative expenses" in the consolidated statement of profit or loss.

*** The item is included in "Other operating expenses, net" in the consolidated statement of profit or loss.

9. INCOME TAX CREDITS/(EXPENSES)

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current — PRC		
Corporate income tax (“CIT”)	716,353	(655,795)
Land appreciation tax (“LAT”)	<u>(39,105)</u>	<u>(81,790)</u>
	677,248	(737,585)
Deferred	<u>120,005</u>	<u>364,620</u>
Total tax credits/(charges) for the year	<u><u>797,253</u></u>	<u><u>(372,965)</u></u>

Hong Kong profits tax

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2025 and 2024.

PRC CIT

PRC CIT in respect of operations in Chinese Mainland has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2025 and 2024, based on existing legislation, interpretations and practices in respect thereof.

PRC LAT

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds from the sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

10. DIVIDENDS

The Board has resolved not to declare any final dividend in respect of the year ended 31 December 2025 (2024: Nil).

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 3,418,883,945 (2024: 3,418,883,945) in issue during the year.

For the year ended 31 December 2025, the calculation of the diluted loss per share amount was based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares used in the calculation was the number of ordinary shares in issue during the year, as used in the basic loss per share calculation of 3,418,883,945 (31 December 2024: 3,418,883,945). Diluted loss per share amount for the year ended 31 December 2025 and 2024 was the same as the basic loss per share as the Group had no potentially dilutive ordinary shares in issue during the year.

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

	2025	2024
	RMB'000	RMB'000
Loss		
Loss attributable to owners of the Company	<u>(3,271,406)</u>	<u>(8,085,373)</u>
	Number of shares	
	2025	2024
Shares		
Weighted average number of ordinary shares in issue during the year	<u>3,418,883,945</u>	<u>3,418,883,945</u>

12. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2025, the Group had additions of property, plant and equipment at a total cost of approximately RMB170,785,000 (2024: approximately RMB479,055,000).

13. TRADE RECEIVABLES

Trade receivables mainly consist of receivables from the sale of properties, rentals under operating leases and hotel operation. The payment terms of the sale of properties are stipulated in the relevant sale and purchase agreements, whilst the Group's trading terms with its customers in relation to the provision of rental and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally within 12 months for major customers. An ageing analysis of the trade receivables as at the end of the reporting period is as follows:

	2025	2024
	RMB'000	RMB'000
Within 3 months	132,489	260,450
7 to 12 months	78,519	5,252
Over 1 year	<u>35,721</u>	<u>21,841</u>
	<u>246,729</u>	<u>287,543</u>

14. CASH AND BANK BALANCES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cash and bank balances	634,394	787,445
Less: Restricted cash	<u>(448,253)</u>	<u>(634,881)</u>
Cash and cash equivalents	<u><u>186,141</u></u>	<u><u>152,564</u></u>

15. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills 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	15,618,592	13,807,265
Over 1 year	<u>3,569,605</u>	<u>5,121,139</u>
	<u><u>19,188,197</u></u>	<u><u>18,928,404</u></u>

The trade and bills payables are non-interest-bearing and are normally settled on demand.

16. SUBSEQUENT EVENTS

Saved as disclosed in Note 2, the Group has the following subsequent events:

On 30 January 2026, Guangzhou Hejing repaid domestic corporate bonds with an aggregate principal amount of RMB700,000,000. At the same time, Guangzhou Hejing newly issued domestic corporate bonds with an aggregate principal amount of RMB700,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

Revenue of the Group comprises primarily the (i) gross proceeds from the sale of properties, (ii) gross recurring revenue received and receivable from investment properties and (iii) gross revenue from hotel room rentals, food and beverage sales and other ancillary services when the services are rendered. The revenue is primarily generated from its three business segments: property development, property investment and hotel operation.

The revenue amounted to approximately RMB6,761.9 million in 2025, representing a decrease of 38.9% from approximately RMB11,061.5 million in 2024.

In 2025, the revenue generated from property development, property investment and hotel operation were approximately RMB5,313.9 million, RMB797.5 million and RMB650.5 million, respectively.

Proportionate revenue amounted to approximately RMB10,526.8 million in 2025, representing a decrease of 30.6% from approximately RMB15,172.7 million in 2024.

Property development

Revenue generated from property development decreased by 43.8% to approximately RMB5,313.9 million in 2025 from approximately RMB9,462.4 million in 2024, primarily due to a decrease in the total gross floor area (“GFA”) delivered to 536,993 sq.m. in 2025 from 623,944 sq.m. in 2024.

The average selling price (“ASP”) decreased from RMB15,165 per sq.m. in 2024 to RMB9,896 per sq.m. in 2025.

Proportionate revenue generated from property development decreased by 33.6% to approximately RMB8,745.5 million in 2025 from approximately RMB13,174.2 million in 2024, primarily due to a decrease in the total proportionate GFA delivered to 855,050 sq.m. in 2025 from 931,209 sq.m. in 2024. The proportionate ASP decreased from RMB14,147 per sq.m. in 2024 to RMB10,228 per sq.m. in 2025.

