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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)

DISCLOSEABLE TRANSACTION
RESTRUCTURING IN RELATION TO GUANGDONG TELIJIE ENVIRONMENT ENGINEERING CO., LTD.

THE SUPPLEMENTAL AGREEMENT

References are made to (i) the 2022 Announcement in relation to, among other things, the acquisition by the Purchaser from the Vendors of the Target Interests, representing 50% of the equity interests in the Target Company, pursuant to the Equity Acquisition Agreement; and (ii) the 2026 Announcement in relation to, among other things, an update on the achievement of the Performance Guarantee by the Target Company.

On 27 November 2026, the Purchaser, the First Vendor, the Second Vendor and the Target Company entered into the Supplemental Agreement to vary and supplement the terms of the Equity Acquisition Agreement, whereby, among other things, the equity interests in the Target Company to be acquired by the Purchaser under the Equity Acquisition Agreement shall be reduced from the Target Interests of 50% to the Revised Target Interests of 10.41% and the consideration payable by the Purchaser shall be reduced from RMB165,000,000 to RMB34,353,000 and the Performance Guarantee and all provisions of the Equity Acquisition Agreement relating to the Guaranteed Revenue, the Guaranteed Net Profit, the revenue collection rate and the compensation payable by the Vendors in respect thereof shall cease to have effect.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Restructuring exceeds 5% but is less than 25%, the Restructuring constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements but is exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Target Company is an insignificant subsidiary of the Company pursuant to Rule 14A.09 of the Listing Rules. As such, notwithstanding that the First Vendor is a substantial shareholder of the Target Company, it is not a connected person of the Company.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

BACKGROUND

References are made to (i) the 2022 Announcement in relation to, among other things, the acquisition by the Purchaser from the Vendors of the Target Interests, representing 50% of the equity interests in the Target Company for the Original Consideration in the amount of RMB165,000,000, pursuant to the Equity Acquisition Agreement; and (ii) the 2026 Announcement in relation to, among other things, an update on the achievement of the Performance Guarantee by the Target Company.

As disclosed in the 2026 Announcement, the preliminary estimated aggregate amount of the revenue of the Target Company for the Guaranteed Periods was approximately RMB840,807,000 as against the Guaranteed Revenue of RMB1,074,095,000, and the preliminary estimated aggregate amount of net profit before non-recurring items of the Target Company for the Guaranteed Periods was approximately RMB61,389,000 as against the Guaranteed Net Profit of RMB109,230,000. On the basis of the compensation mechanism under the Equity Acquisition Agreement, the compensation payable by the Vendors to the Purchaser in respect of the Performance Guarantee is estimated to amount to approximately RMB96,500,000 (i.e. the Compensation Amount) and had been accrued by the Group under "other income and gains" in the consolidated financial statements of the Company for the year ended 31 December 2024.

As at the date of this announcement, the Purchaser had paid an aggregate of RMB57,370,375 (being the total consideration paid to the Vendors and taxes withheld and paid on behalf of the Vendors) out of the Original Consideration under the Equity Acquisition Agreement.

Following the expiry of the Guaranteed Periods, the Company has been in discussion with the Vendors with a view to resolving the outstanding obligations of the parties under the Equity Acquisition Agreement. Having regard to the fact that (i) the market environment and profitability of the industry of the Target Company have changed as compared to the time of the original acquisition under the influence of the macro economy; (ii) the prospects of the Target Company have fallen short of expectations, and the Directors have assessed that the Target Interests no longer hold the value attributed to them at the time of the Acquisition; and (iii) the practical difficulties and cost associated with pursuing the Compensation Amount against the Vendors, the parties have agreed to restructure the Acquisition on the terms set out below.

THE SUPPLEMENTAL AGREEMENT

On 27 November 2026, the Purchaser, the First Vendor, the Second Vendor and the Target Company entered into the Supplemental Agreement to vary and supplement the terms of the Equity Acquisition Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the Vendors being the shareholders of the Target Company, each of the First Vendor and the Second Vendor and their respective ultimate beneficial owners is independent of the Company and connected persons of the Company.

Reduction of the Target Interests

Pursuant to the Supplemental Agreement, the equity interests in the Target Company to be acquired by the Purchaser under the Equity Acquisition Agreement shall be reduced from the Target Interests of 50% to the Revised Target Interests of 10.41%.

Accordingly, the Purchaser shall transfer the Transfer Back Interests, representing 39.59% of the equity interests in the Target Company, to the First Vendor (as to 36.0269%) and to the Second Vendor (as to 3.5631%), being the parties from whom such equity interests were originally acquired.

Immediately following Restructuring Completion, the Purchaser will hold 15.41% of the equity interests in the Target Company, comprising the Revised Target Interests of 10.41% and the 5% equity interests in the Target Company already held by the Purchaser prior to the Acquisition.

Revision to the consideration

Under the Equity Acquisition Agreement, the Purchaser has already paid RMB34,353,000 to the Vendors and withheld and paid RMB23,017,375 to the tax authorities on behalf of the Vendors.

The consideration payable by the Purchaser shall be reduced to RMB34,353,000, of which RMB31,261,230 shall be payable to the First Vendor and RMB3,091,770 shall be payable to the Second Vendor, which was arrived at after arm's length negotiations between the parties on the basis of the same price per unit of equity interest in the Target Company as was applied to the Original Consideration under the Equity Acquisition Agreement, being the Original Consideration of RMB165,000,000 apportioned rateably to the Revised Target Interests of 10.41%.

For the avoidance of doubt, upon the Restructuring Completion, the obligations of the Purchaser to pay the Original Consideration (or any part thereof) under the Equity Acquisition Agreement shall be deemed discharged.

The taxes of RMB23,017,375 were withheld and prepaid by the Purchaser on behalf of the Vendors to the tax authorities in respect of the Transfer Back Interests. Under the Restructuring, the Purchaser has agreed to assume the responsibility and the risk of applying to the relevant PRC tax authorities for a refund of such prepaid taxes following the entering into of the Supplemental Agreement. Given that the industry in which the Target Company operates and its own operating conditions have both undergone significant adverse changes as compared with the time of the Acquisition in 2022, the Company considers that further investment in the Target Company is no longer commercially justifiable. In order for the Company to be released from further payment obligations, to reduce further loss to the Company arising from holding 55% equity interests in the Target Company taking into account the loss-making situation of the Target Company and the expected further decline in projected net profit and operating cash flow in the foreseeable period, and to bring the parties' outstanding obligations and dispute to a final and orderly conclusion, the Purchaser agreed to assume the responsibility and the risk of applying for the tax refund and the Company considers that the overall arrangement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Release of the Performance Guarantee

Pursuant to the Supplemental Agreement, with effect from the date of the Supplemental Agreement, the Performance Guarantee and all provisions of the Equity Acquisition Agreement relating to the Guaranteed Revenue, the Guaranteed Net Profit, the revenue collection rate and the compensation payable by the Vendors in respect thereof shall cease to have effect.

Mutual release

With effect from the date of the Supplemental Agreement, each of the Purchaser and the Vendors shall irrevocably and unconditionally release and discharge the other party or parties from all claims, demands, actions and liabilities (whether present or future, actual or contingent) arising out of or in connection with the Equity Acquisition Agreement, save for those arising under the Supplemental Agreement.

Restructuring Completion

The Restructuring was completed on 27 November 2026.

INFORMATION ON THE GROUP AND THE PURCHASER

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange. The Group is a comprehensive property management service provider in the PRC, providing comprehensive property management services for both residential properties and non-residential properties.

The Purchaser is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding and the provision of property management services in the PRC.

INFORMATION ON THE VENDORS

The First Vendor, Mr. HOU Wenqing, is an individual who, immediately prior to the Acquisition, held 86.45% of the equity interests in the Target Company, and who, as at the date of the Supplemental Agreement, held 40.95% of the equity interests in the Target Company.

The Second Vendor, Ms. CHENG Naizhen, is an individual who, immediately prior to the Acquisition, held 8.55% of the equity interests in the Target Company, and who, as at the date of the Supplemental Agreement, held 4.05% of the equity interests in the Target Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and is principally engaged in the provision of urban and rural environmental sanitation services in the PRC. As at the date of this announcement, the Target Company is owned as to 55% by the Purchaser, 40.95% by the First Vendor and 4.05% by the Second Vendor.