Property investment

Revenue generated from property investment decreased by 10.2% to approximately RMB797.5 million in 2025 from approximately RMB888.1 million in 2024, primarily due to the decrease in volume of rental business resulting from downturn in the overall economic environment.

Hotel operation

Revenue generated from hotel operation decreased by 8.5% to approximately RMB650.5 million in 2025 from approximately RMB711.0 million in 2024, primarily due to a decrease in occupancy rate of hotels resulting from downturn in the overall economic environment.

Cost of Sales

Cost of sales of the Group primarily represents the costs incurred directly for the Group's property development activities. The principal component of cost of sales is cost of properties sold, which includes the direct cost of construction, cost of obtaining land use rights and capitalised borrowing costs on related borrowed funds during the period of construction.

Cost of sales decreased by 37.3% to approximately RMB5,751.1 million in 2025 from approximately RMB9,172.8 million in 2024, mainly due to the decrease in total GFA delivered in sale of properties.

Land cost per sq.m. decreased from RMB5,893 in 2024 to RMB4,667 in 2025.

Construction cost per sq.m. decreased from RMB5,923 in 2024 to RMB4,493 in 2025, due to the change in delivery portfolio with different city mix compared with that in 2024.

Proportionate cost of sales decreased by 24.4% to approximately RMB10,166.5 million in 2025 from approximately RMB13,441.9 million in 2024. Proportionate land cost per sq.m. decreased from RMB6,056 in 2024 to RMB5,269 in 2025. Proportionate construction cost per sq.m. decreased from RMB5,722 in 2024 to RMB3,957 in 2025.

Gross Profit

Gross profit of the Group was approximately RMB1,010.8 million in 2025, whereas gross profit of approximately RMB1,888.8 million was recorded in 2024. The decrease of gross profit was principally due to the decrease in total revenue in 2025.

Other Income and Gains, Net

Other income and gains increased by 796.8% to approximately RMB4,682.3 million in 2025 from approximately RMB522.1 million in 2024, which mainly due to the proceeds from the restructuring of domestic bonds.

Selling and Marketing Expenses

Selling and marketing expenses of the Group decreased by 19.8% to approximately RMB591.0 million in 2025 from approximately RMB737.0 million in 2024, which mainly due to the decrease in sales leading to a reduction in related expenses.

Administrative Expenses

Administrative expenses of the Group decreased by 22.5% to approximately RMB999.0 million in 2025 from approximately RMB1,288.8 million in 2024, mainly due to the optimization of corporate structure in order to save expenses.

Other Operating Expenses, Net

The Group reported other operating expenses of approximately RMB2,681.8 million for 2025 (2024: approximately RMB2,285.4 million). This was mainly attributable to impairment losses made on properties developed by the Group.

Fair Value Losses on Investment Properties, Net

The Group reported fair value losses on investment properties of approximately RMB1,298.7 million for 2025 (2024: approximately RMB1,890.3 million). In response to the worsening of the PRC property market, a more prudent approach had been adopted during the revaluation process to reflect the current market condition, resulting in a significant revaluation losses during the year.

Finance Costs

Finance costs of the Group being approximately RMB2,706.6 million in 2025 (2024: approximately RMB2,929.1 million), were related to the borrowing costs on certain general corporate loans and partial senior notes. Since such borrowings were not earmarked for project development, thus they had not been capitalised.

Share of Losses of Joint Ventures

The Group recorded a share of losses of joint ventures of approximately RMB1,602.8 million in 2025 (2024: approximately RMB883.0 million). This was mainly due to significant losses recorded in the properties delivered during this year.

Income Tax Credits/(Expenses)

The Group recorded income tax credits of approximately RMB797.3 million in 2025, whereas an income tax expenses of approximately RMB373.0 million was recorded in 2024. It was mainly due to the reversal of income tax expenses accrued in previous years that were no longer required to be paid.

Loss for The Year

The Group reported loss for the year of approximately RMB3,462.2 million in 2025 (2024: approximately RMB8,151.0 million), as a result of the above-mentioned factors.

Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2025, the carrying amounts of the Group's cash and bank balances were approximately RMB634.4 million (31 December 2024: approximately RMB787.4 million).

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of pre-sales proceeds received at designated bank accounts as guarantee deposits for construction of the relevant properties. As at 31 December 2025, the Group's restricted cash was approximately RMB448.3 million (31 December 2024: approximately RMB634.9 million).

Borrowings and Charges on the Group's Assets

As at 31 December 2025, the Group's bank and other loans, senior notes and domestic corporate bonds were approximately RMB40,818.5 million, RMB27,658.0 million and RMB5,130.7 million respectively. Amongst the bank and other loans, approximately RMB24,688.9 million will be repayable within 1 year, approximately RMB9,684.7 million will be repayable between 2 and 5 years and approximately RMB6,444.9 million will be repayable over 5 years. All of the senior notes have been presented as current liabilities. Amongst the domestic corporate bonds, approximately RMB700.1 million will be repayable within 1 year, approximately RMB57.0 million will be repayable between 2 and 5 years, and approximately RMB4,373.6 million will be repayable over 5 years.