Set out below are the unaudited management accounts of the Target Company for each of the two years ended 31 December 2024 and 31 December 2025:

	For the year ended 31 December 2024	**For the year ended 31 December 2025**
	RMB'000	*RMB'000*
Revenue	120,448	54,408
Net profit/(loss) before taxation	6,445	(1,183)
Net profit/(loss) after taxation	5,404	(1,372)

As at 30 June 2026, based on the unaudited management accounts of the Target Company, its net asset value was approximately RMB92,161,000.

The net asset value of the Target Company comprised a relatively high proportion of accounts receivable and fixed assets and does not reflect the true value of the Target Company. The accounts receivable are mainly due from government customers, the settlement of which is subject to the approval of fiscal budgets and the progress of fund disbursement, and collection has been unsatisfactory. The fixed assets are mostly project-specific environmental sanitation vehicles, the carrying value of which based on historical cost no longer reflects their realisable value. The fixed assets of the Target

Company have been fully impaired, and impairment has been made against the accounts receivable based on the expected credit loss approach, at the Group level. After such impairment adjustments, the adjusted net asset value of the Target Company at the Group level was approximately RMB40,829,000 as at 30 June 2026.

Immediately following Restructuring Completion, the Target Company will be owned as to 15.41% by the Purchaser, 76.9769% by the First Vendor and 7.6131% by the Second Vendor. The Target Company will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the consolidated financial statements of the Group.

REASONS FOR AND BENEFITS OF THE RESTRUCTURING

The Acquisition was entered into in January 2022 on the basis, among other things, of the Performance Guarantee given by the Vendors in respect of the Guaranteed Periods. As disclosed in the 2026 Announcement, the Target Company failed to achieve either the Guaranteed Revenue or the Guaranteed Net Profit.

Since the Acquisition in 2022, the industry has undergone significant adverse changes which could not have been foreseen at the time of the Acquisition. The growth of the industry has slowed and competition has intensified. At the same time, labour, social insurance and other operating costs have continued to rise. Having assessed the prospects of the Target Company, the Directors are of the view that the Group is unlikely to realise the benefits which the Acquisition was expected to deliver, and the Directors consider that further investment in the Target Company is no longer commercially justifiable.

Against that background, the principal purpose of the Restructuring is to bring the parties' outstanding obligations under the Equity Acquisition Agreement to a final and orderly conclusion. In particular, the Restructuring will:

(a) relieve the Group of its obligation to pay the remaining Original Consideration of RMB107,629,625, which the Directors consider to be in excess of the current value of the equity interests to which it relates;

(b) reduce the Group's exposure to the Target Company by reducing the Group's equity interest in the Target Company from 55% to 15.41% and removing the Target Company's results, assets and liabilities from the Group's consolidated financial statements; and

(c) avoid the cost, delay and uncertainty of pursuing the Compensation Amount against the Vendors, the recoverability of which the Directors consider to be uncertain.

The Directors (including the independent non-executive Directors) consider that the terms of the Supplemental Agreement are on normal commercial terms, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE RESTRUCTURING

Upon Restructuring Completion, the Target Company will cease to be a subsidiary of the Company, and the assets, liabilities and results of the Target Company will no longer be consolidated into the consolidated financial statements of the Group. The retained interest of 15.41% in the Target Company will be accounted for as the investment in an associate of the Group.

It is expected that the Group will recognise in its consolidated financial statements for the year ending 31 December 2026 a gain of approximately RMB19,513,000, being the net effect of:

(a) the gain on reduction of the Target Interests and revision of the consideration of the Target Company of approximately RMB116,013,000; less

(b) the reversal of the accrued compensation of approximately RMB96,500,000 previously recognised under "other income and gains" during the year ended 31 December 2024.

The figures set out above are for illustrative purposes only. The actual financial effects of the Restructuring will be subject to the final review and audit by the auditors of the Company, and may differ from the amounts set out above.