As at 31 December 2025, the Group's bank and other loans of approximately RMB40,410.7 million and domestic corporate bonds of approximately RMB5,130.7 million were secured by buildings, land use rights, investment properties, properties under development, completed properties held for sale, receivables from properties sold and equity interests of certain subsidiaries of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares.

The carrying amounts of all the Group's bank and other loans were denominated in RMB except for certain loan balances with an aggregate amount of approximately RMB2,949.4 million as at 31 December 2025 which were denominated in Hong Kong dollar of approximately RMB1,810.5 million and denominated in U.S. dollar of approximately RMB1,138.9 million respectively. All of the Group's bank and other loans were charged at floating interest rates except for loan balances with an aggregate amount of approximately RMB9,620.8 million which were charged at fixed interest rates as at 31 December 2025. The Group's senior notes were denominated in U.S. dollar and charged at fixed interest rates as at 31 December 2025. The Group's domestic corporate bonds were denominated in RMB and charged at fixed interest rates as at 31 December 2025.

Gearing Ratio

The gearing ratio is measured by the net borrowings (total borrowings net of cash and bank balances) over the total equity. As at 31 December 2025, the gearing ratio was 1,098.0% (31 December 2024: 789.6%).

Risk of Exchange Rate Fluctuation

The Group mainly operates in Chinese Mainland, so most of its revenues and expenses are measured in RMB. In addition, except for the above mentioned, the Company's domestic corporate bonds were denominated in RMB. The value of RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions. The conversion of RMB into foreign currencies, including the U.S. dollar and the Hong Kong dollar, has been based on rates set by the People's Bank of China.

During 2025, the exchange rates of RMB against the U.S. dollar and the Hong Kong dollar increased and the Board expects that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

Contingent Liabilities

- (i) As at 31 December 2025, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB8,471.2 million (31 December 2024: approximately RMB9,584.7 million). This represented the guarantees in respect of mortgage facilities granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interests and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts

from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees is not significant and the Board considers that in case of default in payments by the purchasers, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore no provision has been made in the financial statements as at 31 December 2025 and 2024 for the guarantees.

- (ii) As at 31 December 2025 and 2024, the Group had provided guarantees in respect of certain bank loans for its joint ventures, associates, third parties and related companies.

Market Review

2025 witnessed a pivotal transition of China's real estate market transitions from a deep adjustment to stabilization and recovery. Under a combined effect of a complex macroeconomic environment and ongoing policy refinements, the overall market exhibited a multifaceted pattern of "stable quantity with falling prices, structural divergence, and expectations reshaped" with gradual signs of stability after downturn. "Market divergence, stock optimization and high-quality development" emerged as core characteristics. While the new house market was still in the L-shaped stabilizing staircase, the second-hand house market showed a more notable descending trend, resulting in a phenomenon of differential parallel run of the two segments. A great number of houses were sold under the strategy of "increasing trade volume by lowering prices", indicating somewhat cautious market sentiment and the fact of ongoing price adjustments.

According to data from the National Bureau of Statistics, from January to December 2025, the nationwide property development investment decreased by 17.2% year-on-year to RMB8,278.8 billion; the sales area of commodity properties decreased by 8.7% year-on-year to 881.01 million sq.m.; the sales of commodity properties decreased by 12.6% year-on-year to RMB8,393.7 billion, indicating a significantly lower decrease as compared to 2024, which was a sign of stabilizing after adjustments. Available funds for property development enterprises decreased by 13.4% year-on-year to RMB9,311.7 billion, reflecting an improvement of decrease of 3.6% year-on-year after consecutive 4 years (48 months) of falling since 2022. However, there was no significant improvement of property enterprises' financial situation and overall debt, property delivery and inventory risks still persisted.

2025 was a key transition period for the real estate industry shifting from scale expansion to quality and efficiency enhancement. The market continued its overall trend of bottoming out and adjustments. The Central Economic Work Conference stressed

stabilizing the real estate market and steered core principles of “controlling new supply, destocking inventory, and optimizing supply” to provide comprehensive system-wide support. It aimed to fully implement the “good housing” product standards to lay a solid foundation for the industry’s high-quality development.

Performance Review

Amidst deep market adjustments, KWG Group responded to directives from the Central and local governments by consistently prioritizing “guaranteeing the delivery of buildings, stabilizing cash flows, and resolving debts” as core operational objectives. In the meantime, the Group vigorously advanced debt restructuring while maintaining stable progress in daily operations.

In 2025, the Group had a total of 139 major projects (excluding residual projects), spanning 42 cities in Chinese Mainland and Hong Kong. The Group recorded property sales revenue of RMB5.314 billion, gross pre-sale amounted to RMB7.088 billion for the year, with an pre-sales area of 277,300 sq.m., at an average pre-selling price of RMB25,570 per sq.m. The Guangdong-Hong Kong-Macao Greater Bay Area continued to play a stabilizing role, contributing approximately 81% of the total. The Group’s land reserve, in terms of attributable gross floor area, was 11,240,000 sq.m., with an attributable interest ratio of approximately 75.4%, mainly distributed in high-tier cities such as Beijing, Shanghai, Guangzhou, Shenzhen, Hong Kong, Chengdu, Tianjin and Foshan.

In 2025, guided by the policy of “guaranteeing the delivery of buildings and stabilizing people’s livelihoods” the Group made every effort to guarantee high-quality project delivery throughout the year. It delivered a cumulative total of 5,855 units with a total gross floor area of approximately 900,000 sq.m. This demonstrated our commitment to fulfilling promises to customers and reinforcing market confidence. As a practitioner of the “good housing” standard, Guangzhou Landmark Arte Masterpiece, Guangzhou Richmond Greenville and Hong Kong The Corniche continued to contribute to the Group’s core performance through their exceptional product excellence.

Investment Properties and Hotels

As a renowned urban operation service provider in China, KWG Group has developed a diverse investment property portfolio, including malls, office buildings, and hotels. The Group currently owns 12 shopping malls under operation, 9 office buildings, 13 self-operated branded hotels under development and management, and 5 cooperative hotels with foreign brands.

In 2025, the Group’s rental income amounted to RMB798 million. Against a macroeconomic backdrop of slow recovery in consumption and persistent economic pressure, the Group’s operating properties faced market challenges. The Group managed to stabilize rental income by strengthening tenant management, optimizing

operational efficiency, and leveraging the brand influence of its award-winning projects. It was awarded the “2025 • China Real Estate Asset Management Benchmarking Enterprise Award for “Management and Operational Capabilities”” by CRIC Property Management. Besides, its core commercial projects in regions such as Beijing and Guangzhou continued to receive recognition from authoritative industry awards for their outstanding operational performance.

During 2025, revenue from hotel business amounted to RMB650 million. Despite the pressure on the market, the Group continued to maintain steady operations. With years of management expertise and in-depth cooperation with international hotel management groups, the Group’s own brand, The Mulian, has steadily enhanced its brand influence, and the cooperative hotel business has been conducted robustly. Two newly added hotels of The Mulian in Guangzhou and Chengdu have emerged as key growth drivers for the hotel business, laying the foundation for its overall recovery.

Outlook

In 2026, the general market will usher in an “L-shaped” phase of bottoming and stabilizing around a nadir characterized by “weak recovery, slow balance, and intensive differentiation”. As new urbanization continues its development, urban renewal and the construction of “high-quality housing” will become the long-term priorities, which will jointly promote the stable operation of the real estate market and high-quality transformation of the sector to achieve sustainable development of the real estate industry.

Despite facing multiple challenges including structural differentiation of market, pressure on sales, tight capital conditions, and slow recovery of commercial sector consumption, KWG Group consistently adheres to its operational base-line: ensuring delivery of properties and stable delivery. Furthermore, it continues to focus on sales and cash flow management, and strives to improve the operational performance of its commercial segment by way of operational optimization and brand upgrades. While debt restructuring advances steadily, daily operations maintain their overall stability. The Group will consistently adhere to the core philosophy of “building home with heart, creating future with aspiration”, continuously creating value for its customers from a long-term perspective.

The Group's Property Development Overview

As of 31 December 2025, the Group's main projects are located in Guangzhou, Suzhou, Chengdu, Beijing, Hainan, Shanghai, Tianjin, Nanning, Hangzhou, Nanjing, Foshan, Hefei, Ezhou, Xuzhou, Jiaxing, Taizhou, Chongqing, Taicang, Zhaoqing, Zhongshan, Liuzhou, Shenzhen, Huizhou, Jiangmen, Yancheng, and Hong Kong.

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest (<i>'000 sq.m.</i>)	Interest Attributable to the Group (%)
1	The Summit	Guangzhou	Residential/villa/serviced apartment/office/commercial/ hotel	757	100
2	International Metropolitan Plaza	Guangzhou	Office/commercial	39	50
3	Tian Hui Plaza (including The Riviera and Top Plaza)	Guangzhou	Serviced apartment/office/ commercial/hotel	45	33.33
4	KWG Flourishing Biotech Square	Guangzhou	Office/commercial	84	100
5	KWG Skysite	Guangzhou	Villa/serviced apartment/office/ commercial/hotel	295	100
6	The Eden	Guangzhou	Residential/commercial	2	50
7	Paradise by Moony Sky	Guangzhou	Villa/hotel	37	100
8	Essence of City	Guangzhou	Residential/villa/commercial	13	100
9	International Commerce Place	Guangzhou	Office/commercial	50	50
10	CFC (including Mayfair and IFE (International Finance Edifice))	Guangzhou	Serviced apartment/office/ commercial	7	33.33
11	The Horizon	Guangzhou	Residential/villa/serviced apartment/office/commercial/ hotel	14	50
12	Blooming River	Guangzhou	Residential/villa/commercial	39	50
13	Nansha River Paradise	Guangzhou	Residential/commercial	4	50
14	V-city	Guangzhou	Serviced apartment/commercial	120	70
15	Montkam	Guangzhou	Residential/villa	3	30
16	The Beryl (Guangzhou Development Area Hotel A Project)	Guangzhou	Villa/serviced apartment/ commercial/hotel	11	60
17	The Beryl (Guangzhou Development Area Hotel B Project)	Guangzhou	Villa/serviced apartment/office/ commercial	22	100
18	Landmark Arte Masterpiece	Guangzhou	Residential/serviced apartment/ commercial	89	100
19	Clover Shades	Guangzhou	Residential/commercial	18	62.5
20	The Emerald	Guangzhou	Residential	53	100