The Directors consider that the Restructuring will not have any material adverse effect on the liquidity or the working capital position of the Group.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Restructuring exceeds 5% but is less than 25%, the Restructuring constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements but is exempt from the circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Target Company is an insignificant subsidiary of the Company pursuant to Rule 14A.09 of the Listing Rules. As such, notwithstanding that the First Vendor is a substantial shareholder of the Target Company, it is not a connected person of the Company.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

"2022 Announcement"	the announcement of the Company dated 10 January 2022 in relation to, among other things, the Acquisition
"2026 Announcement"	the announcement of the Company dated 12 January 2026 in relation to, among other things, an update on the achievement of the Performance Guarantee by the Target Company
"Acquisition"	the acquisition of the Target Interests by the Purchaser from the Vendors pursuant to the Equity Acquisition Agreement
"Board"	the board of Directors
"Company"	KWG Living Group Holdings Limited (合景悠活集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 3913)
"Compensation Amount"	the compensation of approximately RMB96,500,000 payable by the Vendors to the Purchaser under the Equity Acquisition Agreement in respect of the failure of the Target Company to achieve the Performance Guarantee, as disclosed in the 2026 Announcement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Equity Acquisition Agreement"	the equity acquisition agreement dated 10 January 2022 entered into among the Purchaser, the First Vendor, the Second Vendor and the Target Company in relation to the Acquisition
"First Vendor"	Mr. HOU Wenqing (侯文卿), an individual
"Group"	the Company and its subsidiaries
"Guaranteed Net Profit"	the aggregate audited net profit before non-recurring items of the Target Company for the Guaranteed Periods guaranteed by the Vendors under the Equity Acquisition Agreement, being RMB109,230,000

"Guaranteed Periods"	the three years ended 31 December 2024
"Guaranteed Revenue"	the aggregate audited revenue of the Target Company for the Guaranteed Periods guaranteed by the Vendors under the Equity Acquisition Agreement, being RMB1,074,095,000
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Original Consideration"	the original consideration of RMB165,000,000 payable by the Purchaser to the Vendors for the Target Interests under the Equity Acquisition Agreement prior to the Supplemental Agreement
"Performance Guarantee"	the performance guarantee given by the Vendors to the Purchaser under the Equity Acquisition Agreement in respect of the Guaranteed Revenue, the Guaranteed Net Profit and the revenue collection rate of the Target Company for the Guaranteed Periods
"PRC"	the People's Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"Purchaser"	Guangdong Hejing Youhuo Holdings Group Co., Ltd.* (廣東省合景悠活控股集團有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
"Restructuring"	the restructuring of the Acquisition pursuant to the Supplemental Agreement, comprising the reduction of the Target Interests to the Revised Target Interests and the transfer of the Transfer Back Interests and the release of the Performance Guarantee
"Restructuring Completion"	completion of the Restructuring in accordance with the terms of the Supplemental Agreement
"Revised Target Interests"	10.41% of the equity interests in the Target Company to be acquired by the Purchaser under the Equity Acquisition Agreement as varied by the Supplemental Agreement

"RMB"	Renminbi, the lawful currency of the PRC
"Second Vendor"	Ms. CHENG Naizhen (程乃珍), an individual
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Agreement"	the supplemental agreement dated 27 November 2026 entered into among the Purchaser, the First Vendor, the Second Vendor and the Target Company in relation to the Restructuring
"Target Company"	Guangdong Telijie Environment Engineering Co., Ltd.* (廣東特麗潔環境工程有限公司), a company established in the PRC with limited liability
"Target Interests"	50% of the equity interests in the Target Company, comprising 45.5% acquired from the First Vendor and 4.5% acquired from the Second Vendor, acquired by the Purchaser under the Equity Acquisition Agreement prior to the Supplemental Agreement
"Transfer Back Interests"	39.59% of the equity interests in the Target Company to be transferred by the Purchaser to the First Vendor (as to 36.0269%) and the Second Vendor (as to 3.5631%) pursuant to the Supplemental Agreement, being the difference between the Target Interests and the Revised Target Interests
"Vendors"	the First Vendor and the Second Vendor
"%"	per cent

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

Hong Kong, 27 November 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.

* *For identification purposes only*