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest (*000 sq.m.)	Interest Attributable to the Group (%)
21	KWG Biovalley	Guangzhou	Villa/serviced apartment/office/ commercial	192	80
22	Longyatt Mansion	Guangzhou	Residential/commercial	68	100
23	Dreams Garden	Guangzhou	Residential/commercial	238	100
24	Lakeside Mansion	Guangzhou	Residential/commercial	295	100
25	Richmond Greenville	Guangzhou	Residential	68	100
26	Guangzhou Nansha Project	Guangzhou	Educational	89	60
27	The Star Garden	Guangzhou	Residential/commercial	194	100
28	ONE68	Guangzhou	Serviced apartment/office/ commercial/hotel	69	100
29	IFP	Guangzhou	Office/commercial	61	100
30	Four Points by Sheraton Guangzhou, Dongpu	Guangzhou	Hotel	35	100
31	The Mulian Huadu	Guangzhou	Hotel	25	100
32	W Hotel/W Serviced Apartments	Guangzhou	Hotel/serviced apartment	80	100
33	The Mulian Guangzhou	Guangzhou	Hotel	8	100
34	The Sapphire	Suzhou	Residential/serviced apartment/ office/commercial/hotel	37	100
35	Suzhou Apex	Suzhou	Residential/serviced apartment/ commercial/hotel	127	100
36	Leader Plaza	Suzhou	Serviced apartment/office/ commercial	21	100
37	Fortune Plaza	Suzhou	Office/commercial/hotel	18	100
38	Suzhou Jade Garden	Suzhou	Residential/commercial	2	100
39	Swan Harbor Park	Suzhou	Residential/serviced apartment/ office/commercial/hotel	87	50
40	Blessedness Seasons	Suzhou	Residential/commercial	3	49
41	The Vision of the World	Chengdu	Residential/serviced apartment/ commercial	39	100
42	Chengdu Cosmos	Chengdu	Residential/serviced apartment/ office/commercial/hotel	225	100
43	Yunshang Retreat	Chengdu	Residential/villa/serviced apartment/commercial/hotel	568	55
44	The Jadeite	Chengdu	Residential/villa/commercial/ hotel	22	100
45	Fragrant Seasons	Beijing	Residential/villa/serviced apartment/commercial	1	100
46	La Villa	Beijing	Residential/villa/commercial	1	50
47	Beijing Apex	Beijing	Residential/villa/serviced apartment/commercial	2	50

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest (<i>'000 sq.m.</i>)	Interest Attributable to the Group (%)
48	M • Cube	Beijing	Commercial	16	100
49	Uptown Riverside I	Beijing	Serviced apartment/office/ commercial	128	100
50	Uptown Riverside II	Beijing	Serviced apartment/office/ commercial	53	100
51	Rose and Ginkgo Mansion	Beijing	Residential/villa/office/ commercial	27	33
52	The Core of Center (Beijing Niulanshan Complex Project)	Beijing	Residential/villa/commercial/ hotel	186	100
53	New Chang'an Mansion	Beijing	Residential/office/commercial/ hotel	30	100
54	Pearl Coast	Hainan	Residential/villa/commercial/ hotel	88	100
55	Moon Bay	Hainan	Residential/villa/commercial/ hotel	328	100
56	The Cloud Wolrd	Hainan	Villa/commercial	76	100
57	International Metropolis Plaza	Shanghai	Office/commercial	39	100
58	Shanghai Sapphire	Shanghai	Residential/serviced apartment/ commercial	43	85.3
59	Amazing Bay	Shanghai	Residential/serviced apartment/ office/commercial/hotel	24	50
60	Vision of the World	Shanghai	Residential/serviced apartment/ commercial/hotel	58	51
61	Glory Palace	Shanghai	Residential	3	100
62	KWG Biovalley	Shanghai	Office/commercial	121	90
63	Jinnan New Town	Tianjin	Residential/office/commercial/ hotel	189	25
64	Tianjin The Cosmos	Tianjin	Residential/villa/commercial	173	100
65	Tianjin Apex	Tianjin	Residential/office/commercial	32	100
66	Beautiful and Happy Life	Tianjin	Residential/commercial	4	100
67	Joy Fun City	Tianjin	Residential/commercial	159	60
68	The Core of Center	Nanning	Residential/villa/serviced apartment/commercial/hotel	240	100
69	International Finance Place	Nanning	Office/commercial	57	100
70	Top of World	Nanning	Residential/villa/serviced apartment/commercial/hotel	78	100
71	Fragrant Season	Nanning	Residential/villa/commercial	8	100
72	Impression Discovery Bay I	Nanning	Residential/commercial	1	34
73	Impression Discovery Bay II	Nanning	Residential/commercial	3	34

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest (<i>'000 sq.m.</i>)	Interest Attributable to the Group (%)
74	Emerald City	Nanning	Residential/serviced apartment/ commercial	228	100
75	The Moon Mansion	Hangzhou	Residential/villa	3	100
76	Sky Ville	Hangzhou	Residential/villa	1	100
77	Puli Oriental	Hangzhou	Residential/commercial	8	50
78	Malus Moon	Hangzhou	Residential/villa/commercial	4	100
79	Precious Mansion	Hangzhou	Residential/office/commercial	28	100
80	Season Mix	Hangzhou	Residential/commercial/hotel	14	25
81	South Bank Palace	Nanjing	Residential/commercial	1	19.75
82	Ruyi Palace	Nanjing	Residential/commercial	1	50
83	Oriental Bund	Foshan	Residential/villa/serviced apartment/commercial/hotel	828	50
84	The Riviera	Foshan	Residential/commercial	10	100
85	Foshan Apex	Foshan	Residential/serviced apartment/ commercial	6	50
86	China Image	Foshan	Residential/commercial	3	34
87	The One	Hefei	Residential/commercial	58	100
88	Park Mansion	Hefei	Residential	4	100
89	The Buttonwood Season I	Ezhou	Residential/villa/commercial	9	100
90	The Buttonwood Season II	Ezhou	Residential/villa/commercial	131	100
91	Exquisite Bay	Xuzhou	Residential/commercial	6	100
92	Fragrant Seasons	Xuzhou	Residential/commercial	11	50
93	Majestic Mansion	Jiaxing	Residential/commercial	3	100
94	Noble Peak	Jiaxing	Residential	2	100
95	International Commercial Plaza	Jiaxing	Residential/serviced apartment/ office/commercial/hotel	301	100
96	Top of World Residence I	Taizhou	Residential	1	100
97	Top of World Residence II	Taizhou	Residential/commercial	4	100
98	Linhai Mansion	Taizhou	Residential/commercial	2	100
99	Lead Peak Mansion	Taizhou	Residential/commercial	1	100
100	Emerald the Bay	Taizhou	Residential/serviced apartment/ office/commercial	255	50
101	Jinan Tianchen	Jinan	Residential/commercial	1	20
102	The Inherited Villa	Changshu	Residential	1	25
103	The Riviera Chongqing	Chongqing	Residential/commercial/hotel	9	100
104	The Cosmos Chongqing	Chongqing	Residential/serviced apartment/ office/commercial/hotel	213	100
105	The Moon Mansion	Chongqing	Residential/commercial	1	39

No.	Project	District	Type of Product	Total GFA	Interest
				Attributable to the Group's Interest ('000 sq.m.)	Attributable to the Group (%)
106	Mansion of Jasper	Chongqing	Residential/commercial	1	50
107	Jade Moon Villa	Chongqing	Residential/commercial	1	50
108	Jinzhū Tianyi Huayuan	Taicang	Residential	9	100
109	Exquisite Palace	Wuxi	Residential/commercial	3	45
110	Vision of the World	Zhaoqing	Residential/commercial	69	100
111	River View Mansion	Zhaoqing	Residential/commercial	1	33
112	The Moon Mansion	Zhongshan	Residential/commercial	31	50
113	Serenity in Prosperity	Nantong	Residential/villa/commercial	5	51
114	Oriental Beauty	Nantong	Residential	1	70
115	The Moon Mansion	Liuzhou	Residential/villa/commercial	4	100
116	Fortunes Season	Liuzhou	Residential/commercial/hotel/ educational	801	100
117	Shenzhen Bantian Project	Shenzhen	Serviced apartment/office/ commercial/hotel	61	51
118	Grand Oasis	Shenzhen	Serviced apartment/office/ commercial/hotel	7	55
119	Shenzhen Longhua Project	Shenzhen	Residential/office/commercial/ industrial/educational	79	50
120	Skyline Seasons	Huizhou	Residential/commercial	203	100
121	Huizhou Longmen Project- Educational#[2019]011	Huizhou	Educational	11	100
122	Huizhou Longmen Project- Educational#[2019]014	Huizhou	Educational	61	100
123	Jiangmen Apex International	Jiangmen	Residential/serviced apartment/ commercial	29	100
124	Cullinan Mansion	Wenzhou	Residential/commercial	2	100
125	Art Wanderland	Dongguan	Residential/commercial	3	12.5
126	Center Mansion	Dongguan	Residential/villa/commercial	6	20
127	Yangzhou Apex	Yangzhou	Residential/commercial	82	100
128	Parkview Palace	Ningbo	Residential	2	49
129	Meishan Apex	Meishan	Residential/commercial	1	100
130	River State	Meishan	Residential/commercial	31	34
131	Chenzhou Wangxian Eco- tourism Project	Chenzhou	Residential/villa	61	50
132	KWG Tusholdings Ice Snow	Wuzhou	Residential/commercial	210	100
133	Meet	Xi'an	Serviced apartment/commercial/ hotel	12	100
134	Salar de Uyuni	Zhaotong	Residential/commercial/hotel	158	67.11

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest (<i>'000 sq.m.</i>)	Interest Attributable to the Group (%)
135	Salar de Uyuni Guan Lake [Phase 2 — #17–28]	Zhaotong	Residential/Commercial	87	70.56
136	Salar de Uyuni Guan Lake [Phase 1 — #17–29]	Zhaotong	Residential/Commercial	112	70.56
137	KWG Haya City	Yancheng	Residential/serviced apartment/ commercial/hotel	499	100
138	Phoenix International	Fuzhou	Serviced apartment/office/ commercial	47	22.4
139	The Corniche (formerly known as Hong Kong Ap Lei Chau Project)	Hong Kong	Residential	29	50

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2025, the Group employed a total of approximately 1,600 employees (31 December 2024: approximately 1,800). Employee benefit expense (excluding Directors' and chief executive's remuneration) of the Group incurred was approximately RMB343.9 million during the year ended 31 December 2025. The remuneration of employees was determined based on their performance, skill, experience and prevailing industry practices. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment to be commensurate with the pay level in the industry. In addition to basic salary, the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or state-managed retirement pension scheme (for the PRC employees), employees may be offered with discretionary bonus and cash awards based on individual performance.

The Company has adopted the share option scheme and the share award scheme in order to recognise and motivate the contributions by the eligible participants of the Group, and help in retaining them for the Group's further development.

In addition, training and development programmes are provided on an on-going basis throughout the Group.

FINAL DIVIDEND

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

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the “**2026 AGM**”) will be held on Wednesday, 3 June 2026. A circular containing the information required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), together with the notice of the 2026 AGM, will be published on the websites of the Company (www.kwggroupholdings.com) and the HKEXnews (www.hkexnews.hk), and despatched to the shareholders of the Company (the “**Shareholders**”) in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the 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. 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 branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Thursday, 28 May 2026.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions of the Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2025.

CORPORATE GOVERNANCE

The Group believes that sound and good corporate governance practices are not only key elements in enhancing investor's confidence and the Company's accountability and transparency, but also important to the Company's long-term success, therefore, the Group strives to attain and maintain effective corporate governance practices and procedures.

During the year ended 31 December 2025, save as disclosed below, the Company has complied with the requirements under the code provisions set out in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules and the continuing obligations requirements of a listed issuer pursuant to the Listing Rules.

- Code provision C.5.7 of the CG Code stipulates that if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting.

During the year, the following continuing connected transactions were dealt by written resolutions instead of physical board meeting:

- the leasing of various properties to Guangzhou Kai Chuang Business Investments Group Company Limited* (廣州凱創商務投資集團有限公司) (“**Guangzhou Kai Chuang**”) of which Mr. KONG Jiantao is the executive Director and chief executive officer of the Company, and also the ultimate beneficial owner of Guangzhou Kai Chuang. Therefore, Mr. KONG Jiantao was regarded as having material interests in the aforesaid leasing. Please refer to the Company's announcement dated 21 March 2025, 30 May 2025 and 30 September 2025, respectively, for details.
- the renewal of (1) property lease framework agreement; (2) publicity planning services framework agreement; (3) property agency services framework agreement; (4) residential property management services framework agreement; (5) commercial property management services framework agreement; and (6) commercial operational and value-added services framework agreement between the Company and KWG Living. Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan, being the executive Directors, are the ultimate controlling shareholders of each of the Company and KWG Living pursuant to the shareholders' agreements entered into among their respective controlled entities. Therefore, KWG Living, as an associate of the controlling shareholders of the Company, is a connected person of the Company. Please refer to the Company's announcement dated 11 December 2025 for details.

The Board considered that (1) the terms of the above transactions are on normal commercial terms or better, and the relevant terms of the agreements for the transactions (including the relevant annual caps) are fair and reasonable, and are in the interests of the Company and the shareholders of the Company (the “**Shareholders**”) as a whole; (2) the relevant Director have abstained from voting on the relevant resolutions of the above transactions; and (3) the adoption of written resolutions would facilitate and maximize the effectiveness of decision-making and implementation. The Board shall nevertheless review its board meeting arrangement from time to time to ensure the appropriate action is being taken to comply with the requirements under the CG Code.

- Code provision F.1.3 of Part 2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. Mr. KONG Jianmin, an executive Director and the chairman of the Board, 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 aforesaid annual general meeting, Mr. KONG Jiannan, an executive Director, acted as the chairman of the aforesaid 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 afterward.
- Code provision C.6.2 of Part 2 of the CG Code stipulates that, a board meeting should be held to discuss the appointment of the company secretary and the matter should be dealt with by holding a physical board meeting rather than a written resolution. The appointment of the current Company Secretary of the Company, Mr. CHAN Sze Yin (“**Mr. CHAN**”) was dealt with by way of circulation of written resolutions in lieu of holding a physical board meeting on 25 July 2025.

Although a physical board meeting was not held to discuss the appointment, the Directors were well informed of the educational background and working experiences of Mr. CHAN and were satisfied that Mr. CHAN possesses the required qualifications and expertise of the position. Prior to such appointment, all Directors were individually consulted with no dissenting opinion on the proposed matter. As such, it was considered that a physical board meeting was not necessary for approving the said appointment.

Statements Of Disciplinary Action

On 11 November 2025, the Stock Exchange issued statements of disciplinary action to the Company, six current Directors and a former Company Secretary, respectively.

Pursuant to the aforesaid statement of disciplinary action, the listing committee of the Stock Exchange alleged that the Company breached Rule 14.41(a) for its failure to despatch the circular by the extended deadline and Rule 2.12A for its failures to provide information in response to the Stock Exchange's enquiries within the time limit imposed.

The relevant Directors had breached Rules 3.08 and 3.09B(2) that failed to exercise reasonable skill, care and diligence in the discharge of their directors' duties and use their best endeavours to procure the Company's compliance with the Listing Rules in respect of the despatch of the circular by the extended deadline and to provide information in response to the Stock Exchange's enquiries.

Two former authorised representatives had also failed to act as the principal channel of communication between the Stock Exchange and the Company, in breach of Rule 3.06.

The Company, the relevant Directors and the former Company Secretary did not contest their respective breaches and agreed to the sanctions and directions imposed on them, as set out in the statements of disciplinary action. The relevant Directors and the former Company Secretary had completed the 18 hours' training on regulatory and legal topics and the Listing Rule compliance as directed by the Stock Exchange.

For details, please refer to the regulatory announcement issued by the Stock Exchange dated 11 November 2025 and the announcement of the Company dated 11 February 2026.

AUDIT COMMITTEE

The Audit Committee comprises three members who are independent non-executive Directors for the purposes of reviewing and monitoring the Group's financial reporting procedures and risk management (including but not limited to the business, operation as well as environmental, social and governance related risks) and internal control systems. The Audit Committee has reviewed the unaudited annual results for the year ended 31 December 2025, risk management framework, internal control systems and other functions as set out in its terms of reference together with the participation of the management.

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 the preliminary 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 HKICPA and consequently no assurance has been expressed by Prism on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report proposed to be issued by the independent auditor of the Company:

Material uncertainty related to the going concern

As set out in note 2.1 to the consolidated financial statements, which states that the Group incurred a net loss of approximately RMB3,462,187,000 for the year ended 31 December 2025, and as of that date, the Group had net current liabilities of approximately RMB44,810,172,000, the Group's bank and other borrowings of approximately RMB53,047,057,000 that were repayable within one year while its cash and bank balances amounted to approximately RMB634,394,000. As at 31 December 2025 and up to the date of approval of these consolidated financial statements, the Group did not repay the principal and interest payable of several USD denominated senior notes and bank and other borrowings. As a result, such non-repayment has constituted an event of default or cross default of various borrowings pursuant to the terms and conditions of respective agreements. The aggregate principal amount and interest payables of the said USD denominated senior notes and bank and other borrowings in default or cross default were approximately RMB50,985,444,000 as of 31 December 2025.

In addition, a winding-up petition against the Company dated 11 August 2025 (the "**Petition**") was filed by Shandong Sunlight Xin Tiandi Micro-finance Company Limited at the High Court of the Hong Kong Special Administrative Region (the "**High Court**") against the Company in relation to the outstanding debt in the principal amount of approximately RMB642,000,000 and interest accrued in the amount of approximately RMB136,240,000 guaranteed by the Company. On 9 March 2026, the High Court has further adjourned the hearing for the Petition to 22 June 2026.

These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors of the Company have considered the measures being taken by the Group, and are of the opinion that the Group would be able to continue as going concern basis. The consolidated financial statements do not include any adjustments that would result from a failure of achieving the measures. We consider appropriate disclosures have been made in this respect. Our opinion is not modified in respect of this matter.

ANNUAL REPORT

The 2025 annual report containing all the information required by the Listing Rules will be published on the websites of the Company (www.kwggroupholdings.com) and the HKEXnews (www.hkexnews.hk) and despatched to the Shareholders in due course.

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

Hong Kong, 31 March 2026

As at the date of this announcement, the Board comprises seven Directors, of whom Mr. KONG Jianmin (Chairman), Mr. KONG Jiantao (Chief Executive Officer), Mr. KONG Jiannan and Mr. CAI Fengjia are executive Directors; and Mr. TAM Chun Fai, Mr. LAW Yiu Wing, Patrick and Ms. WONG Man Ming, Melinda are independent non-executive Directors.